Brii Biosciences

Breakthrough innovation & insight

# Brii Biosciences Limited
# 腾盛博药生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 2137**

# GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley  UBS

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CICC 中金公司

***IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.***

# Brii Biosciences Limited
# 腾盛博药生物科技有限公司

*(Incorporated in the Cayman Islands with limited liability)*

## GLOBAL OFFERING

| | | |
|---|---|---|
| **Number of Offer Shares under the Global Offering** | **:** | **111,580,000 Shares (subject to the Over-allotment Option)** |
| **Number of Hong Kong Offer Shares** | **:** | **11,158,000 Shares (subject to reallocation)** |
| **Number of International Offer Shares** | **:** | **100,422,000 Shares (subject to reallocation and the Over-allotment Option)** |
| **Maximum Offer Price** | **:** | **HK$22.25 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)** |
| **Nominal value** | **:** | **US$ 0.000005 per Share** |
| **Stock code** | **:** | **2137** |

***Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers***

Morgan Stanley UBS

***Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager***

CICC 中金公司

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, except that the Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in offshore transactions in accordance with Regulation S.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, July 6, 2021 (Hong Kong time) and, in any event, not later than Wednesday, July 7, 2021 (Hong Kong time). The Offer Price will be not more than HK$22.25 and is currently expected to be not less than HK$21.00 per Offer Share. If, for any reason, the Offer Price is not agreed by Wednesday, July 7, 2021 (Hong Kong time) between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$22.25 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

**The Joint Global Coordinators (for themselves and on behalf of the Underwriters), with our consent, may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.briibio.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".**

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please see the section headed "Underwriting – Underwriting Arrangements – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for Termination."

**ATTENTION**

**We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.**

**This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.briibio.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.**

June 30, 2021

## IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

**We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.**

**This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at www.briibio.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.**

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

   i. instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

   ii. (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

| | | |
|---|---|---|
| **Wednesday, June 30, 2021** | **–** | **9:00 a.m. to 9:00 p.m.** |
| **Thursday, July 1, 2021** | **–** | **9:00 a.m. to 6:00 p.m.** |
| **Friday, July 2, 2021** | **–** | **9:00 a.m. to 9:00 p.m.** |
| **Saturday, July 3, 2021** | **–** | **9:00 a.m. to 6:00 p.m.** |
| **Sunday, July 4, 2021** | **–** | **9:00 a.m. to 6:00 p.m.** |
| **Monday, July 5, 2021** | **–** | **9:00 a.m. to 9:00 p.m.** |
| **Tuesday, July 6, 2021** | **–** | **9:00 a.m. to 12:00 noon** |

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this document are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

Please refer to the section headed "How to apply for Hong Kong Offer Shares" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

| No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* | No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* | No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* | No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* |
|---|---|---|---|---|---|---|---|
| 500 | 11,237.11 | 8,000 | 179,793.71 | 70,000 | 1,573,194.93 | 1,000,000 | 22,474,213.25 |
| 1,000 | 22,474.21 | 9,000 | 202,267.92 | 80,000 | 1,797,937.06 | 2,000,000 | 44,948,426.50 |
| 1,500 | 33,711.32 | 10,000 | 224,742.14 | 90,000 | 2,022,679.20 | 3,000,000 | 67,422,639.75 |
| 2,000 | 44,948.43 | 15,000 | 337,113.20 | 100,000 | 2,247,421.33 | 4,000,000 | 89,896,853.00 |
| 2,500 | 56,185.53 | 20,000 | 449,484.27 | 200,000 | 4,494,842.65 | 5,000,000 | 112,371,066.25 |
| 3,000 | 67,422.64 | 25,000 | 561,855.33 | 300,000 | 6,742,263.98 | 5,579,000[1] | 125,383,635.72 |
| 3,500 | 78,659.74 | 30,000 | 674,226.40 | 400,000 | 8,989,685.30 | | |
| 4,000 | 89,896.85 | 35,000 | 786,597.47 | 500,000 | 11,237,106.63 | | |
| 4,500 | 101,133.96 | 40,000 | 898,968.53 | 600,000 | 13,484,527.95 | | |
| 5,000 | 112,371.06 | 45,000 | 1,011,339.59 | 700,000 | 15,731,949.28 | | |
| 6,000 | 134,845.28 | 50,000 | 1,123,710.67 | 800,000 | 17,979,370.60 | | |
| 7,000 | 157,319.50 | 60,000 | 1,348,452.80 | 900,000 | 20,226,791.93 | | |

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Wednesday, June 30, 2021

Latest time to complete electronic applications under the **HK eIPO White Form** service through one of the below ways[2]: (1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp** (2) the designated website at **www.hkeipo.hk** . . . . . 11:30 am on Tuesday, July 6, 2021

Application lists of the Hong Kong Public Offering open[3] . . . . . 11:45 am on Tuesday, July 6, 2021

Latest time to give **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Tuesday, July 6, 2021

Latest time to complete payment of **HK eIPO White Form** applications by effecting Internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Tuesday, July 6, 2021

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering close . . . . . 12:00 noon on Tuesday, July 6, 2021

Expected Price Determination Date[5] . . . . . Tuesday, July 6, 2021

(1) Announcement of the Offer Price, an indication of the level of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.briibio.com** on or before[6][9] . . . . . Monday, July 12, 2021

(2) Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.briibio.com** (see "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this Prospectus) from[9] . . . . . Monday, July 12, 2021

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.briibio.com**[7][9] from . . . . Monday, July 12, 2021

Results of allocations for the Hong Kong Public Offering will be available at the "IPO Results" function in the **IPO App** or the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function[9] from . . . . . Monday, July 12, 2021 to Sunday, July 18, 2021

Dispatch of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[6][9] . . . . . Monday, July 12, 2021

Dispatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques on or before[8][9] . . . . . Monday, July 12, 2021

Dealings in Shares on the Stock Exchange to commence at 9:00 a.m. on[9] . . . . . Tuesday, July 13, 2021

*Notes:*

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

(2) You will not be permitted to submit your application through the **IPO App** or the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a typhoon warning signal number 8 or above, Extreme Conditions and/or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Tuesday, July 6, 2021, the application lists will not open on that day. See "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" of this Prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares – 6. Applying Through The **CCASS EIPO** Service" of this Prospectus.

(5) The Price Determination Date is expected to be on or around Tuesday, July 6, 2021, and, in any event, not later than Wednesday, July 7, 2021, or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for itself and on behalf of the Underwriters) and our Company by Wednesday, July 7, 2021, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.

(6) Share certificates are expected to be issued on Monday, July 12, 2021, but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Tuesday, July 13, 2021. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely of their own risk.

(7) None of the websites or any of the information contained on the website forms part of this prospectus.

(8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application. Part of the applicant's Hong Kong identity card number or passport number provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

(9) In case a typhoon warning signal no. 8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Wednesday, June 30, 2021 to Tuesday, July 13, 2021, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

**The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this Prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.**

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*You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering.*

*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Global Offering.* ***In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules****.*

*There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations. There are also risks associated with any investment. Some of the particular risks in investing in the Global Offering are set out in the section headed "Risk Factors" in this prospectus.* ***We may be unable to successfully develop and market our Core Product (BRII-179) and any related combination product for the treatment of chronic HBV infection.*** You should read that section carefully before you decide to invest in the Global Offering. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this Prospectus.

## OVERVIEW

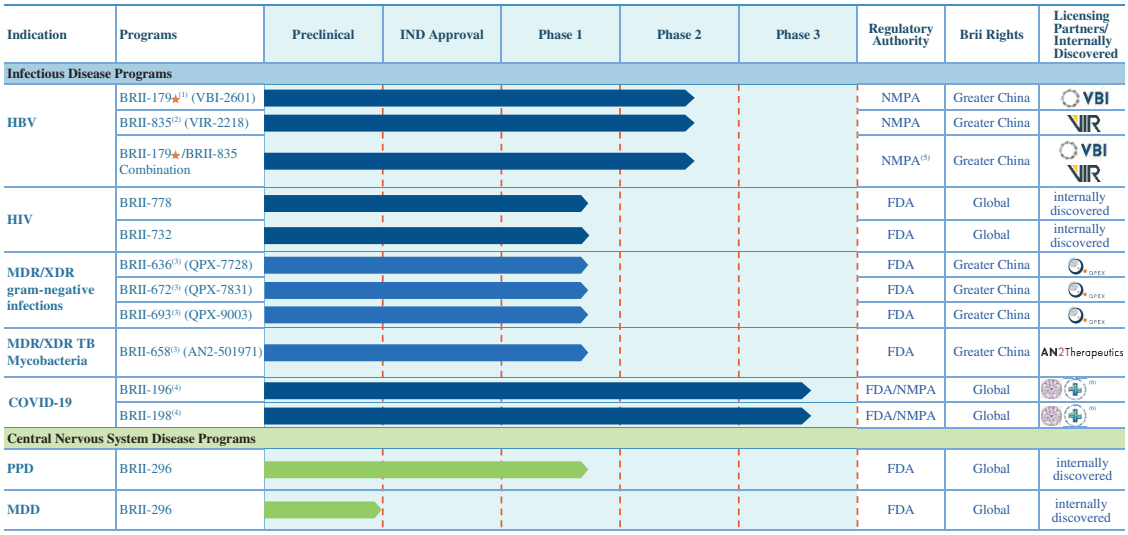
We are a biotechnology company based in China and the United States committed to advancing therapies for significant infectious diseases, such as hepatitis B virus (HBV), human immunodeficiency virus (HIV), multi-drug resistant (MDR) or extensive drug resistant (XDR) gram-negative infections, and other illnesses, such as the central nervous system (CNS) diseases, which have significant public health burdens in China and worldwide. We are achieving this vision with a business model combining internal discovery and in-licensing. BRII-179, an HBV-specific B cell and T cell therapeutic vaccine, is our one Core Product. We also have a pipeline of other innovative products focusing on infectious diseases and CNS diseases.

Since our inception in 2017, under the leadership of our experienced management team with a track record of successfully developing and commercializing products across different geographies, we have built a pipeline of more than ten innovative product candidates that focus on infectious diseases and CNS diseases and range from preclinical to clinical stage programs. We also have options to in-license up to five additional innovative programs from our license partners. The drug candidates in our existing pipeline are primarily focused on infectious diseases and also CNS diseases. Our infectious disease programs include (i) BRII-179, our Core Product, (ii) our HBV functional cure treatment (i.e., achievement of HBsAg loss sustained for at least six months after a finite duration of treatment) that uses an HBV-specific B cell and T cell therapeutic vaccine (BRII-179) and an HBV-targeting siRNA (BRII-835), (iii) our once-weekly single tablet regime (QW STR) (BRII-778 and BRII-732) to improve the quality of life of HIV-infected patients, (iv) OMNIvance® (BRII-636, our broad spectrum β-lactamase inhibitor (BLI), in combination with an IV β-lactam antibiotic) and ORAvance® (BRII-672, our broad spectrum BLI, in combination with an IV β-lactam antibiotic) as well as next-generation polymyxin (BRII-693) for the treatment of MDR/XDR gram-negative bacterial infections, (v) BRII-658 for the treatment of MDR/XDR tuberculosis (TB) and mycobacterial infections and (vi) our cocktail of two fully human noncompeting neutralizing antibodies (BRII-196 and BRII-198) for the treatment of COVID-19. For our CNS disease programs, we are developing BRII-296 to address the challenges associated with current treatments for postpartum depression (PPD) and major depressive disorder (MDD).

***We may be unable to successfully develop and market our Core Product (BRII-179) and any related combination product for the treatment of chronic HBV infection.***

## OUR BUSINESS MODEL AND PRODUCT DEVELOPMENT PIPELINE

To achieve our mission of tackling public health challenges with our innovation and insight, in slightly over three years we have built a pipeline of innovative product candidates as shown in the pipeline chart below, through internal discovery augmented by our collaborative licensing arrangements. Please refer to the section headed "Business – Overview of Our Company" in this prospectus for further details.




★ Core Product

*Notes:*

(1) The preclinical development of BRII-179 was partially conducted by VBI.

(2) The preclinical development and a Phase 1/2 clinical trial of BRII-835 have been conducted by Vir.

(3) The development and clinical trials have been conducted by our collaboration partners.

(4) We were notified by NIAID on April 26, 2021 that BRII-196 and BRII-198 were progressing into Phase 3 of the ACTIV-2 program, and we were notified by NIAID on March 3, 2021 that BRII-196 and BRII-198 were not progressing into Phase 3 of the ACTIV-3 program. We initiated a Phase 2 clinical study for BRII-196 and BRII-198 combination therapy in China in June 2021.

(5) As of the Latest Practicable Date, we had submitted applications for the Phase 2 BRII-179/BRII-835 MRCT combination study with the relevant regulatory authorities in Hong Kong, New Zealand, Australia, Taiwan, Singapore, Thailand and South Korea, and had obtained the necessary approvals from such relevant regulatory authorities to conduct the study in the relevant jurisdictions (except for such approval in Thailand which is expected to be obtained in the third quarter of 2021). In February 2021, we submitted an IND application for the Phase 2 BRII-179/BRII-835 MRCT combination study with the CDE in China and expect to obtain an approval for such study in the third quarter of 2021.

(6) Discovered in collaboration with Tsinghua University and Third People's Hospital of Shenzhen through our non-wholly owned subsidiary, TSB, established with affiliates of Tsinghua University and Third People's Hospital of Shenzhen. Brii Beijing holds 72.77% of the total equity interests in TSB, and affiliates of Tsinghua University and Third People's Hospital of Shenzhen acquired minority equity interest in TSB in exchange for transfer by Tsinghua University and Third People's Hospital of Shenzhen of antibodies and related technologies to TSB to advance BRII-196 and BRII-198 and potentially other candidates for treatment of and prophylactic use against SARs-CoV-2 infection (including COVID-19).

- HBV (licensed from VBI and Vir) – We are currently developing BRII-179 (our Core Product), an HBV-specific B cell and T cell therapeutic vaccine and BRII-835, an HBV-targeting siRNA, a highly innovative and emerging class of therapy for reduction of HBV antigens. Our related license from VBI (BRII-179) and Vir (BRII-835) includes a relevant sublicense to certain intellectual property and other rights licensed by VBI with respect to the HBsAg product and Vir with respect to siRNA, respectively.

    - For BRII-179, we have completed a Phase 1b/2a clinical study of BRII-179 in China, Hong Kong, New Zealand, Australia, Thailand and South Korea with the final clinical study report issued on May 24, 2021.

    - For BRII-835, we are conducting a Phase 2 clinical study in China. The development of BRII-179 will include several programs including BRII-179/BRII-835 combination.

    - BRII-179/BRII-835 combination represents a significant advance in our efforts to develop a functional cure for HBV infection. As of the Latest Practicable Date, we had initiated the Phase 2 multi-regional clinical trial (MRCT) combination study for BRII-179/BRII-835 in New Zealand, Australia and Hong Kong and expect to also initiate this MRCT study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021. Our proposed combination of BRII-179 and BRII-835 to achieve functional cure of HBV is still at an early stage and is subject to the successful completion of our ongoing clinical trials and regulatory approval.

    - We will continue to explore further options to develop an HBV functional cure such as BRII-179 and/or BRII-835 in combination with other agents.

- HIV (internally discovered) – We are developing BRII-778 and BRII-732 as a once-weekly single-tablet combination therapy that will offer a more discreet, convenient and non-invasive maintenance therapy for HIV patients. As of the Latest Practicable Date, we had dosed BRII-778 in the first five cohorts of the Phase 1 study in the United States. We submitted an IND application for BRII-732 with the FDA in March 2021 and received a safe to proceed notice from the FDA to proceed with the planned Phase 1 study for BRII-732 in April 2021. We initiated dosing for the Phase 1 study of BRII-732 in the United States in May 2021.

- MDR/XDR gram-negative (licensed from Qpex) – We are collaborating with Qpex to progress OMNIvance® (BRII-636 in combination with an IV β-lactam antibiotic), ORAvance® (BRII-672 in combination with an oral β-lactam antibiotic) and BRII-693 for the treatment of bacterial infections for which there are critical needs for new antibiotics. Qpex initiated a Phase 1 study for OMNIvance®, ORAvance® and BRII-693 in Australia in November 2020, April 2021 and June 2021, respectively. We anticipate to file IND applications for OMNIvance®, ORAvance® and BRII-693 with the NMPA as early as the first quarter of 2022, the first quarter

of 2023 and the fourth quarter of 2022, respectively. We then intend to join Qpex's global Phase 3 studies to conduct studies in China to support the registration of OMNIvance®, ORAvance® and BRII-693 in China.

- MDR/XDR TB (licensed from AN2) – Under the AN2 License Agreement, we have exclusive rights to develop and commercialize BRII-658 against MDR/XDR TB in Greater China once BRII-658 meets the pre-defined clinical criteria against its targeted mycobacterial infections such as MDR and XDR TB.

- COVID-19 (discovered in collaboration with Tsinghua University and Third People's Hospital of Shenzhen through our non-wholly owned subsidiary, TSB) – Consistent with our commitment to public health matters, we are rapidly advancing our cocktail of two fully human non-competing neutralizing antibodies (BRII-196 and BRII-198) for approval for the treatment of COVID-19 patients globally. Our BRII-196 and BRII-198 cocktail therapy has the potential to be a SARS-CoV-2 antibody therapy for the treatment of COVID-19 with broader coverage of emerging variants and protection for up to six months. Our Phase 1 human safety and pharmacokinetic (PK) studies demonstrate that these antibodies are safe and well tolerated at dose levels up to three times their intended treatment dose level. In June 2020, we submitted our application for the inclusion of the BRII-196/BRII-198 cocktail therapy in the ACTIV-2 and ACTIV-3 clinical trials, master trial protocols developed by NIH as part of the ACTIV program. ACTIV-2 and ACTIV-3 clinical trials involve, respectively, ambulatory/non-hospitalized COVID-19 patients and hospitalized COVID-19 patients. To ensure that each ACTIV-2 and ACTIV-3 clinical trial is conducted in a safe and effective manner, the NIAID appointed an independent Data and Safety Monitoring Board (DSMB) to oversee each ACTIV-2 and ACTIV-3 clinical trial and periodically review the accumulating data. DSMB members are independent from us. Based on interim safety and PK data available from our then-ongoing Phase 1 clinical studies, we were accepted into both ACTIV-2 and ACTIV-3 programs in October 2020 for testing BRII-196 and BRII-198 combination therapy. We were notified by NIAID on March 3, 2021 that BRII-196 and BRII-198 were not progressing into Phase 3 of the ACTIV-3 program when the DSMB determined that BRII-196 and BRII-198 did not meet pre-specified efficacy criteria in hospitalized patients receiving the standard of care, and our participation in the ACTIV-3 program ceased. No safety issues were identified and our participation in the ACTIV-2 program is continuing. We were notified by NIAID on April 26, 2021 that BRII-196 and BRII-198 were progressing into Phase 3 of the ACTIV-2 program based on meeting pre-specified safety and efficacy data in ambulatory patients with trials being conducted in United States, Puerto Rico, Argentina and South Africa and potentially other countries. In response to the recent COVID-19 cases in Guangzhou and Shenzhen, China, we initiated a Phase 2 clinical study for BRII-196 and BRII-198 combination therapy in China in June 2021.

- PPD/MDD (internally discovered) – We are also developing BRII-296 to address the challenges associated with current treatments for PPD and MDD. We filed an IND application with the FDA for PPD in February 2021 and received a safe to proceed notice from the FDA to proceed with our planned Phase 1 study, and we commenced dosing in the United States in early April 2021.

## SUMMARY OF MARKET OPPORTUNITIES AND COMPETITIVE LANDSCAPE

For HBV, with more innovative HBV drugs expected to enter the China market beginning in 2024, especially those that can provide a functional cure, China's HBV market is anticipated to grow significantly to US$15.9 billion in 2034 from US$1.6 billion in 2019, representing a CAGR of 16.6% during that period, according to Frost & Sullivan.

For HIV, an estimated 39.1 million people were living with HIV in 2019 globally. From 2015 to 2019, the global HIV drug market increased from US$26.4 billion to US$37.0 billion, with a CAGR of 8.8%, and is expected to reach US$65.9 billion in 2034, according to Frost & Sullivan.

We are focused on providing a functional cure for HBV infection (unlike NRTIs and interferon which only treat the disease) and improving efficacy, patient convenience and compliance when treating HIV infection. NRTIs (nucleoside/nucleotide reverse transcriptase inhibitors) are currently the most common treatment for both HBV and HIV infection. NRTIs, typically taken once daily in tablet form, are mature commercialized products with expired patent rights sold at affordable prices and covered by health insurance in China, the United States and other countries. For the treatment of HBV in China, there are currently six affordable NRTIs, six affordable interferon based drugs and two (in addition to BRII-179) therapeutic vaccines in clinical development (a Phase 1 and Phase 2 drug candidate). Similarly, for treatment of HIV in China, eight of the world's top ten selling combination antiviral therapies (cArt) are available in China at relatively affordable prices, two of which are covered in the NRDL. NRTI, interferon-alpha and siRNA-based therapies are all available in the market with affordable prices, and preventive vaccinations are widely available globally since it is compulsory to offer such preventive vaccinations to infants in many countries. Nonetheless, medical treatment needs for HBV and HIV infections persist. For HBV, NRTIs do not provide a cure requiring patients to take NRTIs daily for the rest of their lives. The combination of a therapeutic vaccine and a RNA targeting therapy currently being developed by us has the potential to offer these patients a functional cure, removing the need for lifelong daily NRTI treatment. For HIV, we are developing an innovative once weekly tablet combining agents of three different mechanisms of action in one pill, thereby offering both potentially enhanced efficacy while improving patient ease of use and, in turn, treatment compliance. The top 10 best-selling innovative HIV drugs globally all require once or twice daily drug intake. For more information regarding the market opportunities and major competitors for (i) BRII-179 in the field of therapeutic vaccines for HBV treatment and competitors for BRII-835 in the field of RNA targeting therapies for HBV and (ii) BRII-778 and BRII-732, please see, respectively, "Industry Overview – The HBV Drug Market" and "– The HIV Drug Market".

For MDR/XDR, the MDR gram-negative antibiotics market in China maintained stable growth in the past five years, totaling US$3.0 billion in 2019 and predicted to grow to US$7.7 billion in 2034, according to Frost & Sullivan. For more information regarding the market opportunities and major competitors for BRII-636, BRII-672 and BRII-693, please see "Industry Overview – The Gram-negative Infections Drug Market."

For COVID, despite several COVID-19 vaccines coming into the market in 2021, treatment may still be needed to combat COVID-19. Taking into account the mass vaccination campaigns that were underway in many countries, the estimated market size for these neutralizing antibodies was US$1.6 billion for 2020 and US$5.3 billion for 2021 and will likely decrease thereafter, according to Frost and Sullivan. For more information regarding the market opportunities and major competitors for BRII-196 and BRII-198, please see "Industry Overview – The COVID-19 Drug Market."

For PPD, according to Frost & Sullivan, the PPD drug market globally is expected to grow significantly in the next 10 years, following the introduction of innovative therapies, to reach US$5.9 billion in 2029, representing a CAGR of 107.3% during that period. For more information regarding the market opportunities and major competitors for BRII-296, please see "Industry Overview – The Central Nervous System Disease Drug Market."

## OUR STRENGTHS

We believe the following competitive strengths differentiate us from our competitors:

- A biotechnology company with R&D capabilities in China and the United States, focusing on innovative therapies for infectious diseases and other diseases with significant unmet medical needs.

- Targeting a functional cure for chronic HBV infection with a scientifically differentiated combination therapy combining an immunostimulatory therapeutic vaccine and a siRNA treatment.

- A broad and diversified product pipeline strategically targeting transformative or potential "first-in-class" therapies targeting large unmet needs in China or global markets.

- In-house R&D capabilities and R&D collaborations with deep insight, long-standing experience and partnerships.

- Visionary leadership with proven track record and deep industry experience backed by leading industry experts and blue chip investors.

## OUR STRATEGIES

Our mission is to bring innovation and insight to deliver transformative therapies which address critical public health needs and establish ourselves as a leader in the infectious disease and other target markets. We plan to execute the following strategies to fulfill our mission:

- Advance BRII-179/BRII-835 combined, our therapeutic vaccine and siRNA combination therapy designed to provide a functional cure for HBV infection in Greater China.

- Advance our HIV, PPD and other therapies for diseases with considerable unmet needs.

- Expand our pipeline of programs through our in-house discovery and strategic in-licensing of complementary candidates and explore value creation opportunities for our assets.

- Continue to scale up our organization in China and the United States as our business develops.

## SUMMARY OF MAJOR COLLABORATION AND LICENSING AGREEMENTS

### Collaboration with VBI related to BRII-179

In December 2018, we entered into a collaboration and license agreement, with VBI Vaccines Inc. (VBI), a NASDAQ-listed commercial-stage, biopharmaceutical company (VBI License Agreement). Under the VBI License Agreement, we have the exclusive rights to VBI-2601 (BRII-179) or such other novel composition that is a new recombinant protein based immunotherapeutic formulation which includes the licensed compounds (i.e. Hepatitis B antigen containing the S, Pre-S1 and Pre-S2 proteins) used with an adjuvant that is designated by us and not previously used the licensed compounds (the "Licensed Product") in Greater China, while VBI has the exclusive rights to BRII-179 in the rest of the world (please refer to the section headed "Business – Patents and Other Intellectual Property" for further details). As described below, the VBI License Agreement includes a relevant sublicense of certain intellectual property and other rights that VBI licensed from Ferring International Limited related to the HBsAg product. We and VBI agreed to collaborate on the development of an HBV recombinant protein-based immunotherapeutic in Greater China and to conduct a Phase 2 collaboration clinical trial in Greater China for the purpose of comparing VBI-2601 BRII-179, a recombinant protein-based immunotherapeutic developed by VBI for use in treating HBV. Under the VBI License Agreement, VBI granted us an exclusive royalty-bearing license to perform studies and regulatory and other activities, as may be required to obtain and maintain necessary approvals for the commercial launch of the Licensed Product for the treatment of HBV in Greater China and to commercialize and promote such Licensed Product for the diagnosis and treatment of HBV in Greater China.

Pursuant to the VBI License Agreement and the initial development plan, we will fund all clinical trials for Greater China. We and VBI will jointly own all rights, title and interest in information that is jointly developed and necessary or useful, including the patents claiming joint inventions made pursuant to the VBI License Agreement. Outside of the field of the diagnosis and treatment of HBV, VBI will have no right to apply the jointly owned technology in the countries outside of Greater China unless and until the parties have negotiated a separate license agreement.

As part of the consideration for the collaboration, we paid VBI an upfront fee of US$4.0 million and made a US$7 million equity investment. Under the VBI License Agreement, we may also pay VBI up to an additional US$117.5 million in potential success-based milestone payments upon achievement of certain clinical and/or regulatory milestones, along with royalties in the low teens on net sales (i.e. gross invoiced amount with respect to the sale of the Licensed Product after deducting any applicable discounts, rebates or other payment) in Greater China. An industry standard formula of A/A+B (where A is the net sales of a product when sold separately from such other active ingredient(s), and B is the net sales of the other active ingredient(s) when sold separately from such product) is applicable in determining net sales for combination products for royalty calculation purposes, subject to limited exceptions.

VBI has certain agreements with SciGen Ltd (SciGen) and Ferring International Limited (formerly Savient Pharmaceuticals Inc.) (Ferring) pursuant to which VBI licensed or acquired certain rights related to certain products that contain HBsAg from SciGen/Ferring, which agreements include obligations to pay royalties to SciGen/Ferring with respect to sales of such products. SciGen is a Singapore-based biopharmaceutical company primarily focused in the areas of endocrinology, gastroenterology and immunology. Ferring is a Swiss-based specialty biopharmaceutical company primarily focused in the areas of reproductive health, maternal health, gastroenterology and urology. The VBI License Agreement is independent of and not contingent upon the SciGen/Ferring Agreements, subject to the royalty payment obligations which we have a right to cure as described below. Because VBI owns the intellectual property rights to the Licensed Product covered by the VBI License Agreement, and we have the right to cure any breach by VBI of its royalty payment obligations (including by potentially entering into our own direct agreements with SciGen/Ferring), we believe, and the Joint Sponsors, concur that the existence of these agreements would not have any material adverse impact on the rights granted to us by VBI or the development or prospect of BRII-179.

The VBI License Agreement will be in effect until the last-to-expire of the latest of the following terms in each region of Greater China: (i) expiration, invalidation or lapse of the last VBI patent claiming a Licensed Product, (ii) 10 years from the date of first net sale of a Licensed Product in the applicable region, or (iii) termination or expiration of VBI's obligation to pay SciGen/Ferring royalties with respect to sales of a Licensed Product. Either party may terminate the VBI License Agreement upon certain customary termination events, such as an uncured material breach, bankruptcy or insolvency.

**Collaboration with Vir related to BRII-835**

In May 2018, we entered into a collaboration, option and license agreement with Vir Biotechnology, Inc. (Vir), a NASDAQ-listed clinical-stage immunology company focused on the development of products to treat and prevent serious infectious diseases (Vir License Agreement). Under the Vir License Agreement, we have the exclusive rights to BRII-835 in Greater China, while Vir has the exclusive rights to BRII-835 in the rest of the world (please refer to the section headed "Business – Patents and Other Intellectual Property" for further details). As described below, the Vir License Agreement as it relates to BRII-835 includes a sublicense by Vir of certain intellectual property and other rights licensed by Vir from Alnylam related to siRNA. Pursuant to the Vir License Agreement, we were granted an exclusive option to obtain exclusive rights to develop and commercialize compounds and products arising from up to four agreed Vir programs in Greater China for the treatment, palliation, diagnosis, prevention or cure of acute and chronic diseases of infectious pathogen origin or hosted by pathogen infection ("Field"). We also granted to Vir, with respect to up to four of our programs, an exclusive option to be granted exclusive rights to develop and commercialize compounds and products arising from such programs for the Field in the United States.

With respect to programs for which we exercise our options pursuant to the Vir License Agreement, we will be required to pay Vir an option exercise fee for each such Vir program ranging from the mid-single-digit millions up to US$20.0 million, with the amount based on our reasonable determination of the commercial potential of the licensed program. We will also be required to pay regulatory milestone payments on a licensed product-by-licensed product basis ranging from the mid-single-digit millions up to US$30.0 million, also determined based on the commercial potential of such program. Following commercialization, we will be required to make sales milestone payments based on certain specified levels of aggregate annual net sales of products arising from each licensed program in Greater China, up to an aggregate of US$175.0 million per licensed program.

In addition, we are obligated under the Vir License Agreement to pay Vir tiered royalties based on net sales of products arising from the licensed programs in Greater China at percentages ranging from the mid-teens to the high-twenties, and Vir is obligated to pay us tiered royalties based on net sales of products arising from the licensed programs in the United States at percentages ranging from the mid-teens to the mid-twenties. An industry standard formula of A/A+B (where A is the net sales of a product when sold separately from such other active ingredient(s), and B is the net sales of the other active ingredient(s) when sold separately from such product) is applicable in determining net sales for combination products for royalty calculation purposes, subject to limited exceptions. Each of our or Vir's obligation to pay royalties expires, on a product-by-product and territory-by-territory basis, on the latest of: 10 years after the first commercial sale of such licensed product in Greater China or the United States, as applicable; the expiration or abandonment of licensed patent rights that cover such product in Greater China or the United States, as applicable; and the expiration of regulatory exclusivity in Greater China or the United States, as applicable. Royalty rates are subject to standard specified reductions and offsets.

Under the Vir License Agreement, following an exercise of an option with respect to one of the other party's programs (including BRII-835), the option holder is obligated to use commercially reasonable efforts to develop at least one licensed product arising from such program in the respective territory, and to commercialize each such product in that territory following regulatory approval.

On June 12, 2020, following Vir's achievement of proof of concept for BRII-835, we exercised our option to obtain exclusive rights to develop and commercialize compounds and products arising from BRII-835 in Greater China and, in connection with the exercise of such option, we paid Vir an option exercise fee of US$20.0 million. In addition, we will be obligated to make a regulatory milestone payment of up to US$30 million upon regulatory approval in Greater China, sales milestone payments of up to an aggregate of US$175.0 million and royalty payments based on tiered net sales at a percentage of up to the highest tier in the high-twenties, with such royalty rates or payments subject to specified reductions and offsets.

The Vir License Agreement will remain in force until expiration of all options or, if any option is exercised, expiration of all royalty payment obligations for all licensed products within such licensed program, unless terminated in its entirety or on a program-by-program basis by either party. Each party may terminate for convenience all rights and obligations with respect to any program for which it has an option, with 30 days' written notice (if the terminating party has not exercised an option for such program) or 180 days' notice (following the exercise of an option for such program). The Vir License Agreement may also be terminated by either party for insolvency of the other party, and either party may terminate the Vir License Agreement in its entirety or on a program-by-program basis for the other party's uncured material breach on 60 days' written notice (or 30 days' written notice following failure to make payment).

Vir has certain obligations with respect to the development and commercialization of BRII-835 (VIR-2218) under the Vir-Alnylam License Agreement, including to perform certain development and manufacturing obligations, and to use commercially reasonable efforts to develop and obtain regulatory approval for one product arising from the VIR-2218 program, and following such regulatory approval, if any, to commercialize such product in specified major markets. Alnylam has the right to terminate the Vir-Alnylam License Agreement if Vir materially breaches its obligations and fails to cure such breach within specified time periods. The Vir-Alnylam License Agreement does not specify the consequences of any such termination by Alnylam for Vir's material breach on the rights of sublicensees of Vir, including us. Therefore, if Alnylam does not elect to continue and assume the rights and licenses granted by Vir to us in connection with BRII-835 under the Vir License Agreement, our rights may be terminated, and ability to develop BRII-835 could be adversely impacted by Alnylam's termination of the Vir-Alnylam License Agreement.

**Collaboration with Qpex Biopharma related to BRII-636, BRII-672 and BRII-693**

In July 2019, we entered into a license agreement with Qpex Biopharma, Inc. (Qpex), a United States-based biopharmaceutical company developing a pipeline of novel agents addressing critical needs for the treatment of infectious diseases in the inpatient and outpatient settings (Qpex License Agreement). Under the Qpex License Agreement, we have the exclusive rights to BRII-636, BRII-672 and BRII-693 in Greater China, while Qpex has the exclusive rights to BRII-636, BRII-672 and BRII-693 in the rest of the world.

Pursuant to the Qpex License Agreement, we acquired exclusive rights to develop and commercialize in Greater China their portfolio of novel antibiotics to treat infections caused by highly resistant, gram-negative pathogens. These programs include intravenous and oral formulations of the β-lactamase inhibitor-based and polymyxin products (BRII-636, BRII-672 and BRII-693). We are responsible, at our own expense, for commercialization and obtaining and maintaining regulatory approval in Greater China, and we are required to make certain milestone and royalty payments to Qpex subject to the terms and conditions set forth in the Qpex License Agreement.

**Collaboration with AN2 Therapeutics related to BRII-658**

In November 2019, we entered into a license agreement with AN2 Therapeutics, Inc. (AN2), a United States-based health biopharmaceutical company focused on developing medicines for patients suffering from infectious diseases (AN2 License Agreement). Under the AN2 License Agreement, we have the exclusive rights to BRII-658 in Greater China, while AN2 has the exclusive rights to BRII-658 in the rest of the world.

Pursuant to the AN2 License Agreement, we secured the exclusive rights to develop and commercialize AN2's lead molecule, AN2-501971 (BRII-658), its backup compounds and certain derivatives thereof in Greater China. Under the AN2 License Agreement, we have exclusive rights to develop and commercialize BRII-658 against MDR/XDR tuberculosis (TB) in Greater China once BRII-658 meets the pre-defined clinical criteria against its targeted mycobacterial infections, such as MDR and XDR TB. The license becomes subject to certain milestone payments and royalties for net sales of licensed products in Greater China.

**TSB and Collaboration with Tsinghua University and Third People's Hospital of Shenzhen related to BRII-196 and BRII-198**

In early 2020, we began a collaboration with Tsinghua University and Third People's Hospital of Shenzhen, for purposes of optimizing and developing newly identified COVID-19 neutralizing antibodies (namely BRII-196 and BRII-198) and to bring them through development, regulatory approval and commercialization. As part of the collaboration, we formed our non-wholly owned subsidiary TSB in which Brii Beijing holds 72.77% of the total equity interests. Affiliates of Tsinghua University and Third People's Hospital of Shenzhen acquired minority equity interests in TSB in exchange for the transfer by Tsinghua University and Third People's Hospital of Shenzhen of antibodies and related technologies to TSB to

advance BRII-196 and BRII-198 and potentially other candidates for treatment of and prophylactic use against SARs-CoV-2 infection (including COVID-19). We have the exclusive rights to BRII-196 and BRII-198 through TSB. We entered into a license agreement with TSB in June 2020, pursuant to which TSB granted us an exclusive perpetual, irrevocable, royalty-bearing license, with the right to grant sublicenses through multiple tiers to R&D, manufacture and commercialize in all territories other than Greater China (i) the antibodies and (ii) licensed products (including BRII-196 and BRII-198) in all human uses (including the diagnosis, prevention and treatment of SARs-CoV-2 infection, including COVID-19, or infection by other coronaviruses, but excluding any human uses by means of mRNA direction).

For the potential impact and related risks in the event of a material breach or termination of a collaboration agreement by a collaboration partner, please refer to "Risk Factors – Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects – We rely on third parties to conduct our pre-clinical studies and clinical trials and we must work effectively with collaborators to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed. If we lose our relationships with our third parties, especially our CROs, our product or drug development efforts could be delayed." and "Risk Factors – Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects – Our rights to develop and commercialize our drug candidates are subject in part to the terms and conditions of licenses granted to us."

**RESEARCH AND DEVELOPMENT**

Our in-house R&D capabilities are led by Dr. Zhi Hong, Dr. Li Yan (Chief Medical Officer), Dr. Lianhong Xu (Senior Vice President, Head of Medicinal Chemistry), Dr. Jean-Luc Girardet (Senior Vice President, Head of Pharmaceutical Sciences) and Dr. Qing Zhu (Senior Vice President, Head of Pharmaceutical Research). Dr. Hong has over 25 years of experience in the biopharmaceutical industry and has been leading the infectious diseases business of multiple multinational pharmaceutical companies, including GSK, and he was widely credited as the key architect of GSK's comeback and success in HIV and other infectious diseases medicine discovery and development. For further details of our senior management's track record and industry experience, please refer to the section headed "Directors and Senior Management" in this prospectus. As of the Latest Practicable Date, our R&D employee headcount totaled 98 with 59 employees located in China and 39 employees located in the United States. For more information on our R&D employees, see "Business – Employees" in this prospectus. In addition, we have also built a strong scientific advisory board, comprising leading scientists, clinicians and industry veterans and engage in extensive R&D collaborations with pharmaceutical and biotech companies, leading CROs, CMOs, CDMOs research institutions and other strategic partners.

Our top five suppliers during the Track Record Period, such as WuXi AppTec, WuXi Biologics and certain of their subsidiaries, provided CRO and/or CMO/CDMO services related to the clinical development of our drug candidates. For more information on our clinical trial management and relationship with CROs and CMO/CDMOs, see "Business – Clinical Trial Management" in this prospectus.

For our in-licensed drug candidates, we are responsible for developing the candidates in our licensed territories, and our collaboration partners are responsible for developing the drug candidates in their territories. For example, with respect to BRII-179, we prepared the clinical trial design/framework and protocol and coordinated with the NMPA for the review and approval of our clinical trial, and we conducted clinical activities including: (i) coordinating all post-licensing clinical development activities, (ii) designing the key aspects of the BRII-179 clinical study described under the section headed "Business – Summary of Clinical Trial Results"; (iii) designing and coordinating the selection process for qualified CROs to assist in engaging clinical sites and coordinating clinical studies once commenced; (iv) supervising the clinical studies; and (v) overseeing extensive regulatory outreach and coordination in China.

With respect to BRII-835, our collaboration partner Vir conducted preclinical studies necessary to move BRII-835 into clinical development in and for Greater China. Following our exercise of the option under the Vir License Agreement, we conducted clinical activities including: (i) designing key aspects of the BRII-835 clinical study described in detail under the section headed "Business – Summary of Clinical Trial Results for BRII-835"; (ii) designing and coordinating of the selection process for qualified CROs to assist in engaging clinical sites and coordinate the commencement and conduct of clinical studies; (iii) supervising the ongoing clinical studies; and (iv) overseeing extensive regulatory outreach and coordination in China.

In light of our R&D strategies, the amount of R&D expenses varies with the number and scale of projects each year. Our R&D expenses grew from approximately RMB83.8 million for the year ended December 31, 2019 to RMB875.8 million for the year ended December 31, 2020 primarily due to conducting Phase 2 clinical trials in our HBV programs, the establishment of our COVID-19 program, and the increase in our headcount. For more details of our R&D expenses, please refer to the paragraphs headed "Financial Information – Discussion of Certain Key Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Research and Development Expenses" in this prospectus.

## RAW MATERIALS AND SUPPLIERS

During the Track Record Period, our suppliers mainly included our CROs, CMO/CDMOs and our collaboration partners. We also engage CMOs and partners to conduct process development, manufacturing and analytical testing, and we use CROs to manage, conduct and support our preclinical studies and clinical trials globally. For the years ended December 31, 2019 and 2020, purchases from our five largest suppliers amounted to RMB26.8 million and RMB748.0 million, respectively, accounting for 18.2% and 76.4% of our total R&D and administrative expenses for the same periods. Purchases from our largest supplier amounted to RMB10.5 million and RMB564.1 million, respectively, for the same periods accounting for 7.2% and 57.6% of our total R&D and administrative expenses for the same periods. We believe that the rates charged to us by our largest supplier, WuXi AppTec and WuXi Biologics, are competitive with market rates.

We currently do not own manufacturing facilities and rely on CMOs/CDMOs to provide drug material for our clinical trials. Generally, we plan to initially rely on CMOs/CDMOs to manufacture our products after they are approved for marketing and commercialization. Once a critical mass of sales is reached, we will explore the possibility of building in-house manufacturing capabilities, particularly in China. During the Track Record Period, we did not face material difficulties in engaging CMOs/CDMOs, particularly given our strategic relationship with WuXi AppTec and WuXi Biologics for priority access to their capabilities.

## COMMERCIALIZATION

To date, our efforts have focused on building our drug candidate pipeline comprised of a mix of pre-clinical and clinical drug candidates at varying levels of clinical development and with a mix of in-licensed Greater China rights and global rights. Although we generally do not expect any of our pipeline candidates to generate sales or be commercialized in the near term with the possible exception of our COVID-19 antibody cocktail therapy BRII-196 and BRII-198 as further described below, we will evaluate our commercialization strategy and efforts for our various drug candidates as our pipeline matures.

We anticipate using a portion of our net offering proceeds in connection with the launch and commercialization of our Core Product BRII-179, subject to our development efforts, receipt of required regulatory approvals and the terms of our collaboration agreements. The initiatives we plan to take primarily include recruiting commercialization personnel and establishing sales channels, mainly in the one year before the expected launch of BRII-179.

Although we do not plan to commercialize our COVID-19 antibody cocktail therapy BRII-196 and BRII-198 for some time, depending on interim and other clinical study results, we may make government stockpile sales to a limited number of governmental agencies pursuant to Emergency Use Authorizations (EUAs) or similar authorizations prior to registrational approval. Any such stockpile sales would require limited personnel additions.

For a summary of risks related to commercialization of our drug candidates, see "Risk Factors – Risks Relating to the Commercialization of Our Drug Candidates."

## INTELLECTUAL PROPERTY

The following table summarizes the material granted patents and the filed patent applications licensed to us for our in-licensed drug candidates, namely BRII-179 and BRII-835, and owned by us on BRII-179, BRII-732, BRII-196, BRII-198 and BRII-296. Please refer to the section headed "Business – Intellectual Property" in this prospectus for further details about the scopes of patent protection of these granted patents and filed patent applications.

- *Material patent/patent applications in-licensed by us and/or our subsidiaries:*

| Drug Candidate | Description | Applicant | Country/ Region | Estimated Expiry Date | Legal Status |
|---|---|---|---|---|---|
| BRII-179 | Composition of BRII-179; and its medical use. | Variation Biotechnologies Inc. | PCT | November 2039 | Pending |
| BRII-835 | Composition of BRII-835; and its medical use. | Alnylam | CN; HK; TW | November 2035 | Pending |
| BRII-835 | Composition of BRII-835; and its medical use. | Alnylam | HK | November 2035 | Granted |
| BRII-835 | Composition of BRII-835; and its medical use. | Alnylam | PCT; TW | August 2039 | Pending |
| BRII-835 | Methods of use for BRII-835. | Vir | US | May 2040 | Pending |

*Notes:*

(1) Variation Biotechnologies Inc. is a wholly-owned subsidiary of VBI.

(2) Vir obtained a worldwide, exclusive license from Alnylam to develop, manufacture and commercialize BRII-835 under the Vir-Alnylam License Agreement.

- *Material patent/patent applications owned or co-owned by us and/or our subsidiaries:*

| Drug Candidate | Description | Applicant | Country/ Region | Estimated Expiry Date | Legal Status |
|---|---|---|---|---|---|
| BRII-179 | Composition of BRII-179; and methods of medical use. | Variation Biotechnologies Inc.; Brii Biosciences Limited | PCT | June 2040 | Pending |
| BRII-732 | Compound of matter for BRII-732; and methods of medical use. | Brii US | PCT; TW | July 2040 | Pending |
| BRII-732 | Compound of matter for BRII-732; and methods of medical use. | Brii US | TW | July 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196, and their medical use. | TSB | PCT | March 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196, the variants, and their medical use. | TSB | PCT | April 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196 and BRII-198, the variants, and their medical use. | TSB | PCT | April 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196, and their medical use. | TSB | CN | March 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196 and BRII-198, the variants, and their medical use. | TSB | U.S. | November 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196 and BRII-198, the variants, and their medical use. | TSB | PCT; TW | March 2041 | Pending |
| BRII-296 | Composition of BRII-296; and methods of medical use. | Brii US | PCT | May 2040 | Pending |
| BRII-296 | Composition of BRII-296; and methods of medical use. | Brii US | TW | May 2040 | Pending |

*Notes:*

(1) Variation Biotechnologies Inc. is a wholly-owned subsidiary of VBI.

(2) TSB is our subsidiary in which Brii Beijing holds 72.77% of the total equity interests.

As of the Latest Practicable Date, among the material patents and patent applications, set forth above, relating to our Core Product and key product candidates, only one patent had been granted with the remainder subject to pending patent applications. See "Risk Factor – We may be unable to establish, protect or enforce our intellectual property rights adequately and, as of the Latest Practicable Date, we did not own any issued patent related to our Core Product and we only had licensed rights in one issued patent, which could allow third parties to develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected."

## PRE-IPO INVESTORS AND SHAREHOLDERS

Throughout the development of our Company, we have entered into multiple rounds of financing raising US$413.9 million in total and entered into agreements with our Pre-IPO Investors. Our Pre-IPO Investors will be subject to lock-up arrangements at the time of the Global Offering. Generally, under these lock-up arrangements each Pre-IPO Investor will not and will procure that no company controlled by the Pre-IPO Investor or any nominee or trustee holding the Shares in trust for the Pre-IPO Investor will, at any time during the period commencing on the Listing Date, and ending on a date which is 180 days from the Listing Date, offer, pledge, sell, transfer or otherwise dispose of their Shares. For further details regarding the key terms of these agreements and the lock-up arrangements, please refer to the section headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus for further details.

Our Shareholders include dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the biopharmaceutical sector. We do not have any controlling shareholders (as defined under the Listing Rules).

## SUMMARY OF KEY FINANCIAL INFORMATION

The summary of key financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this prospectus, as well as the information set forth in the section headed "Financial Information" in this prospectus.

**Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income Items**

We currently have no products approved for commercial sale and have generated no revenue from product sales. We have incurred operating losses in each year since inception. Our total comprehensive expenses were RMB535.3 million and RMB1,173.1 million for the years ended December 31, 2019 and 2020, respectively. Substantially all of our operating losses resulted from R&D expenses and administrative expenses. We expect to incur significant expenses and operating losses for at least the next several years as we further our R&D efforts, continue the clinical development of, and seek regulatory approval for, our drug candidates, launch commercialization of our pipeline products and add personnel necessary to operate our business.

The following table summarizes our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Other income | 20,339 | 84,625 |
| Other gains and losses | 8,440 | (21,993) |
| Research and development expenses | (83,785) | (875,795) |
| Administrative expenses | (63,334) | (103,396) |
| Fair value loss on financial liabilities at FVTPL | (401,575) | (350,372) |
| Finance costs | (1,113) | (1,668) |
| Listing expenses | – | (14,911) |
| Loss before tax | (521,028) | (1,283,510) |
| Income tax expense | – | – |
| Loss for the year | (521,028) | (1,283,510) |
| Other comprehensive (expense) income for the year | (14,318) | 110,362 |
| Total comprehensive expense for the year | (535,346) | (1,173,148) |
| Loss for the year attributable to: | | |
| Owner of the Company | (521,028) | (1,189,600) |
| Non-controlling interests | – | (93,910) |
| | (521,028) | (1,283,510) |
| Total comprehensive expense for the year attributable to: | | |
| Owner of the Company | (535,346) | (1,079,238) |
| Non-controlling interests | – | (93,910) |
| | (535,346) | (1,173,148) |

Our total comprehensive expenses increased from RMB535.3 million in 2019 to RMB1,173.1 million in 2020. The increase in net losses was primarily attributable to an increase of RMB792.0 million in R&D expenses as a result of the expansion of our pipeline and advancement of our product candidates. Our net loss also consists of fair value losses related to our Preferred Shares, recorded as financial liabilities at FVTPL, of RMB401.6 million and RMB350.4 million in 2019 and 2020, respectively. We expect to continue to recognize fair value loss of financial liabilities at FVTPL and we may have accumulated losses after December 31, 2020 and up to the Listing. As a result, our financial performance after the Track Record Period may be adversely affected.

We entered into the VBI License Agreement in December 2018, and in 2018 we did not have any research and development expenses related to our Core Product (BRII-179) other than (i) the upfront license fee of US$4.0 million paid by us to VBI as part of the consideration for the collaboration and (ii) a US$3.4 million premium paid in connection with our equity investment in VBI which was recorded as a license fee. BRII-179 related R&D expenses totaled RMB22.6 million in 2019 and RMB39.2 million in 2020 (or 26.9% and 4.5% of our total R&D expenses in 2019 and 2020, respectively), consisting of employee costs and third-party contracting costs reflecting our expenses on the Phase 1b/2a clinical trials for BRII-179.

During 2020, our R&D expenditures were unexpectedly high as we were compelled to respond on an emergency basis to the COVID-19 global pandemic beginning in early 2020. In less than one year, we took our BRII-196/198 COVID-19 cocktail from discovery to late-stage development in ACTIV global government sponsored Phase 2/3 master protocol clinical studies. Included in our total research and development expenses of RMB875.8 million are RMB535.5 million in third-party contracting costs related to the manufacture by our CMOs of BRII-196/198. We had these drug supplies manufactured (i) for use in our ongoing participation in the ACTIV clinical study and (ii) more significantly to make our therapy available to patients at scale as soon as possible (including through potential stockpile sales of our COVID-19 therapy to a limited number of governmental entities following receipt of necessary governmental emergency use approvals). Prior to receiving required governmental marketing approvals, the associated manufacturing costs are expensed and not capitalized. We note most research and development focused biotech companies are not required to incur such significant drug candidate manufacturing expenses prior to governmental marketing approval.

In 2020, consistent with a significant expansion of our product candidate pipeline and excluding the above-described BRII-196/198 drug supply manufacturing costs, our R&D expenses totaled RMB340.3 million, with spending on BRII-179 totaling 11.5% of such total. Also, our R&D expenses in 2019 and 2020 include RMB0.6 million and RMB151.8 million of BRII-835 (HBV) related third-party contracting costs and license fees (corresponding to 0.7% and 44.6% of total R&D expenses after excluding the BRII-196/198 drug supply manufacturing costs in 2020). We are seeking to develop a functional cure for chronic HBV infection and to do so we intend to focus on combination therapies, such as the combination of our Core Product, BRII-179, with BRII-835 and other antiviral therapies. As a result, our BRII-835 development expenses are associated with our Core Product.

Finally, our BRII-179 development efforts benefited significantly from our licensing partner's development efforts. VBI's contributions allowed us to efficiently complete our Phase 1b/2a clinical trial before commencing the next Phase 2b clinical trial. However, as reflected in "Use of Proceeds" more resources are required to continue the development of our Core Product.

**Summary of Consolidated Statements of Financial Position**

The following table sets forth the summary of our consolidated statements of financial position as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Total current assets | 885,457 | 1,092,842 |
| Total non-current assets | 153,967 | 175,102 |
| **Total assets** | 1,039,424 | 1,267,944 |
| Total current liabilities | 61,884 | 575,235 |
| Total non-current liabilities | 1,590,301 | 2,435,411 |
| **Total liabilities** | 1,652,185 | 3,010,646 |
| Equity attributable to owners of the Company | (612,761) | (1,738,289) |
| Non-controlling interests | – | (4,413) |
| **Total deficits** | (612,761) | (1,742,702) |

We recorded total deficits of RMB612.8 million and RMB1,742.7 million as of December 31, 2019 and 2020, respectively, primarily due to the issuance of Preferred Shares. The Preferred Shares will automatically convert into Shares upon Listing, at which time we expect to record them as equity and, accordingly, turn them into a net asset position. For risks relating to the fair-value changes in our Preferred Shares, please refer to "Risk Factors – Risk Relating to Our Financial Position and Need for Additional Capital – Changes in fair value of financial liabilities at FVTPL and uncertainties in accounting estimates in the valuation of financial liabilities at FVTPL require the use of significant unobservable inputs."

**Summary of Consolidated Statements of Cash Flows**

During the Track Record Period, we incurred negative net cash flows from operations, substantially due to our R&D expenses. During the Track Record Period, we relied on equity financing as the major source of liquidity. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows.

The following table sets forth the summary of our consolidated statements of cash flows for the periods indicated:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Operating cash flows before movements in working capital | (92,907) | (875,166) |
| Total movements in working capital | 25,631 | 471,450 |
| Net cash used in operating activities | (67,276) | (403,716) |
| Net cash used in investing activities | (92,781) | (43,650) |
| Net cash from financing activities | 518,347 | 657,001 |
| Net increase in cash and cash equivalents | 358,290 | 209,635 |
| Cash and cash equivalents at beginning of the year | 521,119 | 880,359 |
| Effects of exchange rate changes | 950 | (55,029) |
| Cash and cash equivalents at end of the year | 880,359 | 1,034,965 |

During the Track Record Period, we experienced cash outflows from operations primarily due to expenses for clinical studies, clinical drug supply, licensing fees, employee compensation, and other corporate operating expenses, partially offset by cash received from government grants, and without the benefit of any revenue from products as all products were in development.

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and bank balances, and the estimated net proceeds from the Listing, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, administrative expenses, and other expenses for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly amount of (i) net cash used in operating activities, which primarily includes R&D expenses; (ii) capital expenditures; and (iii) lease payments. We had cash and cash equivalents of RMB1,035.0 million as of December 31, 2020. We estimate that we will receive net proceeds of approximately HK$2,199.9 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$21.00 per Offer

Share, being the low-end of the indicative Offer Price range of HK$21.00 to HK$22.25 per Offer Share in this prospectus. Assuming an average cash burn rate going forward of 2.5 times the level in 2020, we estimate that our cash and cash equivalents as of December 31, 2020 will be able to maintain our financial viability for approximately 12 months or, if we take into account 10% of the estimated net proceeds from the Listing (namely, the portion allocated for our working capital and general corporate purposes), approximately 14 months or, if we also take into account the estimated net proceeds from the Listing, for approximately 33 months. We will proactively manage our cash flows and control our cash burn rate, particularly if the net proceeds from the Global Offering are less than expected. Actions we might take include reducing our R&D expenditures or the number of pipeline programs we seek to develop.

## KEY FINANCIAL RATIO

The following table sets forth our key financial ratios for the periods indicated:

| | As of December 31, | |
|---|---|---|
| | **2019** | **2020** |
| Current Ratio[(1)] | 14.3 | 1.9 |

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date.

The following table sets forth the summary of our consolidated current assets and current liabilities for the periods indicated:

| | As of December 31, | | As of April 30, |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| | *RMB'000* | *RMB'000* | *RMB'000* (Unaudited) |
| **Current assets** | | | |
| Deposits, prepayments and other receivables | 4,749 | 34,120 | 42,835 |
| Restricted bank deposits | 349 | 3,757 | 323 |
| Time deposits with original maturity over three months | – | 20,000 | – |
| Cash and cash equivalents | 880,359 | 1,034,965 | 1,801,921 |
| **Total current assets** | 885,457 | 1,092,842 | 1,845,079 |
| **Current liabilities** | | | |
| Other payables | 17,706 | 497,390 | 412,453 |
| Lease liabilities | 8,070 | 8,021 | 9,077 |
| Deferred income | 36,108 | 69,824 | 30,208 |
| **Total current liabilities** | 61,884 | 575,235 | 451,738 |
| **Net current assets** | 823,573 | 517,607 | 1,393,341 |

Our net current assets decreased from RMB823.6 million at December 31, 2019 to RMB517.6 million at December 31, 2020 primarily due to the increase in other payables related to CMO/CDMO expenses owed for BRII-196 and BRII-198, partially offset by an increase in cash and cash equivalents from the Second Closing of our Series B financing.

Our net current assets increased by RMB875.7 million from December 31, 2020 to April 30, 2021 primarily due to the closing of our Series C financing in March 2021, the settlement of certain payables, and decrease in deferred income for government grant income earned during the period, partially offset by the use of cash and cash equivalents in operations.

## GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 111,580,000 new Shares are issued pursuant to the Global Offering; (ii) the Over-allotment Option is not exercised; and (iii) no Shares are issued under the Share Incentive Schemes.

| | **Based on an Offer Price of HK$21.00** | **Based on an Offer Price of HK$22.25** |
|---|---|---|
| Market capitalization of our Shares[(1)] | HK$14,830.2 million | HK$15,713.0 million |
| Unaudited pro forma adjusted net tangible asset per Share[(2)] | HK$0.38 | HK$0.81 |

*Notes:*

(1) The calculation of market capitalization is based on the assumption that 706,200,926 Shares will be in issue and outstanding immediately following the completion of the Global Offering. Calculated on the basis of the Offer Price of HK$21.63, being the mid-point of the offer price range, the valuation of the Company upon Listing will be approximately HK$15,275.1 million (the "Proposed IPO Valuation"). The increase of valuation from our Series C financing to the Proposed IPO valuation is due to (i) the clinical trial and development progress of our pipeline products, including commencement after the Series C financing of (a) the Phase 1 clinical studies for BRII-296 (PPD), BRII-778 (HIV) and BRII-732 (HIV); (b) the Phase 2 BRII-179/BRII-185 combination (HBV) clinical study; (c) the Phase 3 portion of the BRII-196 and BRII-198 (COVID-19) ACTIV-2 clinical study and the Phase 2 BRII-196 and BRII-198 (COVID-19) clinical study in China; and (d) our collaboration partner, Qpex, commenced Phase 1 clinical studies for BRII-672 and BRII-693 (MDR/XDR); and (ii) the premium attached to the Shares as they become freely tradeable when our Company becomes a public company.

(2) The unaudited pro forma adjusted net tangible asset attributable to the owners of our Company per Share is based on the consolidated statements of financial position as of December 31, 2020. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 reflect any trade result or other transaction of the Group entered into subsequent to December 31, 2020. For further details, see "Financial Information" in this prospectus.

## RECENT DEVELOPMENTS

### Series C Financing

In March 2021, we closed our US$155 million Series C financing with approximately US$125 million raised from new investors and approximately US$30 million raised from funds affiliated with our existing investors. For more information, please refer to the section headed "Financial Information – Major Factors Affecting Our Results of Operations – Funding for Our Operations" in this prospectus.

### Clinical Trials

In June 2021, our collaboration partner Qpex, initiated its Phase 1 clinical study for BRII-693 in Australia. With the initiation of that study, all three MDR/XDR drug candidates licensed by us from Qpex have entered clinical development.

In June 2021, we initiated a Phase 2 clinical study for BRII-196 and BRII-198 combination therapy in China in response to the recent COVID-19 cases in Guangzhou and Shenzhen. The related IND application was approved by the NMPA in February 2021.

In March 2021, we initiated dosing for the Phase 1 study for BRII-778 in the United States. In April 2021, we received a safe to proceed notice from the FDA to proceed with the planned Phase 1 study for BRII-732 in the United States, and we initiated dosing for the Phase 1 study for BRII-732 in the United States in May 2021.

### Impact of COVID-19

The ongoing COVID-19 outbreak and pandemic have materially and adversely affected the global economy. In response, countries across the world, including both China and the United States, imposed widespread lockdowns, closure of workplaces, and restrictions on mobility and travel to contain the spread of the virus. As of the Latest Practicable Date, China and the United States each have implemented and maintained various international and domestic travel restrictions. In particular, travel restrictions between the United States and China have limited the frequency with which our senior management team (including our chief executive officer) travel back and forth between the United States and China for over a year now. Generally, however, all Chinese cities have eased or lifted domestic travel restrictions and resumed normal social activities, work and production. Until recently, the United States continued to be one of the most impacted countries by the ongoing COVID-19 pandemic with measures to combat the pandemic often varying by region within the United States. Following significant vaccine development and mass vaccination efforts, many of the more restrictive measures to combat COVID-19 have begun to be or have been phased out.

In response to the pandemic, we implemented various precautionary measures in China and the United States, including permitting working remotely, adjusting our employees' work arrangements and encouraging virtual meetings. We also closely track the health and wellness status of our employees. In China, most of our employees worked remotely through the second quarter of 2020 with our U.S. employees continuing primarily to work remotely.

We are focused on infectious diseases and the COVID-19 outbreak impacted demand for our BRII-196/198 cocktail therapy directly and could otherwise impact demand for our other product candidates. For example, while driving overall demand of our antibody therapy, COVID-19 accelerated investment in and development of RNA technology, with the FDA granting EUAs to Moderna's and BioNTech/Pfizer's mRNA COVID-19 vaccines. The success of these and other vaccines and mass vaccine campaigns have damped demand for antibody therapies. The use of new, evolving technology to rapidly develop vaccines in response to the pandemic raises potential concerns about the long-term efficacy and safety of those developed drugs and could undermine general confidence in these and other therapies.

Other than some potentially COVID-19 related delay in our clinical trials in early 2020, our R&D efforts, including dealings with our CROs, CMOs, CDMOs and other collaborators, were not adversely impacted and were generally stable. Although we experienced enrollment delays in our BRII-179 Phase 1b/2a and BRII-835 Phase 2 clinical trials during the first quarter of 2020 for about three months, enrollment of patients was completed in June 2020 and December 2020, respectively. During the Track Record Period and up to the Latest Practicable Date, the COVID-19 pandemic had not caused any early termination of our clinical trials or necessitated removal of any patients in our clinical trials in any jurisdiction in which we have conducted clinical trials. We have not experienced and currently do not expect any material delays in regulatory affairs with respect to our drug candidate pipeline or any long-term impact on our operations or deviation from our overall development plans. In totality, we did not experience material adverse effects to our business or financial performance as a result of the pandemic. We did incur a significant year-over-year increase in our operating loss consistent with our BRII-196 and BRII-198 COVID neutralizing antibody R&D related expenses.

As we recently commenced clinical trials in the United States, we are uncertain when and whether the COVID-19 pandemic (including the emergence of variants) may impact the progress of our clinical trials in the United States. Although we will continue to take measures to address the pandemic, these efforts may not succeed and the pandemic may escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, please refer to the section headed "Risk Factors – Key Risks Relating to Our Business – Our business could be adversely affected by the effects of health pandemics or epidemics" and "Financial Information – Impact of COVID-19" in this prospectus. We will continue to monitor and evaluate any impact of the COVID-19 outbreak on us and adjust our precautionary measures according to the latest developments of the outbreak.

We expect an increase in the estimated loss for the year ending December 31, 2021 due to the continued progression of our ongoing clinical trials and the initiation of clinical trials in other programs, and the potential recognition of losses related to the increase in fair value of our Preferred Shares recorded as financial liabilities at FVTPL prior to the closing of the Global Offering. Any change in the fair value of our Preferred Shares between December 31, 2020 and the closing of the Global Offering would be recorded in profit and loss prior to the conversion to Ordinary Shares.

**Cessation of Participation of BRII-196 and BRII-198 in the ACTIV-3 Program**

In March 2021, the DSMB evaluated interim safety and efficacy data relating to our cocktail therapy in hospitalized patients, looking for signs of clinical benefit against the current standard of care of remdesivir and dexamethasone. The DSMB determined that BRII-196 and BRII-198 did not meet pre-specified efficacy criteria in hospitalized patients receiving the standard of care, and our participation in the ACTIV-3 program ceased. No safety issues were identified and our participation in the ACTIV-2 program is continuing. Through March 31, 2021, we have incurred research and development expense of RMB70.6 million for ACTIV-3 and RMB70.3 million for ACTIV-2, which primarily consisted of clinical trial drug supply. Please refer to the section headed "Business – BRII-196 and BRII-198 for the Treatment of COVID-19 – Summary of Clinical Trial Results" below for further details.

**DIVIDENDS**

We have never declared or paid any dividends on our Shares or any other securities during the Track Record Period.

We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our Cayman Islands counsel, under the Cayman Islands law a company may declare and pay a dividend out of either profits or share premium account (even if it has only historical losses), provided the dividend payment is authorised by the company's memorandum and articles of association and would not result in the company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our shares with the expectation of receiving cash dividends.

## USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$2,267.4 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$21.63 per Offer Share, being the mid-point of the indicative Offer Price range of HK$21.00 to HK$22.25 per Offer Share in this prospectus. We intend to use the net proceeds we will receive from this offering for the following purposes:

(i) 55% of the net proceeds (approximately HK$1,247.1 million) will be allocated to our HBV functional cure programs, of which:

- 44% of the net proceeds (approximately HK$997.7 million) will be allocated to fund additional ongoing and planned clinical trials and the preparation for registration filings for BRII-179 (Core Product)-related programs;
- 1% of the net proceeds (approximately HK$22.7 million) will be allocated to milestone payments for BRII-179;
- 5% of the net proceeds (approximately HK$113.3 million) will be allocated to, subject to regulatory approval, the launch and commercialization of BRII-179; and
- 5% of the net proceeds (approximately HK$113.4 million) will be allocated to fund additional ongoing and planned clinical trials and the preparation for registration filings for BRII-835.

(ii) 15% of the net proceeds (approximately HK$340.1 million) will be allocated to our HIV programs, funding the ongoing and planned clinical trials and preparation for registration filings for BRII-778 and BRII-732.

(iii) 15% of the net proceeds (approximately HK$340.1 million) will be allocated to our MDR/XDR gram-negative infections programs.

(iv) 5% of the net proceeds (approximately HK$113.4 million) will be allocated to fund the ongoing and planned clinical trials and preparation for registration filings for BRII-296.

(v) 10% of the net proceeds (approximately HK$226.7 million), will be allocated to our early-stage pipeline, business development initiatives, working capital and general corporate purposes.

Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

## LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB121.5 million (including underwriting commission, based on the mid-point of the Offer Price), representing approximately 6.1% of the gross proceeds based on the mid-point of the Offer Price, assuming no Shares are issued pursuant to the Over-allotment Option. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended December 31, 2019. In the year ended December 31, 2020, the listing expenses charged to profit or loss were RMB14.9 million and the issue costs capitalized to deferred issue costs were RMB5.0 million. After December 31, 2020, approximately RMB21.8 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB79.8 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## RISK FACTORS

We are a biotechnology company seeking to list on the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are a number of risks involved in our operations, many of which are beyond our control. As a result of these risks the market price of our Shares could decline, and you may lose part or all of your investment. For further details about these risks, please see the section headed "Risk Factors" in this prospectus. Some of the major risks we face include:

- We depend substantially on the success of our drug candidates, all of which are currently in preclinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business, financial condition, results of operations and prospects will be materially harmed.

- If we encounter difficulties in enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

- If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.

- Our current and future product candidates, the methods used to deliver them or their dosage levels may cause undesirable side effects, which could halt clinical development or result in potential liability.

- Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these product candidates on a timely basis or at all, which would have an adverse effect on our business.

- We rely on third parties to conduct our preclinical studies and clinical trials, and we must work effectively with collaborators to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed. If we lose our relationships with third parties, especially our CROs, our product or drug development efforts could be delayed.

- Our rights to develop and commercialize our drug candidates are subject in part to the terms and conditions of licenses granted to us.

- We rely on our in-license collaboration partners to comply with the terms of any other license to which our license may be subject (including baseline intellectual property rights or any component drug product included in a combination drug product or candidate product, such as the HBsAg product and siRNA sublicensed by VBI and Vir to us, respectively) and any failure by our collaboration partners (including VBI and Vir) to so comply could adversely impact our drug development efforts and our rights in our drug candidates.

- We face substantial competition, which may result in others discovering, developing or commercializing competing drugs before or more successfully than we do.

- To date, we have generated no revenue from product sales, and we do not expect to generate commercial product sales in the near term.

- We had incurred significant net losses in each period since our inception, expect to incur net losses for the foreseeable future, and may never achieve or maintain profitability.

- We expect an increase in the estimated loss for the year ending December 31 , 2021 due to the continued progression of our ongoing clinical trials and the initiation of clinical trials in other programs, and the potential recognition of losses related to the increase in fair value of financial liabilities at FVTPL.

- If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or for engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.

## NO MATERIAL ADVERSE CHANGE

Save for the subsequent events as described in note 34 to the Accountants' Report in Appendix I, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I.

*In this prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.*

| | |
|---|---|
| "ACA" | U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act |
| "Accountants' Report" | the accountants' report of the Group for each of the two years ended December 31, 2020 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus |
| "affiliate(s)" | any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "Alnylam" | Alnylam Pharmaceuticals Inc., a corporation incorporated in Delaware, United States, whose stocks are listed on the Nasdaq Global Market (NASDAQ: ALNY) and an Independent Third Party |
| "AN2" | AN2 Therapeutics, Inc., a corporation incorporated in Delaware, U.S. and an Independent Third Party |
| "AN2 License Agreement" | the license agreement dated as of November 20, 2019 between AN2 and the Company |
| "Application Lists" | the application lists for the Hong Kong Public Offering |
| "Articles" or "Articles of Association" | the amended and restated articles of association of the Company conditionally adopted on June 22, 2021 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix III to this prospectus |
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Audit Committee" | the audit committee of the Board |
| "Board" | the Board of Directors of our Company |

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| "Brii Beijing" | Brii Biosciences (Beijing) Co. Limited* (騰盛博藥醫藥技術(北京)有限公司), a limited liability company incorporated under the laws of the PRC on August 21, 2018, being an indirect wholly-owned subsidiary of the Company |
| "Brii Cayman Sub" | Brii Biosciences Offshore Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 23, 2018, being a direct wholly-owned subsidiary of the Company |
| "Brii HK" | Brii Biosciences (Hong Kong) Co. (騰盛博藥醫藥技術(香港)有限公司) (formerly known as BiiG Therapeutics (Hong Kong) Co. Limited and B.I.G. Therapeutics (Hong Kong) Co. Limited), a limited liability company incorporated under the laws of Hong Kong on December 18, 2017, being a direct wholly-owned subsidiary of the Company |
| "Brii Shanghai" | Brii Biosciences (Shanghai) Co. Limited* (騰盛博藥醫藥技術(上海)有限公司) a limited liability company incorporated under the laws of the PRC on April 19, 2018, being an indirect wholly-owned subsidiary of the Company |
| "Brii US" | Brii Biosciences, Inc. (formerly known as BiiG Therapeutics, Inc., B.I.G. Therapeutics, Inc. and B.I.G Therapeutics, Inc.), a corporation incorporated under the laws of Delaware, United States on December 5, 2017, being a direct wholly-owned subsidiary of the Company |
| "Business Day" | a day that is not a Saturday, Sunday or public holiday in Hong Kong |
| "CAGR" | compound annual growth rate |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |
| "CCASS Clearing Participant" | a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant |
| "CCASS Custodian Participant" | a person admitted to participate in CCASS as a custodian participant |

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| "**CCASS EIPO**" | the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request |
| "CCASS Investor Participant" | a person admitted to participate in CCASS as an investor participant, which may be an individual, joint individuals or a corporation |
| "CCASS Operational Procedures" | the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force |
| "CCASS Participant" | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant |
| "CCPA" | California Consumer Privacy Act of 2018, as amended |
| "CDE" | Center for Drug Evaluation of the NMPA, a division of the NMPA mainly responsible for review and approval of IND and NDA |
| "China" or "the PRC" | the People's Republic of China excluding, for the purposes of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |

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| "CFIUS" | Committee on Foreign Investment in the United States |
| "Circular 16" | the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) |
| "Circular 19" | the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) |
| "Circular 37" | the Circular on Related Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and in Round-trip Investment via Special Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) |
| "Class A Ordinary Shares" | the 101,898,757 voting ordinary shares of the Company, par value of US$0.00001 per share |
| "Class B Ordinary Shares" | the 6,750,001 non-voting ordinary shares of the Company, par value of US$0.00001 per share |
| "close associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Companies Act" | the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time |
| "Companies Ordinance" | the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time) |
| "Companies (Winding Up and Miscellaneous Provisions) Ordinance" | the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time) |

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| "Company" or "our Company" | Brii Biosciences Limited 腾盛博药生物科技有限公司 (formerly known as BiiG Therapeutics Limited and B.I.G. Therapeutics Limited), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 8, 2017 |
| "connected person(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Contract Manufacturing Regulations" | the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) |
| "connected transaction(s)" | has the meaning ascribed thereto under the Listing Rules |
| "core connected person(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Core Product" | has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which for the purposes of this prospectus, refers to BRII-179 |
| "Director(s)" | the director(s) of the Company |
| "Drug Reclassification Plan" | the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) |
| "EAPO" | Eurasian Patent Organization |
| "EIT Law" | Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), as amended, supplemented or otherwise modified from time to time |
| "EIT Rules" | the Regulation on the Implementation of Enterprise Income Tax Law (《中華人民共和國企業所得税法實施條例》) |
| "EHS" | environmental, health and safety |
| "EMA" | European Medicines Agency |
| "E.U." | European Union |
| "Extreme Conditions" | extreme conditions caused by a super typhoon as announced by the government of Hong Kong |

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| "FCPA" | U.S. Foreign Corrupt Practices Act of 1977, as amended |
| "FDCA" | U.S. Federal Food, Drug, and Cosmetic Act |
| "FIL" | the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) |
| "FDA" | U.S. Food and Drug Administration |
| "FNIH" | U.S. Foundation for the National Institutes of Health |
| "Foreign Exchange Regulations" | the PRC Administrative Regulations on Foreign Exchange (《中華人民共和國外匯管理條例》) |
| "Frost & Sullivan" | Frost & Sullivan International Limited, an independent market research and consulting company |
| "Frost & Sullivan Report" | the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this prospectus |
| "FVTPL" | fair value through profit or loss |
| "FVTOCI" | fair value through other comprehensive income |
| "GDPR" | the General Data Protection Regulation of the European Union |
| "General Rules of CCASS" | General Rules of CCASS published by the Stock Exchange and as amended from time to time |
| "GLBA" | the U.S. Gramm-Leach-Bliley Act of 1999 (along with its implementing regulations) |
| "Global Offering" | the Hong Kong Public Offering and the International Offering |
| "Grantees" | the grantees under the Pre-IPO Share Incentive Plan |
| "Greater China" | China, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |

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| "**GREEN** application form(s)" | the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company |
| "Group", "our Group", "our", "we" or "us" | our Company and all of its subsidiaries at the relevant time, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it |
| "Guiding Principles" | the Technical Guiding Principles for the Acceptance of the Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) |
| "Hatch-Waxman" | the U.S. Drug Price Competition and Patent Term Restoration Act, informally known as the Hatch-Waxman Act, which is a 1984 U.S. federal law |
| "HIPAA" | the Health Insurance Portability and Accountability Act of 1996 |
| "HITECH" | the Health Information Technology for Economic and Clinical Health Act |
| "**HK eIPO White Form**" | the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the **IPO App** or the designated website at **www.hkeipo.hk** |
| "**HK eIPO White Form** Service Provider" | the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** or on the designated website at **www.hkeipo.hk** |
| "HKSCC" | the Hong Kong Securities Clearing Company Limited |
| "HKSCC Nominees" | HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic China |

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| "Hong Kong dollars" or "HK dollars" or "HK$" | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| "Hong Kong Offer Shares" | the 11,158,000 Offer Shares initially being offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering" |
| "Hong Kong Public Offering" | the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to reallocation as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus, as further described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" |
| "Hong Kong Share Registrar" | Tricor Investor Services Limited |
| "Hong Kong Stock Exchange" or "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Hong Kong Underwriters" | the underwriters of the Hong Kong Public Offering as listed in the Hong Kong Underwriting Agreement |
| "Hong Kong Underwriting Agreement" | the underwriting agreement dated June 29, 2021 relating to the Hong Kong Public Offering and entered into by our Company, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting" |
| "HSS" | U.S. Department of Health and Human Services |
| "IFRS" | International Financial Reporting Standards |
| "Independent Third Party" or "Independent Third Parties" | a person or entity who is not a connected person of the Company under the Listing Rules |
| "Innovation Opinion" | the Opinion on Strengthening the Reform of the Drug and Medical Device Review and Approval Process to Encourage Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) |

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| "International Offer Shares" | the 100,422,000 Offer Shares initially being offered by us for subscription under the International Offering together, where relevant, with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option, and subject to reallocation as described in the section headed "Structure of the Global Offering" |
| "International Offering" | the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price outside the United States (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States only to QIBs in reliance on Rule 144A or another available exemption from the registration requirement of the U.S. Securities Act |
| "International Underwriters" | the underwriters of the International Offering listed in the International Underwriting Agreement |
| "International Underwriting Agreement" | the underwriting agreement relating to the International Offering and to be entered into on or around the Price Determination Date by, among others, our Company and the International Underwriters |
| "**IPO App**" | the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp** |
| "IRB" | an Institutional Review Board |
| "Joint Bookrunners", "Joint Global Coordinators" or "Joint Lead Managers" | the joint bookrunners, joint global coordinators or joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus |
| "Joint Sponsors" | Morgan Stanley Asia Limited and UBS Securities Hong Kong Limited |
| "Latest Practicable Date" | June 21, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication |

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| "Listing" | listing of the Shares on the Stock Exchange |
| "Listing Committee" | the listing committee of the Stock Exchange |
| "Listing Date" | the date, expected to be on or about July 13, 2021, on which the Shares will be listed and dealings in the Shares first commence on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time) |
| "MAH System" | the Pilot Plan for the Drug Marketing Authorization Holder Mechanism (《藥品上市許可持有人制度試點方案》), which provides a detailed pilot plan for the drug marketing authorization holder mechanism |
| "Memorandum of Association" or "Memorandum" | the memorandum of association of our Company, conditionally adopted on June 22, 2021 and will come into effect upon Listing (as amended from time to time) |
| "MHRA" | U.K. Medicines and Healthcare products Regulatory Agency |
| "MMA" | U.S. Medicare Prescription Drug, Improvement, and Modernization Act of 2003 |
| "MOFCOM" | Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部) |
| "MRCT" | multi-regional clinical trial |
| "MRCT Guidelines" | the Notice on Issuing the Multi-Regional Clinical Trial Guidelines (Trial) (《國際多中心藥物臨床試驗指南(試行)》) |
| "M&A Rules" | the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定) |
| "NIAID" | the U.S. National Institute of Allergy and Infectious Diseases |

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| "NIH" | the U.S. National Institutes of Health |
| "NHC" | the PRC National Health Commission (國家衛生健康委員會) |
| "NHSA" | the PRC National Healthcare Security Administration (國家醫療保障局) |
| "NMPA" | the National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), formerly known as China Food and Drug Administration ("CFDA") (國家食品藥品監督管理總局) or State Food and Drug Administration ("SFDA") (國家食品藥品監督管理局) or China's Drug Administration ("CDA") (國家藥品監督管理局); references to NMPA include CFDA, SFDA and CDA |
| "Nomination Committee" | the nomination committee of the Board |
| "Offer Price" | the final Hong Kong dollar price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which our Hong Kong Offer Shares are to be subscribed under the Hong Kong Public Offering and the International Offer Shares are to be offered under the International Offering, to be determined in the manner further described in the section headed "Structure of the Global Offering" |
| "Offer Shares" | the Hong Kong Offer Shares and the International Offer Shares |
| "Over-allotment Option" | the option to be granted by us to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters under the International Underwriting Agreement, to require us to allot and issue up to 16,737,000 additional Shares at the Offer Price, representing up to 15% of the total number of Offer Shares initially available under the Global Offering to cover over-allocations in the International Offering, if any |

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| "PDUFA" | the U.S. Prescription Drug User Fee Act of 1992, as amended |
| "PFIC" | a passive foreign investment company |
| "PHSA" | the U.S. Public Health Service Act, as amended |
| "PRC Government" | the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them |
| "Post-IPO Share Award Scheme" | the post-IPO Share Award scheme conditionally adopted by our Company on June 22, 2021, a summary of the principal terms of which is set forth in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 3. Post-IPO Share Award Scheme" in Appendix IV to this prospectus |
| "Post-IPO Share Option Scheme" | the post-IPO share option scheme conditionally adopted by our Company on June 22, 2021, a summary of the principal terms of which is set forth in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 2. Post-IPO Share Option Scheme" in Appendix IV to this prospectus |
| "PRC Legal Adviser" | Commerce & Finance Law Offices, the legal adviser to our Company as to the laws of the PRC |
| "Preferred Shares" | the Series A Preferred Shares, the Series B Preferred Shares and Series C Preferred Shares |
| "PREP Act" | the U.S. Public Readiness and Emergency Preparedness Act, as amended |
| "Pre-IPO Investments" | the pre-IPO investments in the Company undertaken by the Pre-IPO Investor(s) pursuant to the Pre-IPO Investment Agreements, details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus |
| "Pre-IPO Investment Agreement(s)" | the Share Purchase Agreement I and the Share Purchase Agreement II |

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| "Pre-IPO Investor(s)" | holders of Preferred Shares |
| "Pre-IPO Share Incentive Plan" | the pre-IPO share incentive plan approved and adopted by our Company on October 30, 2018 (as amended from time to time), for the benefit of any director, employee, adviser and consultant of the Company or any of our subsidiaries, a summary of the principal terms of which is set forth in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus |
| "Price Determination Date" | the date, expected to be on or around July 6, 2021 or such later date as may be agreed between the Joint Global Coordinators and our Company, but in any event not later than July 7, 2021 on which the Offer Price is to be fixed by an agreement among the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) |
| "Qpex" | Qpex Biopharma Inc., a corporation incorporated in Delaware, United States and an Independent Third Party |
| "Qpex License Agreement" | the license agreement dated as of July 23, 2019 between Qpex and Brii Cayman Sub |
| "Qualified Institutional Buyers" or "QIBs" | qualified institutional buyers within the meaning of Rule 144A |
| "Registration Measures" | the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Reform Opinions" | the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) |
| "REMS" | risk evaluation and mitigation strategy, a drug safety program that the FDA can require for certain medications with serious safety concerns to help ensure the benefits of the medication outweigh its risks |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |

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| "Rule 144A" | Rule 144A under the U.S. Securities Act |
| "R&D" | research and development |
| "SAFE" | the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局) |
| "SAMR" | State Administration for Market Regulation of the PRC (國家市場監督管理總局) (formerly known as the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)) |
| "SAT" | State Administration of Taxation of the PRC (中華人民共和國國家税務總局) |
| "Securities and Futures Commission" or "SFC" | the Securities and Futures Commission of Hong Kong |
| "Series A Preferred Shareholders" | the holders of the Series A Preferred Shares |
| "Series A Preferred Shares" | the 86,513,192 series A preferred shares of the Company, par value of US$0.00001 per share, which are held by the Series A Preferred Shareholders pursuant to Share Purchase Agreement I |
| "Series B Preferred Shareholders" | the holders of the Series B Preferred Shares |
| "Series B Preferred Shares" | the 68,592,199 series B preferred shares of the Company, par value of US$0.00001 per share, which are held by the Series B Preferred Shareholders pursuant to the Share Purchase Agreement I |
| "Series C Preferred Shareholders" | the holders of the Series C Preferred Shares |
| "Series C Preferred Shares" | the 33,556,314 series C preferred shares of the Company, par value of US$0.00001 per share, which are held by the Series C Preferred Shareholders pursuant to the Share Purchase Agreement II |
| "SFO" | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time) |

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| "Share Incentive Schemes" | collectively, the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme |
| "Share Option Rules" | the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) |
| "Share(s)" | ordinary share(s) in the share capital of our Company with a nominal value of US$0.00001 each before the Share Subdivision and with a nominal value of US$0.000005 each after the Share Subdivision |
| "Share Purchase Agreement I" | the share purchase agreement dated June 21, 2018 between, among others, the Company and the Series A Preferred Shareholders and the Series B Preferred Shareholders |
| "Share Purchase Agreement II" | the share purchase agreement dated as of February 26, 2021 between, among others, the Company and the Series C Preferred Shareholders |
| "Share Subdivision" | the share subdivision referred to in "Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of the Shareholders of the Company Passed on June 22, 2021" in Appendix IV to this prospectus |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "SNRI" | serotonin and norepinephrine reuptake Inhibitor |
| "Stabilizing Manager" | Morgan Stanley Asia Limited |
| "Stock Borrowing Agreement" | the agreement expected to be entered into on or around the Price Determination Date and/or its affiliates, pursuant to which the Stabilizing Manager may, on its own or through its affiliates, request Booming Passion Limited to make available to the Stabilizing Manager up to 16,737,000 Shares to cover, inter alia, over-allocations in the International Offering |

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| "Strategy Committee" | the strategy committee of the Board |
| "subsidiary" | has the meaning ascribed thereto under the Listing Rules |
| "substantial shareholder(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Takeovers Code" | the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time) |
| "Track Record Period" | the years ended December 31, 2019 and 2020 |
| "TSB" | TSB Therapeutics Ltd (Beijing) Co. Limited* (騰盛華創醫藥技術(北京)有限公司), a limited liability company incorporated under the laws of the PRC on May 26, 2020, being an indirect non-wholly owned subsidiary of our Company, in which Brii Beijing holds a 72.77% equity interest and the remaining 27.23% equity interest is held by Shenzhen National Infectious Disease Clinical Medicine Research Center* (深圳國家感染性疾病臨床醫學研究中心) (13.34%), Linqi Zhang (張林琦) (6.81%), Tsinghua Holding Technology Transfer Co., Ltd.* (華控技術轉移有限公司) (4.17%), Qi Zhang (張綺) (1.94%) and Xuanling Shi (史宣玲) (0.97%) |
| "Underwriters" | the Hong Kong Underwriters and the International Underwriters |
| "Underwriting Agreements" | the Hong Kong Underwriting Agreement and the International Underwriting Agreement |
| "United States" or "U.S." | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| "USPTO" | U.S. Patent and Trademark Office |
| "U.K." | the United Kingdom, its territories, its possessions and all areas subject to its jurisdiction |
| "U.S. dollars", "US$" or "USD" | United States dollars, the lawful currency of the United States |

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| "U.S. Exchange Act" | the United States Securities Exchange Act of 1934, as amended or supplemented from time to time and the rules and regulations promulgated thereunder |
| "U.S. Securities Act" | the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder |
| "VBI" | VBI Vaccines Inc., a corporation incorporated in Delaware, U.S. whose stocks are listed on the Nasdaq Global Market (NASDAQ: VBIV) and an Independent Third Party |
| "VBI License Agreement" | the collaboration and license agreement dated as of December 4, 2018 between VBI and the Company |
| "Vir" | Vir Biotechnology, Inc., a corporation incorporated in Delaware, United States, whose stocks are listed on the Nasdaq Global Market (NASDAQ: VIR) and an Independent Third Party |
| "Vir-Alnylam License Agreement" | the collaboration and license agreement dated as of October 16, 2017 between Alnylam Pharmaceuticals, Inc. and Vir |
| "Vir License Agreement" | the collaboration, option, and license agreement dated as of May 23, 2018 by and among Vir Biotechnology, Inc., the Company, and Brii Cayman Sub |
| "Vir Share Purchase Agreement" | the payment and share purchase agreement dated as of May 23, 2018 by and among Vir Biotechnology, Inc., the Company, and Brii Cayman Sub |
| "WHO" | the World Health Organization |
| "%" | per cent. |

The English names of PRC laws, regulations, governmental authorities, institutions, and of companies or entities established in the PRC included in this prospectus are translations of their Chinese names or vice versa and are included for identification purposes only. In the event of inconsistency, the Chinese versions shall prevail.

* *For identification purposes only*

*This glossary contains definitions of certain terms used in this prospectus in connection with us and our business. Some of these may not correspond to standard industry definitions.*

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| "3TC" | Nucleoside analog anti-retroviral drug used in combination to treat HIV, also known as lamivudine |
| "*Acinetobacter baumannii*" or "*A. baumannii*" | gram-negative pathogen primarily associated with hospital-acquired infections, clinical isolates are frequently multiple drug resistant |
| "ACTIV" | the Accelerating COVID-19 Therapeutic Interventions and Vaccines program, a public-private partnership sponsored by the NIH and NIAID to speed the development of the most promising COVID-19 vaccines and treatments |
| "ACTIV-2" and "ACTIV-3" | master trial protocols developed by NIH as part of the ACTIV program |
| "AEs" | adverse events, any untoward medical occurrences in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment |
| "AIDS" | acquired immunodeficiency syndrome, defined as an HIV infection with either a CD4+ T-cell count below 200 cells per μL or the occurrence of specific diseases associated with HIV infection |
| "allopregnanolone" or "brexanolone" | a naturally occurring, neuroactive steroid that acts on the brain |
| "ambulatory" | medical care provided on an outpatient basis, including diagnosis, observation, consultation, treatment, intervention, and rehabilitation services |
| "antibiotic" | a drug or medicine that kills or inhibits the growth of bacteria |
| "antibody" | a protective protein produced by the immune system in response to the presence of foreign substance, called an antigen |

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| "antigen" or "antigenic" | a toxin or other foreign substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells |
| "antisense strand" | the non-coding strand of DNA, responsible for the RNA that is later translated to protein |
| "ART" | antiretroviral therapy, medications that treat HIV |
| "ASO" or "Antisense Oligonucleotide" | small nucleic acid drugs comprised of single-stranded nucleic acid used to treat rare or refractory infectious diseases, cancers and genetic diseases at the gene level |
| "BLA" | Biologics License Application, an application in the United States for permission to introduce a biologic product into U.S. inter-state commerce |
| "BLI(s)" | β-lactamase inhibitor, small molecule chemical drugs that block the activity of β-lactamase enzymes, thereby preventing the degradation of β-lactam antibiotics |
| "B cell(s)" | a type of white blood cell that differs from other types of lymphocytes by expressing B cell receptors on its surface, and responsible for producing antibodies |
| "β-lactam(s)" | antibiotics that contain a β-lactam ring in their molecular structure and work by binding to PBPs, thus inhibiting bacterial cell wall synthesis, causing cell death |
| "β-lactamase(s)" | enzymes that can hydrolyze β-lactam antibiotics thereby deactivating them |
| "cccDNA" | covalently closed circular DNA, a special DNA structure that arises during the propagation of some viruses in the cell nucleus and may remain permanently there |
| "CDC" | The United States Centers for Disease Control and Prevention |
| "cGMP" | current good manufacturing practice |

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| "carbapenem(s)" | a class of highly effective antibiotic agent commonly used for the treatment of severe or high-risk, mostly MDR, bacterial infections |
| "carbapenemase(s)" | a subclass of β-lactamases that can degrade carbapenem antibiotics and confer resistance to carbapenem antibiotics |
| "cART" or "HAART" | combination ART or high active ART, treatment that uses a combination of three or more drugs to treat HIV infection |
| "CD4" | a membrane glycoprotein that is involved in the triggering of the lymphocytes by foreign antigens and also the major receptor for HIV |
| "CD4+ cells" | cells expressing CD4 |
| "CD4+ T cells" | also known as T helper cells, a type of white blood cell that plays key roles in coordinating the adaptive immune response by activating and directing other immune cells function |
| "CDMO" | contract development and manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing |
| "cephalosporin(s)" | a class of β-lactam antibiotics derived from mold *Acremonium* (previously called *Cephalosporium*), which are bactericidal (kill bacteria) and work in a similar way to penicillins |
| "chronic HBV" | chronic infection is characterized by the persistence of HBsAg for at least six months (with or without concurrent HBeAg) |
| "cirrhosis" or "cirrhotic" | of, relating to, caused by, or affected with cirrhosis, a late stage scarring (fibrosis) of the liver caused by many forms of liver diseases and conditions, such as hepatitis and chronic alcoholism |

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| "CMC" | chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products |
| "CMO(s)" | contract manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide drug manufacturing services |
| "CMS" | U.S. Centers for Medicare & Medicaid Services |
| "CNS" | central nervous system, part of the nervous system consisting of the brain and spinal cord |
| "cohort" | a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time |
| "combination therapy" or "cocktail therapy" | treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease |
| "COVID-19" | coronavirus disease 2019, a disease caused by the novel virus 2 SARS-CoV-2 and designated as severe acute respiratory syndrome |
| "CRE" | carbapenem-resistant *Enterobacteriaceae* |
| "CRO(s)" | contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis |
| "CTA(s)" | clinical trial applications |
| "cytokines" | small secreted proteins released by cells that have a specific effect on the interactions and communications between cells |
| "dsRNA" | double-stranded RNA |
| "DNA" | deoxyribonucleic acid |
| "ECG" | Electrocardiogram |

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| "*Enterobacterales*" | order of a large and diverse group of gram-negative, facultatively anaerobic, non spore forming, rod shaped bacteria with the class gammaproteobacterial and containing the *Enterobacteriacea* family |
| "*Enterobacteriaceae*" | a large family of gram-negative bacteria, including *Escherichia coli* and *Klebsiella* species |
| "enzyme" | a biological macromolecule that acts as a catalyst |
| "*Escherichia coli*" or "*E. coli*" | bacteria living in the intestines that are usually harmless, although some strains can cause diarrhea after eating contaminated good or drinking foul water |
| "EUA" or "Emergency Use Authorizations" | authority granted to the FDA during a public health emergency to allow the use of unapproved medical products, or unapproved uses of approved medical products, to diagnose, treat, or prevent serious or life-threatening diseases when certain criteria are met, including that there are no adequate, approved, and available alternatives |
| "epitope" | the part of an antigen molecule to which an antibody attaches itself |
| "ESC+"' | Enhanced Stabilization Chemistry Plus, platform developed by Alnylam to improve the therapeutic index of GalNAc-siRNA conjugates |
| "ER" | extended release |
| "ESBL(s)" | extended-spectrum β-lactamases, enzymes that break down and deactivate some commonly used β-lactam antibiotics, making them ineffective |
| "first-in-class" | drugs that use a new and unique mechanism of action for treating a medical condition |
| "first line treatment" | the first treatment option involving medicine, prescribed by physicians after diagnosis of a disease or disorder, and in some cases, such as diabetes, after life style management (without medicine) has failed to control or cure such disease or disorder |

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| "Fc region" | fragment crystallisable region, which is the tail region of an antibody that interacts with cell surface receptors called Fc receptors and some proteins of the complement system |
| "functional cure" | when used in relation to HBV, achievement of HBsAg loss sustained for at least six months after a finite duration of treatment |
| "EFdA" or "Islatravir" | a NRTTI and an investigational drug for the treatment of HIV infection |
| "EFdA-TP" | EFdA-triphosphate, the active metabolite (a substance formed in or necessary for metabolism) in EFdA |
| "GABA" | a type of neurotransmitter, the chemical substance released by nerve synapses to propagate nerve impulses |
| "$GABA_A$ receptor" | a subclass of GABA receptors, the class of receptors that respond to GABA (the chief inhibitory compound in the mature vertebrate CNS), categorized by their ligand-gated ion channels |
| "GalNAc" | an amino sugar derivative of galactose necessary for intercellular communication |
| "GCP" | good clinical practice |
| "generic drug" | a drug that is chemically identical to an original drug and is generally available in the same strength and dosage forms as the original |
| "GMP" | good manufacturing practice |
| "GMP certification" | GMP certification |
| "Grade" | term used to refer to the severity of adverse events, using Grade 1, Grade 2, Grade 3, etc. |
| "gram-negative" | bacteria that do not retain crystal violet stain used in the gram staining method for bacterial differentiation |

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| "HAP" | hospital-acquired pneumonia infections categorized by pneumonia that occurs 48 hours or more after admission or no more than 7 days after discharge and did not appear to be incubating at the time of admission |
| "HBsAb" | hepatitis B surface antibody, a "positive" or "reactive" HBsAb test result indicates that a person is protected against the hepatitis B virus |
| "HBeAg" | hepatitis B e-antigen, a hepatitis B viral protein |
| "HBsAg" | hepatitis B surface antigen, the surface antigen of the hepatitis B virus |
| "HBV" | hepatitis B virus |
| "HCC" | hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver |
| "hepatocellular carcinoma" | the most common type of primary liver cancer, occurs most often in people with chronic liver diseases, such as cirrhosis caused by hepatitis B or hepatitis C infection |
| "hepatitis" | an inflammation of the liver tissue |
| "Hepatitis B" | infection caused by the hepatitis B virus, which can cause chronic infection and puts people at high risk of death from cirrhosis and liver cancer |
| "hepatocytes" | the chief functional cells of the liver, performing a number of metabolic, endocrine and secretory functions |
| "HIV" | human immunodeficiency virus |
| "hyperpolarization" | a change in a cell's membrane potential that makes it more negative |
| "$IC_{50}$" | half maximal inhibition, a measure of the potency of a substance in inhibiting a specific biological or biochemical function |
| "IFN-α" | a type of interferon which is produced in the leukocytes infected with virus |

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| "immunogenicity" | the ability of a particular substance, such as an antigen or epitope, to provoke an immune response in the body of a human and other animal (i.e., the ability to induce humoral and/or cell-mediated immune responses) |
| "IMP" | imipenemase, enzymes that catalyze the breakdown of imipenem, a broad spectrum β-lactam antibiotic |
| "*in vitro*" | "in glass" in Latin, studies in vitro are conducted outside of a living organism in a laboratory environment using test tubes, petri dishes, etc. using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules |
| "*in vivo*" | "within the living" in Latin, studies in vivo are those in which the effects of various biological entities are tested on whole, living organisms as opposed to a partial or dead organism, or those done *in vitro* |
| "IND" | investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia |
| "inhibitory neurotransmitter" | a type of neurotransmitter with inhibitory effects on the neuron, decreasing the likelihood that the neuron will fire an action potential |
| "interferon" | a natural substance that helps the body's immune system fight infection and other diseases |
| "immunomodulatory" | modulation of the immune system, naturally or in human-induced forms |
| "isolates" | bacteria isolated from a species (e.g. stool, blood, water, soil or any environment sample) |
| "KPC-2" | a beta-lactamase that inactivates carbepenums and is prevalent around the world |
| "*Klebsiella pneumoniae*", and "*Klebsiella spp*" or "KPC" | a type of gram-negative bacteria that normally live in the intestines and feces that are usually harmless but, if spread to another part of the body, can cause severe infections, such as urinary tract infections and pneumonia |

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| "lymphocytes" | a sub-type of white blood cells, such as T cells, B cells and NK cells |
| "M proteins" | a protein produced by certain bacteria that helps them gain entry into a host by counteracting the host's defenses |
| "MBL(s)" or "metallo-β lactamases" | a subclass of β lactamases that use one of two Zinc ions in their active site |
| "MDR(s)" | multi-drug resistant |
| "meropenem" | a broad-spectrum carbapenem antibiotic that is active against Gram-positive and gram-negative bacteria |
| "MDD" | major depressive disorder |
| "MOA(s)" | mechanisms of action, which refer to the specific biochemical interaction through which a drug substance produces its pharmacological effect |
| "monobactam(s)" | monocyclic (having one ring of atoms in its molecule) and bacterially-produced β-lactam antibiotics effective only against aerobic gram-negative bacteria |
| "monoclonal antibodies" or "mAbs" | antibodies generated by identical immune cells that are all clones of the same parent cell |
| "monocytes" | the largest type of leukocyte |
| "monotherapy" | therapy that uses a single drug to treat a disease or condition |
| "morbidity" | incidence rates of ailment of a particular population, varying by such parameters as age, gender and duration |
| "mortality" | death rate, varying by such parameters as age, gender and health |
| "mRNA" | messenger RNA, a single-stranded RNA molecule that corresponds to the genetic sequence of a gene and is read by a ribosome in the process of synthesizing a protein |

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| "NA(s)" or "nucleotide analogues" | nucleotides which contain a nucleic acid analogue, a sugar, and a phosphate groups with one to three phosphates |
| "neuroactive steroid" | a family of steroid-based compounds of both natural and synthetic origin, which have been shown to impact CNS function through allosteric modulation of the $GABA_A$ receptor and the NMDA (N-methyl-d-aspartic acid) class of glutamate receptors |
| "neuron" | a nerve cell that receives and sends electrical signals over long distances within the body |
| "neurotransmitter" | a chemical substance that is released at the end of a nerve fiber by the arrival of a nerve impulse and, by diffusing across the synapse or junction, causes the transfer of the impulse to another nerve fiber, a muscle fiber or some other structure |
| "neutralizing antibodies" or "nAbs" | an antibody that defends a cell from a pathogen or infectious particle by neutralizing any effect it has biologically |
| "nerve" | a cordlike structure composed of fibers that conduct sensory and motor impulses between the brain and spinal cord and other areas of the body |
| "nerve impulse" | a signal transmitted along a nerve fiber |
| "NCE" | new chemical entity |
| "NDA" | new drug application |
| "NDM" | New Delhi MBLs, MBLs named for their initial prevalence particularly in New Delhi |
| "NK Cell" | a type of immune cell that has granules (small particles) with enzymes that can kill tumor cells or cells infected with a virus |
| "NNRTI(s)" | non-nucleoside reverse transcriptase inhibitor, a form of ART used to treat HIV infection or AIDS |
| "NRDL" | National Reimbursement Drug List of the PRC |

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| "NRTI(s)" | nucleotide/nucleoside reverse transcriptase inhibitors, a form of ART used to treat HIV infection or AIDS |
| "NRTTI(s)" | reverse transcriptase translocation inhibitor, a form of ART used to treat HIV infection or AIDS |
| "nucleoside" | a compound consisting of a purine or pyrimidine base linked to a sugar, especially ribose or deoxyribose |
| "nucleotide" | nucleoside with one or more phosphate groups joined in ester linkages to the sugar moiety |
| "OXA" | Oxacillinase, a diverse group of β-lactamases classified to class D |
| "PAMs" | positive allosteric modulators, a group of substances that bind to a receptor to change that receptor's response to stimulus |
| "PaO2" | arterial oxygen partial pressure, measure in millimeters of mercury |
| "pathogen" | a bacterium, virus, or other microorganism that can cause disease |
| "PBMC" | aperipheral blood mononuclear cell, any blood cell having a round nucleus such as lymphocyte, monocyteor amacrophage |
| "PBP(s)" | penicillin-binding proteins |
| "PCT" | the Patent Cooperation Treaty |
| "PDR" | pan-drug resistant |
| "PEG-IFN-α" or "pegylated interferon-alpha" | Pegylated interferon-alpha |
| "PEP" | post-exposure prophylaxis, the use of antiretroviral drugs after a single high-risk event to stop HIV seroconversion (the time period during which a specific antibody develops and becomes detectable in the blood) |

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| "pharmacodynamics" or "PD" | the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug |
| "pharmacokinetics" or "PK" | the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug |
| "Phase 1" or "Phase 1 study" | study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness |
| "Phase 2" or "Phase 2 study" | study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage |
| "Phase 3" or "Phase 3 study" | study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product |
| "placebo" | a substance or treatment with no active therapeutic effect, commonly used in clinical trials as the administered substance for the control group |
| "POC" | proof of concept |
| "POM" | proof of mechanism |
| "PPD" | postpartum depression |
| "PRDL" | provincial reimbursement drug list |
| "PrEP" | pre-exposure prophylaxis |

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| "preclinical studies" | pre-clinical studies testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials |
| "PreS1", "PreS2" and "S" | HBV's three surface antigens |
| "*Pseudomonas aeruginosa*" or "*P. aeruginosa*" | a type of gram-negative bacteria, the most common pathogen isolated from patients who have been hospitalized longer than one week |
| "QD" | once daily |
| "QTc" | corrected Q-T interval, which is a measurement made on an electrocardiogram used to assess some of the electrical properties of the heart |
| "QW" | once weekly |
| "RBD" or "receptor binding domain" | a short immunogenic fragment from a virus that binds to a specific endogenous receptor sequence to gain entry into host cells |
| "rcDNA" | relaxed circular DNA |
| "receptor(s)" | a region of tissue, or a molecule in a cell membrane, which responds specifically to a particular signal, that is any of a neurotransmitter, hormone, antigen, or other substance |
| "RISC" | RNA-induced silencing complex, a multiprotein complex that incorporates one strand of a siRNA |
| "RNA" | polymer formed from covalently linked ribonucleotide monomers |
| "S Protein" | the spike protein |

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| "SAEs" | serious AEs, any untoward medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage |
| "SARS" | severe acute respiratory syndrome, a viral respiratory disease caused by a SARS-associated coronavirus |
| "SARS-CoV-2" | severe acute respiratory syndrome coronavirus 2, a novel coronavirus called severe acute respiratory syndrome coronavirus 2 (formerly called 2019-nCoV) |
| "SBL(s)" | serine β-lactamases, a diverse set of enzymes sharing several highly conserved amino acid sequences with PBPs that act as a catalyst to break down a broad range of β-lactam drugs, including carbapenems |
| "sera" or "serum" | an amber-colored, protein-rich liquid that separates out when blood coagulates |
| "shRNA" | short hairpin RNA or small hairpin RNA, an artificial RNA molecule with a tight hairpin turn that can be used to silence target gene expression via RNAi |
| "siRNA" | small interfering RNA, sometimes known as short interfering RNA or silencing RNA, a class of double-stranded non-coding RNA molecules |
| "SOC" or "standard-of-care" | treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals |
| "SpO2" | oxygen saturation, is a measure of the amount of oxygen-carrying hemoglobin in the blood relative to the amount of hemoglobin not carrying oxygen |
| "SRO" or "Safety Review Committee" | with respect to clinical studies, a group that reviews accumulating data from an ongoing clinical trial on a regular basis |
| "SSRIs" | selective serotonin reuptake inhibitors |

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| "STR" | single-tablet treatment regimen |
| "synapse" | a junction between two neurons, consisting of a minute gap across which impulses pass by diffusion of a neurotransmitter |
| "Th1 cells" | Type 1 T helper cells, a subset of T helper cells, that mainly produce interferon-gamma (IFN-γ), interleukin-2 (IL-2), and tumor necrosis factor-a (TNF-α) and are the principal regulators of type 1 immunity, which eradicates intracellular pathogens and tumors |
| "TIW" | three times weekly |
| "T cell(s)" | a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity |
| "VAP" | ventilator-associated pulmonary infections, a type of HAP that develops more than 48 hours after ventilation or endotracheal intubation, a medical procedure in which a tube is placed into the windpipe (trachea) through the mouth (in most emergency situations) or nose |
| "X protein(s)" | multifunctional protein that may modulate protein degradation pathways, apoptosis, transcription, signal transduction, cell cycle progress, and genetic stability by directly or indirectly interacting with host factors |
| "XDR" | extensive drug resistant |

## FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our drug candidates;
- our ability to successfully commercialize our approved drugs in a timely manner;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

*We are a biotechnology company seeking to list on the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.*

*These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this prospectus.*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) key risks relating to our business, business operations, intellectual property rights and financial prospects; (ii) risks relating to our business, financial position and need for additional capital, (iii) risks relating to our business and (iv) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

## KEY RISKS RELATING TO OUR BUSINESS, BUSINESS OPERATIONS, INTELLECTUAL PROPERTY RIGHTS AND FINANCIAL PROSPECTS

***We depend substantially on the success of our drug candidates, all of which are currently in pre-clinical or clinical development. If we are unable to successfully complete development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business, financial condition, results of operations and prospects will be materially harmed.***

Our business depends on the successful development, regulatory approval and commercialization of our drug candidates for the treatment of infectious diseases, CNS diseases or other targeted indications that we may develop. For example, we are currently conducting Phase 2 clinical trials for BRII 835 and BRII-179 (functional HBV cure), Phase 1 clinical trials for BRII-778 (HIV treatment), Phase 2/3 clinical trials for BRII-196 and BRII-198 (COVID-19 neutralizing antibodies) and, as of early April 2021, Phase 1 clinical

trials for BRII-296 (PPD treatment). We have invested a significant portion of our efforts and financial resources in the internal discovery and licensing of our existing drug candidates. The success of our drug candidates will depend on several factors, as applicable, including:

- successful completion of pre-clinical studies;
- successful enrollment of patients in, and completion of, clinical trials, which have been impacted by the COVID-19 pandemic;
- favorable safety and efficacy data from our clinical trials or other studies;
- receipt of regulatory approvals (including any EUA or similar approvals that we may seek);
- making arrangements with third-party CMOs or CDMOs to establish manufacturing capabilities and maintain sufficient quantities of clinical, commercial scale and government stockpile supplies of our drug candidates;
- our ability to effectively and simultaneously design, manage and supervise a significant number and range of clinical trials, including multiple sites in a single region or at multiple sites as part of a MRCT, in China, the United States and various other jurisdictions, with these clinical studies being conducted either at single sites or multiple sites;
- reliance on CROs or other third parties that we may retain in multiple jurisdictions or regions to conduct clinical trials safely and efficiently, and in a manner that complies with our protocols and applicable laws, and that protects the integrity of the resulting data;
- the ability of our collaborators, such as Vir, VBI, and Qpex, to carry out the development and commercialization plans under our collaboration or licensing agreements with them;
- compliance by our in-license collaborators (including VBI and Vir) with the terms of any other license to which our license may be subject (including baseline intellectual property rights or component drug product included in a combination drug product or candidate product, such as the HBsAg product and siRNA sublicensed by VBI and Vir to us, respectively);
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;

- competition with existing or potential new treatments for any anticipated indications of our drug candidates;

- establishing our drug candidates (as a monotherapy or combinational therapy) as accepted treatment options;

- convenience and ease of administration of our products and acceptance of our products by patients;

- maintaining an acceptable safety profile, following regulatory approval, for our drug candidates and any combinational therapies;

- successfully launching commercial sales of our drug candidates, if and when approved, including by appropriately pricing our drug candidates, promptly collecting payments due to us and obtaining reimbursement from private and governmental third-party payors; and

- effects of disruptions caused by man-made or natural disasters or public health pandemics or epidemics, including the outbreak of COVID-19, or other business interruptions.

For example, our clinical trials for our drug candidates outside of China were possibly delayed for approximately three months in early 2020, in part, as a result of patients either being prevented from visiting, or afraid to visit, the clinic for their treatment or related follow-up. The effects and course of the COVID-19 pandemic are still unfolding and we may face additional delays due to the ongoing developments (including in the United States where we recently began enrolling patients for our HIV and PPD clinical trials).

In addition, we must keep pace with new technologies and methodologies to maintain our competitive position. We may be unable to develop, enhance or adapt to new technologies or methodologies. Any failure to do so may make our techniques obsolete, which could harm our business and prospects.

If we do not achieve one or more of these factors in a timely manner, or at all, we could experience significant delays in our ability, or be unable, to obtain approval for and/or successfully commercialize our drug candidates, which would materially harm our business, and we may fail to generate sufficient revenues or cash flows to continue our operations. These factors present uncertainty and material risks to our commercial success and may cause potential investors to lose a substantial amount, or substantially all, of their investments in our business.

***If we encounter difficulties in enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.***

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including the size and nature of the patient population and the patient eligibility criteria defined in the applicable protocol. In addition, enrollment and retention of patients in clinical trials could be disrupted by man-made or natural disasters, or public health pandemics or epidemics or other business interruptions, as demonstrated by the COVID-19 outbreak.

Our clinical trials likely will compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates. This competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of our planned clinical trials, which could prevent completion of these trials.

Any such delays to the timely completion of our clinical trials may adversely affect our ability to advance the development of our drug candidates, which may materially harm our business, financial condition, results of operations and prospects. Significant clinical trial delays may also shorten any periods during which we have the exclusive right to commercialize our drug candidates or allow our competitors to bring drugs to market before we do, which could also impair our ability to commercialize our drug candidates and may harm our business, financial condition, results of operations and prospects.

***Clinical drug development involves a lengthy and expensive process with an uncertain outcome and results of earlier studies and trials may not be predictive of future results.***

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies or early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Drug candidates in later stages of clinical trials may fail to show desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different studies and trials of the same drug candidate due to numerous factors (including changes in trial procedures set forth in protocols), differences in the size and type of the patient populations (including genetic differences), patient adherence to the dosing

regimen and other trial protocol elements and the rate of dropout among clinical trial participants. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding positive results in earlier trials. Our future clinical trial results may not be favorable.

Even if our future clinical trial results show favorable efficacy and safety profile, not all patients may benefit. For certain drugs, and in certain indications, it is possible that many patients may not respond to the agents at all, some responders may relapse after a period of response and certain viral strains may develop or appear particularly resistant.

***If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.***

Before obtaining regulatory approval for the sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Our most advanced drug candidates are BRII-179 and BRII-835 (Phase 2 clinical trials) for a functional cure of HBV and BRII-196 and BRII-198 (Phase 2/3 clinical trials) for the treatment of ambulatory patients with mild to moderate cases of COVID-19. Our other drug candidates are in discovery, preclinical, or Phase 1 clinical trials in various jurisdictions and regions. We may experience numerous unexpected events during, or as a result of, the various stages of our clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our drug candidates, including, but not limited to:

- regulators, institutional review boards or ethics committees may not authorize, us or our investigators, to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- inability to reach agreements on acceptable terms with prospective CROs and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;

- manufacturing issues (including problems with manufacturing, supply quality, compliance with GMP and capacity) relating to our third-party CMOs or CDMOs, or those used by our collaborators, or manufacturing issues relating to our direct or indirect collaboration or license counterparties upon whom we rely for product supply, particularly those that affect our ability to obtain sufficient quantities of a drug candidate for use in a clinical trial;

- clinical trials of our drug candidates may produce negative, inconclusive or insufficient results and additional clinical trials or abandoning or modifying our R&D programs (including targeted patient groups or indications) may be required;

- requiring a larger than anticipated number of patients for clinical trials of our drug candidates or experiencing insufficient or slower enrollment or higher dropout rates in our clinical trials than anticipated;

- failure by our third-party contractors, including CROs and clinical investigators, to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- voluntary or involuntary suspension or termination of clinical trials of our drug candidates for various reasons, including a finding of a lack of clinical response, or other unexpected characteristics, or a finding that participants are being exposed to unacceptable health risks;

- higher than anticipated cost of clinical trials of our drug candidates; and

- insufficient or inadequate supply or quality of our drug candidates, companion diagnostics or other materials necessary to conduct clinical trials of our drug candidates.

As an example, in March 2021, enrollment in our Phase 2/3 ACTIV-3 clinical study evaluating BRII-196 and BRII-198 in hospitalized patients was discontinued when these drug candidates failed to meet predetermined efficacy criteria demonstrating added benefit to hospitalized patients receiving the standard of care. No safety signals were observed and our ACTIV-2 study in ambulatory patients with mild to moderate COVID-19 cases is ongoing. Our COVID-19 antibody cocktail may fail to demonstrate continued safety or sufficient efficacy in ambulatory patients. Even if they do demonstrate safety and sufficient efficacy, we may not receive required government approvals (including an EUA or similar approval) to permit use of our therapy on a timely basis or at all. Failure to receive necessary government approvals would prevent us from making stockpile, or commercial, sales to recoup these expenses, including the cost of our product. For the year of 2020, we recognized R&D expenses of RMB564.4 million on BRII-196 and BRII-198 in relation to third parties contracting cost.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our drug candidates, or complete other testing, or if the results of these trials or tests are not positive or are only modestly positive or raise safety concerns, we may (i) be delayed in obtaining regulatory approval for our drug candidates; (ii) not obtain regulatory approval at all; (iii) obtain approval for indications that are not as broad as intended; (iv) have the drug removed from the market after obtaining regulatory approval; (v) be subject to additional post-marketing testing requirements; (vi) be subject to restrictions on how the drug is distributed or used; or (vii) be unable to obtain reimbursement for use of the drug.

***Our current and future product candidates, the methods used to deliver them, or their dosage levels may cause undesirable side effects, which could halt clinical development or result in potential liability.***

Our development pipeline includes emerging and relatively novel therapeutics for treating infectious diseases and CNS diseases (initially PPD/MDD). The results of our clinical trials could reveal a high and unacceptable severity and prevalence of undesirable side effects. Any such side effects could adversely impact our ability to obtain regulatory approvals. For example, the NMPA, the FDA or other regulatory authorities could order us to suspend or terminate our studies or cease further development of our drug candidates or deny approval of our drug candidates. If we elect or are forced to suspend or terminate any clinical trial of our product candidates, the commercial prospects of such product candidate will be harmed and our ability to generate product revenue from such product candidate will be delayed or eliminated. Any drug-related side effects could also affect patient recruitment or the ability of enrolled patients to complete trials or may result in potential product liability claims. Any of these occurrences may harm our business, financial condition, results of operations and prospects, significantly.

In addition, if our drug candidates cause injury or death or are found to be otherwise unsuitable during clinical testing, our reputation may be damaged and we may face substantial liabilities related to product or other liability claims. For details, see the risk factors entitled "Risks Relating To Our Operations – Our reputation is key to our business success." and "Risks Relating To Our Operations – In conducting drug discovery and development, we face potential liabilities."

***Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these product candidates on a timely basis or at all, which would have an adverse effect on our business.***

Some of our product candidates are still in the preclinical development stage, and the risk of failure of preclinical programs is high. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies to obtain regulatory clearance to initiate human clinical trials, including based on IND applications and clinical trial applications (CTAs) in China and the United States, as applicable. We cannot be certain of the timely completion or outcome of our preclinical testing and studies and cannot predict (i) if the NMPA, the FDA or other regulatory authorities will accept our proposed clinical programs or (ii) if the outcome of our preclinical testing and studies will ultimately support the further development of our programs. As a result, we cannot be sure that we will be able to submit IND applications or similar applications for our preclinical programs on the timelines that we expect, if at all, and we cannot be sure that submission of IND applications, CTAs or similar applications will result in the NMPA, the FDA or other regulatory authorities allowing clinical trials to begin.

***We rely on third parties to conduct our pre-clinical studies and clinical trials and we must work effectively with collaborators to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed. If we lose our relationships with our third parties, especially our CROs, our product or drug development efforts could be delayed.***

We have relied, and plan to continue to rely, upon third-party CROs and Site Management Organizations (SMOs), such as WuXi AppTec, Wuxi Biologics and others, to generate, monitor and/or manage data for our ongoing pre-clinical and clinical programs. We rely on these parties for the execution of our pre-clinical studies and clinical trials and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements (including but not limited to international restrictions, such as sanctions) and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

Switching or adding additional CROs involves additional cost and requires management time and focus. Our CROs have the right to terminate their agreements with us in the event of an uncured material breach. In addition, some of our CROs have an ability to terminate their respective agreements with us (i) if it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, (ii) if we make a general assignment for the benefit of our creditors or (iii) if we are liquidated. Identifying, qualifying and managing performance of third-party service providers can be difficult, time-consuming and cause delays in our R&D programs. In addition, there is a natural transition period when a new CRO commences work and the new CRO may not provide the same type or level of services as our original provider. If any of our relationships with our third-party CROs are terminated, we may not be able to enter into arrangements with alternative CROs timely or to do so on commercially reasonable terms, and we may not be able to meet our desired clinical development timelines.

In addition, our CROs are not our employees and, except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and non-clinical programs. Our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our drug candidates if (i) CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, (ii) they need to be replaced or (iii) the quality or accuracy of the clinical data that they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements or for other reasons. For example, the third parties on which we rely to assist are required to conduct our pre-clinical studies in accordance with Good Laboratory Practices, or GLP, and the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) or the Animal Welfare Act requirements. We, our CROs for our clinical programs, and our clinical investigators are also required to comply with GCPs, which are regulations and guidelines enforced by the NMPA, the FDA and other regulatory authorities, for our drugs in clinical development. In addition, our pivotal clinical trials must be conducted with product produced under cGMP regulations. If we or any of our CROs or clinical investigators fail to comply with these regulations, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, the FDA or other regulatory authorities may require us to perform additional or repeat clinical trials before approving our marketing applications, which would delay the regulatory approval process.

In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated.

Our future revenues are dependent on our ability to work effectively with collaborators to develop our drug candidates, including obtaining regulatory approval, and our arrangements with these collaborators will be critical to successfully bringing products to market and commercializing them. We rely on collaborators in various respects, including to (i) undertake R&D programs and conduct clinical trials, (ii) manage or assist with the regulatory filings and approval process and (iii) assist with our commercialization efforts. We do not control our collaborators; therefore, we cannot ensure that these third parties will adequately and timely perform all of their obligations to us. If they fail to complete studies successfully, or at all, it could delay, adversely affect or prevent regulatory approval. We cannot guarantee the satisfactory performance of any of our collaborators and if any of our collaborators breach or terminate their agreements with us.

To the extent that we are unable to identify, retain and successfully manage the performance of third-party service providers in the future, our business may be adversely affected. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

***Our rights to develop and commercialize our drug candidates are subject in part to the terms and conditions of licenses granted to us.***

We rely on licenses from third parties to certain patent rights and other intellectual property that are important or necessary to the development of our drug candidates. These and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories in which we may wish to develop or commercialize our drug products. As a result, we may not be able to prevent competitors from developing and commercializing competing drug products in territories included in all of our licenses. For details, see "Business – Collaboration and Licensing Agreements."

In addition, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement and defense of patents and patent applications covering the drug candidates that we license from third parties. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interests of our business. If our licensors, or the original licensors of the intellectual property that we sublicense, fail to prosecute, maintain, enforce and defend such patents, or lose rights to those patents or patent applications, the rights that we have licensed may be reduced or eliminated, and our right to develop and commercialize any of our drugs that are the subject of such licensed rights could be adversely affected.

Our licensors, or the original licensors of the intellectual property that we sublicense, may have relied on third-party consultants or collaborators or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents that we in-license. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

In addition, our licenses may not include rights to all intellectual property relevant to our drug candidates and, as a result, we may need to obtain additional licenses from our existing licensors, which may not be available on an exclusive basis, commercially reasonable terms or at all, or we may need to expend significant time and resources to redesign our drug candidates or the methods for manufacturing them, all of which may not be feasible on a technical or commercial basis.

Moreover, we do not own all of the underlying intellectual property related to these candidates and, with respect to any in-licensed intellectual property rights, our rights are subject to the continuation and compliance with the terms of the applicable agreements. If we breach any terms of the underlying license agreements, or, with respect to any intellectual property that is sublicensed to us, if we, or our licensor breach the terms of any upstream license agreements, such as the Vir-Alnylam License Agreement (pursuant to which Vir obtained rights to BRII-835 from Alnylam), and VBI's agreements with Ferring/SciGen (pursuant to which VBI obtained rights to the HBsAg Product), we may, directly or indirectly (as a result of our licensor's breach) lose some or all of our rights under such agreements. With respect to the upstream license agreements applicable to BRII-835 and the HBsAg Product, as we are not a direct party to such agreements, we not be able to enforce our rights under such agreements or obtain remedies that are sufficient or adequate for the loss of such rights. As described in "Business – Collaboration and Licensing Agreements – Collaboration with VBI Vaccines", VBI may breach such agreements by not paying the agreed royalties thereunder. If such breach occurs, we may need to step in and pay royalties based on our net sales of BRII-179 directly to Ferring/SciGen and/or enter into a direct license agreement with Ferring. Similarly, as described in "Business – Collaboration and Licensing Agreements – Collaboration with Vir", the Vir-Alnylam License Agreement applies to a multi-program collaboration between Vir and Alnylam for siRNA products in addition to BRII-835. Consequently, Vir may materially breach its obligations under the Vir-Alnylam License Agreement with respect to BRII-835 (VIR-2218), or with respect to any other program under such agreement, which may be out of our control, and if uncured, may result in Alnylam seeking to terminate Vir's rights thereunder in whole or with respect to one or more product candidates, and in the event of such termination, we may lose our related sublicense rights in BRII-835 (VIR-2218). Also, despite our best efforts, our licensors, or the licensors under the upstream agreements applicable to the intellectual property that we sublicense, might conclude that the applicable license agreement has been materially breached and might therefore seek to terminate such agreements, and if successful, thereby remove our ability to develop and commercialize drug products covered by the license agreement to which we are party. If disputes arise, including disputes between our sublicensors and their licensors, over intellectual property that we have licensed, they may impair or prevent our ability to maintain our current licensing arrangements on acceptable terms, and adversely impact our ability to develop and commercialize the affected product candidates.

In addition, we may seek to obtain additional licenses or sublicenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

***We face substantial competition, which may result in others discovering, developing or commercializing competing drugs before or more successfully than we do.***

We operate in a rapidly changing and time-sensitive environment, and the development and commercialization of new drugs is highly competitive. We are also facing increasing competition from major pharmaceutical companies, specialty pharmaceutical companies, biotechnology companies, and biopharmaceutical companies worldwide, with a number of these companies increasing their focus on the prevention or treatment of various infectious diseases.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any drugs that we may develop or commercialize. Our competitors also may obtain approval from the NMPA, the FDA or other regulatory authorities for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. They may render our drug candidates obsolete or non-competitive before we can recover the expenses of developing and commercializing any of our drug candidates. As of the Latest Practicable Date, 13 HBV therapeutic vaccines are currently in the global pipeline, with seven at the Phase 2 clinical trial stage or later. In the field of RNA-targeting therapies for HBV treatment in China, major competitors include (i) a candidate in Phase 2 clinical trials by Janssen, (ii) two candidates in Phase 2 clinical trials by GSK, and (iii) a candidate by Staidson, which is in Phase 1 clinical trial. Furthermore, we are not aware of any long-acting oral STRs on the market for the treatment of HIV infection. Our closest competitors for long-acting oral agents and first line STRs for the treatment of HIV infection are Biktarvy and Genvoya, which require daily administration. We are aware of only three major competitors that are developing oral QW STR tablets for the treatment of HIV infection. Others pursuing long-acting therapies have selected implants and injectables.

In addition, we may compete against a variety of available therapies marketed for the same indications as our drug products. For example, in the MDR/XDR gram-negative antibiotic segment, we expect key competitors of BRII-636, BRII-672, and BRII-693 to include polymyxin B, colistin, carbapenems, and BL/BLI combinations and tigecycline. Because the patents for most of these MDR/XDR competitors have expired or will expire in the near future, we face competition from the generics of these drugs, which may be priced much lower than our products or may be more favored by third-party payors and reimbursement programs, increasing their popularity compared to our products. In addition, some of the therapies marketed for the treatment of MDR/XDR infections in the United States, such as eravacycline

and pretomanid, may be approved to be marketed in China by the NMPA and therefore directly compete with our products. In addition, there are a number of products in clinical development by third parties to treat MDR/XDR infections. If they obtain marketing approval from applicable regulatory authorities more rapidly than us, they could establish a strong market position. Currently, the only pharmacological intervention specifically indicated for PPD is brexanolone (brand name Zulresso™) developed by SAGE Therapeutics. In addition to Zulresso®, which is administered via a complicated 60-hour continuous IV infusion protocol, SAGE Therapeutics is also developing an oral version.

If more effective or easier to administer treatments are developed for the same indications as our products, or if there is a perception that our products do not provide incremental benefits over existing products, we may be unable to commercial, or stockpile, sales of our product inventory. A number of large pharmaceutical and biopharmaceutical companies (i) are in the process of developing or have introduced vaccines to prevent COVID-19, with the existing vaccines demonstrating good efficacy against COVID-19 and (ii) have developed or are developing nAbs for the treatment of COVID-19. As of the Latest Practicable Date, several nAbs have received or are pursuing FDA EUA approval for use in mild to moderate cases of COVID-19 and have begun government stockpile sales. Nonetheless, the take up rate of nAbs for the treatment of COVID-19 has been low according to Frost & Sullivan, due in part to difficulties associated with IV infusion in an out-patient setting. If we experience low take up rates for BRII-196 and BRII-198, our antibody cocktail therapy, or are otherwise unable to compete successfully, we may not be able to make stockpile, or commercial, sales to recoup our related R&D expenses, including the cost of our product inventory.

Some of our competitors have better resources and expertise than us. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available.

Mergers and acquisitions in the pharmaceutical and biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our R&D programs.

***To date, we have not generated any revenue from product sales and we do not expect to generate commercial product sales in the near-term.***

We do not expect to generate commercial product sales in the near future and our ability to generate revenues from product sales is subject to the extensive risks relating to our successful development and manufacturing of our drug candidates and related commercialization activities following the receipt of requisite regulatory approvals, including (i) the efficacy of our product candidates as compared to potentially competitive products, (ii) our manufacturing capabilities or relationships and (iii) our ability, as a company operating primarily in China and the United States, to successfully develop and sell our products in our desired jurisdictions.

Depending on interim and other clinical study results, we may make government stockpile sales of BRII-196 and BRII-198, to a limited number of governmental agencies pursuant to EUAs or similar authorizations prior to registrational approval. We may make no stockpile sales. In conjunction with any government stockpile sales that we may make, we will seek governmental protections and immunities from product other liability and other tort or contract claims with sales commencing after the receipt of such protections and of any other necessary approvals. If we are not able to secure necessary approvals and, as applicable, protection, we may not be able to sell our drug products, including existing supplies of BRII-196 and BRII-198, which may negatively impact our ability to generate revenue. For more details see "Business – Patents and Other Intellectual Property – Patent Disputes."

## RISKS RELATING TO OUR BUSINESS, FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

***Changes in fair value of financial liabilities at FVTPL and uncertainties in accounting estimates in the valuation of financial liabilities at FVTPL require the use of significant unobservable inputs.***

To date, we have raised approximately US$413.9 million to fund our operations through the issuance of Preferred Shares. These Preferred Shares will be converted into Shares in connection with the completion of the Global Offering. We performed an equity allocation based on a hybrid method of Binomial Option Pricing model and Probability Weighted Expected Return method to arrive at the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period. However, it should be noted that some inputs, such as fair value of our Shares, under different scenarios such as initial public offering, liquidation and redemption, risk free rate and volatility, require management estimates, which are inherently uncertain. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions change, it could lead to a material adverse change in the fair value of the financial liabilities at fair value through profit or loss.

We had fair value changes of financial liabilities at FVTPL of RMB401.6 million, and RMB350.4 million recorded as losses on changes in fair value of financial liabilities at FVTPL in our consolidated statements of comprehensive income during the years ended December 31, 2019 and 2020, respectively. Although our Preferred Shares will be converted to Shares upon the closing of the Global Offering, if we need to revalue the Preferred Shares prior to the closing of the Global Offering, the change in fair value of financial liabilities at FVTPL would significantly affect our financial position and performance.

***Fair value changes in our investments in financial instruments and related valuation uncertainty may materially affect our financial condition and results of operations.***

The performance and value of our investments in financial instruments are subject to uncertainties and fluctuation. As of December 31, 2019 and 2020, the balance of our financial assets at fair value through profit or loss, which represents our investment in preferred shares and equity securities of certain private biotechnology companies in the United States, was RMB72.8 million and RMB75.4 million, respectively. Such balance fluctuates with fair values of the investments. The fair values are determined based on recent transactions or discounted cash flow method with key valuation assumptions of discount rate, risk-free interest rate and volatility used. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these investments. Additionally, we hold a long-term equity investment in a biotechnology company listed in the United States. Such equity investment is classified as financial assets at fair value through other comprehensive income, and their fair value is measured by the quoted market price of the shares. As of December 31, 2019 and 2020, the balance of our financial assets at fair value through other comprehensive income was RMB22.1 million and RMB41.2 million, respectively. The price of these securities may fluctuate with changes in market conditions as well as the performance and business prospects of the listed company, among others, all of which are beyond our control. Any decrease in the prices of these securities will result in fair value losses on financial assets at fair value through other comprehensive income, and may adversely affect our financial condition.

***We had incurred significant net losses in each period since our inception, expect to incur net losses for the foreseeable future and may never achieve or maintain profitability.***

Results of investment in pharmaceutical and biopharmaceutical drug development is highly uncertain. It entails substantial upfront capital expenditures and carries significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. We continue to incur significant expenses related to our ongoing operations. We have incurred losses in each period since our inception. For the years ended December 31, 2019 and 2020, we had a loss of RMB521.0 million and RMB1,283.5 million, respectively. Substantially all of our operating losses have resulted from costs incurred in connection with our R&D programs and administrative expenses associated with our operations.

Typically, it takes several years to develop one new drug from the drug discovery stage through regulatory approval when it is available for treating patients. We expect our losses to increase as we continue and expand our development of, and seek regulatory approvals for, our current and future drug candidates, and as we begin our marketing and commercialization efforts in the future. In addition, we will continue to incur costs associated with operating as a public company and in support of our growth as a clinical-stage to a commercial-stage biotechnology company. The size of our future net losses will depend, in part, on the number and scope of our R&D programs and their associated costs, the cost of commercializing any approved products, our ability to generate revenues, the timing and amount of milestones and other payments we make or receive with or through arrangements with third parties and investment in our manufacturing facilities. If any of our drug candidates fails in clinical trials or does not gain regulatory approval or, if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our R&D efforts, expand our business or continue our operations.

We expect our R&D expenses to continue to be significant in connection with our continued development of our drug candidates, including our ongoing and planned clinical trials for our drug candidates. R&D expenses for a particular drug candidate typically increase significantly as the candidate moves from pre-clinical R&D to clinical trials. As of early April 2021, we had seven drug candidates engaged in clinical trials (including clinical trials related to HBV, HIV, MDR/XDR infections, COVID-19 and PPD). Our ongoing clinical trials are conducted in China and the United States and in various other APAC countries as part of MRCT. Our current clinical trials will require significant further investments to complete. Furthermore, we plan to bring 1-2 drug candidates into clinical trial stage each year going forward.

Securing production capacity and building necessary product inventories in connection with clinical development and possible sales necessitates significant capital expenditures prior to revenue generation. If we commence sales of our drug candidates at all (including possible government stockpile sales of our COVID-19 cocktail therapy), we expect to incur sales and marketing expenses. If we fail to make sales, we will incur costs associated with unsold product, including, as applicable, unsold stockpile supplies. As a result of the above, we may continue to incur significant and increasing operating losses and negative net cash flows for the foreseeable future, which may in turn have a material adverse effect on our financial condition and results of operations.

***We have incurred and expect to continue to incur significant share based payments in connection with equity grants to our key management, employees, directors and consultants.***

To incentivize and maintain our key management, employees, directors and consultants, we have made and expect to continue to make equity awards in the form of restricted shares and option grants and, post-Listing, restricted shares, option grants and restricted share units (RSUs). The granting of such share-based compensation would increase our share-based expenses and thus may adversely affect our financial performance. In the years ended December 31, 2019 and 2020, share-based expenses in respect of (i) restricted shares totaled RMB20.2 million and RMB9.2 million and (ii) option grants totaled RMB3.2 million and RMB20.3 million, respectively. See note 29 in the Accountants' Report set out in Appendix I.

***We had net operating cash outflow during the Track Record Period and we may be unable to secure adequate working capital in the future.***

Our operations have consumed substantial amounts of cash since inception. The net cash used in our operating activities was RMB67.3 million and RMB403.7 million for the years ended December 31, 2019 and 2020, respectively. During the Track Record Period, we experienced cash outflows from operations primarily due to expenses for clinical studies, clinical drug supply, licensing fees, employee compensation, and other corporate operating expenses, partially offset by cash received from government grants, and without the benefit of any revenue from products as all products were in development. While we believe we have sufficient working capital to fund our current operations, we expect that we may experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We face challenges associated with operating in China and the United States on a geographically dispersed basis with a limited operating history, making it difficult to evaluate our current business and predict our future performance. The risks involved in our business may cause potential investors to lose substantially all of their investment in our business.***

We were founded in December 2017 and started operations in 2018 with headquarters and R&D capabilities in Beijing, China and Durham, North Carolina, United States. Our operations to date have focused on building our management team and R&D and other capabilities, establishing our drug candidate pipeline and related intellectual property portfolio and conducting pre-clinical studies and clinical trials of our drug candidates. As of the Latest Practicable Date, we have no products approved for commercial sale and have a limited operating history. Operating on a geographically dispersed basis with operations in China and the United States, presents unique coordination, geographic, political and other challenges. These include, for example:

- Travel restrictions related to the COVID-19 pandemic have limited the ability of our senior management (including senior management members with significant R&D responsibilities) to freely travel between China and the United States (where the bulk of our headcount and R&D function is based) and other relevant locations;

- Our clinical studies in humans are conducted in China, the United States and various Asia Pacific countries or regions as part of a MRCT. This requires that we effectively manage, among other things, numerous clinical trial and regulatory regimes and our CROs, CDMOs and other collaborators who assist us in our various drug development activities;

- Trade, regulatory and political tensions between China, the United States and other jurisdictions may limit our ability to timely and effectively: conduct drug development activities (including conducting clinical trials and obtaining necessary regulatory approvals); secure needed manufacturing capacity and timely and effective delivery of clinical and commercial drug supplies where needed; commercialize our drug candidates; secure desired license rights for new drug candidates; and secure collaboration partners for our internally developed drug candidates; and

- We are exposed to a number of other risks that could adversely affect our business and financial results including: unexpected changes in laws and regulatory requirements in local jurisdictions; difficulty of effective enforcement of contractual provisions in local jurisdictions; inadequate intellectual property protection in certain jurisdictions; enforcement of anti-corruption and anti-bribery laws, such as the FCPA; trade-protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the United States Department of Commerce and fines, penalties or suspension or revocation of export privileges; the effects of applicable local tax regimes and potentially adverse tax consequences; and significant adverse changes in local currency exchange rates.

Our limited operating history, particularly in light of the rapidly evolving and highly competitive biotechnology industry, may make it difficult to evaluate our current business and reliably predict our future performance. Consequently, any statements about our future success or viability are not based on any substantial operating history or commercialized products. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown challenges. Our financial condition and operating results have varied significantly in the past and will continue to fluctuate from quarter-to-quarter or year-to-year due to a variety of factors, many of which are beyond our control. If we do not address these risks and difficulties successfully, our business will suffer. These risks may cause potential investors to lose all or substantially all of their investment in our business.

***We will need to obtain additional financing to fund our operations and, if financing is not available on terms acceptable to us or at all, we may be unable to complete the development and commercialization of our primary drug candidates.***

Our various drug candidates, including our primary drug candidates – HBV functional cure, HIV treatment, treatments for MDR/XDR gram-negative bacterial infections, COVID-19 treatment and PPD/MDD treatment will require substantial investment for the completion of clinical development, regulatory review and approval, manufacturing activities and marketing efforts before they can provide us with product sales revenue. We may also expand our existing R&D programs or plan to invest in new programs. These and other activities will require us to expend significant amounts.

Our existing cash, cash equivalents and short-term investments are not sufficient to enable us to complete all global development of or commercially launch all of our current drug candidates and invest in additional programs. Accordingly, we will require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Our future funding requirements will depend on many factors, including:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely enroll patients in our planned and potential future clinical trials;
- the outcome, timing and cost of regulatory approvals of our drug candidates;
- our effective management of our CROs, CMOs, CDMOs and other collaboration partners and associated costs;
- the number and characteristics of drug candidates that we may in-license and develop;
- the amount and timing of the milestone and royalty payments that we receive from or pay to our collaborators;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- the costs associated with securing, establishing, and maintaining commercialization resources;
- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish (including those related to any internally discovered programs);
- cash requirements of any future acquisitions and/or development of other pipeline drug candidates;

- the cost and timing of development of commercial-scale outsourced manufacturing activities and possibly, in the future, internal manufacturing activities;
- our headcount growth and associated costs;
- the effects of competing technological and market developments; and
- the costs of operating as a public company and our need to implement additional internal systems and infrastructure, including but not limited to financial and reporting systems.

Adequate additional funding may be unavailable on acceptable terms, or at all. If we are unable to raise capital when needed or on acceptable terms, we would be forced to delay, reduce or eliminate our R&D programs or future commercialization efforts. Our inability to obtain additional funding when we need it could seriously harm our business.

***The political relationships between China and other jurisdictions may affect our business operations and any Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.***

During the Track Record Period, we have formed partnerships with entities in foreign jurisdictions and regions, in particular the United States, and establishing new collaboration partnerships is key to our future growth. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions and local conditions in those foreign jurisdictions and regions. As a result, China's political relationships with those foreign jurisdictions and regions may affect the prospects of maintaining existing or establishing new collaboration partnerships. There can be no assurance that potential collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the United States and other relevant foreign jurisdictions or regions. Any tensions and political concerns between China and the United States and other relevant foreign jurisdictions or regions may adversely affect our business, financial condition, results of operations and prospects.

***Our future success depends on our ability to retain key executives and to attract, train, retain and motivate qualified and skilled personnel.***

We are highly dependent on Dr. Zhi Hong, Ph.D., our Co-founder, CEO and a member of our Board, and the other principal members of our management and scientific teams. Although we have formal employment agreements with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our R&D and commercialization objectives.

To retain valuable employees, in addition to salary and cash incentives, we have provided share incentives that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in the market price of our Shares that are beyond our control and may, at any time, be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, any of our employees could leave our employment at any time, with or without notice.

Recruiting and retaining qualified scientific, technical, clinical, sales and marketing and management personnel in the future will also be critical to our success. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our discovery, clinical development and commercialization strategy. The loss of the services of our executive officers or other key employees and consultants could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products like those we develop. Competition to hire from this limited pool is intense and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous pharmaceutical and biopharmaceutical companies for similar personnel. To compete effectively, we may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations. In addition, we may not be successful in training our professionals to keep pace with technological and regulatory standards. Any inability to attract, motivate, train or retain qualified scientists or other technical personnel may have a material adverse effect on our business, financial condition, results of operations and prospects.

As our product pipeline has grown and matured, we have seen a rapid increase in (i) the number of our drug candidates engaged in clinical studies (including our HIV and PPD/MDD programs, which began early April 2021), (ii) the number of locations where our clinical studies are conducted and (iii) the size and complexity of our clinical studies as our drug candidates move forward in the development process. For in-licensed drug candidates, we typically are involved in the global clinical development of the drug candidate. The nature and scope of these activities can be time intensive on our employees, many of whom are located in China, and presents geographic, time zone and other challenges. As we optimize our business, in particular, we intend to bolster our internal capabilities in the clinical development and regulatory areas to address these increasing needs. We may be unable to attract and retain a sufficient number of qualified personnel.

***Our business and operations could be adversely affected by the effects of health pandemics or epidemics, including the outbreak of COVID-19, in regions where we, or third parties on which we rely, have significant manufacturing facilities, concentrations of clinical trial sites or other business operations.***

Our business could be adversely affected by the effects of health pandemics or epidemics, including the ongoing COVID-19 outbreak. Countries across the world, including both China and the United States, have imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus. In particular, travel restrictions between China and the United States have limited the ability of our senior management team (including our chief executive officer) to travel back and forth for over a year. In addition, many of our employees are now subject to work-from-home policies that we have implemented. These policies and restrictions may negatively impact productivity, disrupt our business and delay our clinical programs and timelines, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course. These disruptions in our operations could negatively impact our business, operating results and financial condition. If one or more similar, or more severe, outbreaks were to occur, they could negatively impact our business, operating results and financial condition.

In addition to our employees, restrictions related to COVID-19 or other infectious diseases could impact personnel at third-party manufacturing facilities, or the availability or cost of materials, which would disrupt our supply chain. For example, some of the CMOs that we use to supply our early stage product candidates are located in China, where the COVID-19 outbreak was first reported and where there have been government-imposed quarantines. While many of these materials may be obtained from more than one supplier, including suppliers outside of China, there is a risk that port closures and other restrictions resulting from the COVID-19 outbreak in the region may disrupt our supply chain or limit our ability to obtain sufficient materials for our product candidates.

We are focused on infectious diseases and the COVID-19 outbreak impacted demand for our BRII-196/BRII-198 cocktail therapy directly and could otherwise impact demand for our other product candidates. For example, while driving overall demand of our antibody therapy, COVID-19 accelerated investment in and development of RNA technology, with the FDA granting EUAs to Moderna's and BioNTech/Pfizer's mRNA COVID-19 vaccines. The success of these and other vaccines and mass vaccine campaigns have damped demand for antibody therapies. The use of new, evolving technology to rapidly develop vaccines in response to the pandemic raises potential concerns about the long-term efficacy and safety of those developed drugs and could undermine general confidence in these and other therapies.

In addition, our clinical trials could be affected by the COVID-19 or other outbreaks. For example, the Phase 1 clinical trial for our BRII-196 and BRII-198 combination therapy was delayed in early 2020 due to the COVID-19 pandemic. Site initiation and patient enrollment may be delayed due to prioritization of hospital resources toward an outbreak and some patients may not be able to comply with clinical trial protocols if quarantines or other restrictions impede patient movement or interrupt healthcare services. Similarly, our ability to recruit and retain patients as well as principal investigators and site staff who, as healthcare providers, may have heightened exposure to disease, could be delayed or disrupted, which would adversely impact our clinical trial operations.

The economic fallout of the COVID-19 outbreak, or other outbreaks that cause a broad impact globally, may materially affect us economically. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic, may be difficult to assess or predict, it has already resulted in significant disruption of global financial markets. This disruption, if sustained or recurrent, could make it more difficult for us to access capital, which could negatively affect our liquidity in the future. In addition, a recession or market correction resulting from an outbreak, including the spread of COVID-19, could materially affect our business and the value of our Shares.

***We may be unable to establish, protect or enforce our intellectual property rights adequately and, as of the Latest Practicable Date, we did not own any issued patent related to our Core Product and we only had licensed rights in one issued patent, which could allow third parties to develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected.***

If we fail to adequately protect our intellectual property, our business, financial condition, results of operations and prospects could be materially harmed.

We seek to protect the drug candidates and technology that we consider commercially important by (i) filing patent applications in China, the United States, and other jurisdictions, (ii) relying on trade secrets or pharmaceutical regulatory protection or (iii) employing a combination of these methods. We have licensed patents from our collaborators and partners, and in some case, we are sublicensees of patents. As of the Latest Practicable Date, we did not own any issued patent related to our Core Product, and we only had licensed rights in one issued patent among our material patents and patent applications. As a result, a significant portion of our intellectual property portfolio currently comprises rights in pending patent applications. For further information on our patent portfolio, see "Business – Patents and Other Intellectual Property." For details regarding specific risks related to the intellectual property that we license see, the risk factor entitled "Key Risks Relating to Our Business – Our rights to develop and commercialize our drug candidates are subject in part to the terms and conditions of licenses granted to us."

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China, the United States or other jurisdictions may diminish our ability to protect our inventions and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. For more details see the risk factor entitled, "Risks Relating to Extensive Government Regulation – Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates."

The application for or issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability and does not guarantee that we will receive similar protections in other jurisdictions. For example, to be eligible to receive a patent under PRC patent law, an organization or individual must have reported any patent filings made in a foreign jurisdiction for an invention or utility model to the China National Intellectual Property Administration, or CNIPA, for confidential examination. Otherwise, the patent right will not be granted. In addition, publications of discoveries in scientific literature often lag behind the actual discoveries and patent applications. Patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Further, under the first-to-file system, third parties may be granted a patent relating to a technology which we invented. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications or that we were the first to file for patent protection of such inventions.

In addition, we may not be able to protect all patentable aspects of our inventions. We may fail to identify patentable aspects of our inventions in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our R&D output, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Finally, patent rights that we may own or license currently or in the future may be subject to a reservation of rights by one or more third parties. For example, under U.S. law, when new technologies are developed with U.S. government funding, the U.S. government generally obtains certain rights, including the right to disclose our confidential information to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology.

Although various extensions may be available, the life of a patent and the protection it affords, is limited. Even if we successfully obtain patent protection for an approved drug candidate, it may face competition from generic or biosimilar medications once the patent has expired, as well as challenges to the scope, validity or enforceability of our patents. In addition, we will not be able to assert patent rights against potential competitors once those rights expire. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized.

Finally, the patent prosecution process and proceedings related to patent protection are expensive, time-consuming and complex and we may not be able to protect our inventions at a reasonable cost or in a timely manner in all desirable territories. Consequently, we do not know whether any of our technology or drug candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Any failure to adequately protect our intellectual property, including due to the foregoing, could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

***If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business and/or be required to pay monetary damages.***

We have entered into license agreements with third parties providing us with rights to various third-party intellectual property, including rights in patents and patent applications. For details, see "Business – Collaboration and Licensing Agreements." These license agreements impose diligence, development or commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under our current or future license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any drug or drug candidate that is covered by the licenses provided for under these agreements or we may face claims for monetary damages or other penalties under these agreements. Such an occurrence could diminish the value of the products related to such license agreement, as well as our business. Termination of the licenses provided for under these agreements, or reduction or elimination of our rights under these agreements, may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology. In addition, we are a sublicensee for some of our in-licensed patents, including patents relating to BRII-835, which are sublicensed from Vir. Such a sublicense could be dependent upon the license between Vir and Alnylam. If Vir loses its license, then we may lose our sublicense through no fault of our own or for reasons outside of our control.

We may need to obtain additional licenses from our existing licensors and others to advance our research or allow commercialization of drug candidates that we may develop. It is possible that we may be unable to obtain any additional licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to redesign our drug candidates or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected drug candidates, which could harm our business, financial condition, results of operations and prospects significantly.

Certain of our license agreements also require us to meet certain requirements and development thresholds to maintain the license. Disputes may arise regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe, misappropriate or violate intellectual property of the licensor that is not subject to the license agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

In addition, the agreements under which we license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates, which could have a material adverse effect on our business, financial conditions, results of operations and prospects.

***If we are sued for infringing, misappropriating, or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.***

Our commercial success depends in part on our and our collaborators' avoiding infringement, misappropriation and other violations of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our drug candidates. There may also be third-party patents or patent applications of which we are currently unaware, and given the dynamic area in which we operate, additional patents are likely to issue that relate to our patent and patent applications.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings which allege that we were infringing, misappropriating or otherwise violating any intellectual property right of any third party. Although we are not involved any such proceedings, there is a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the biopharmaceutical industry generally.

We currently have a pipeline of over 10 drug candidates. As our pipeline grows, the biopharmaceutical industry expands and more patents are issued, our patent and patent applications may overlap with those of others. Certain of our current product candidates potentially overlap with certain existing patents in the PRC, the United States and Europe. However, based on our expected timing of commercialisation and the expiry dates of the relevant patents, we do not anticipate significant risk of infringement of the relevant patents prior to their expiry unless, in certain cases, we commercialise our products earlier than expected or the validity period of the such patents is extended. In either case, we will seek other legal or commercial resolutions, including seeking to demonstrate that the relevant patents are invalid or otherwise are not infringed.

For example, with respect to our COVID-19 program, we are aware of (i) certain recent third-party U.S. and European patent applications, including those of our competitors, relating to COVID-19 treatments and vaccines and (ii) two U.S. patents, which are expected to expire in April 2022, and one European patent, which is expected to expire in December 2021, with a common owner that may overlap with our BRII-196/BRII-198 antibody therapy patent applications, including one application in the United States and four applications in China. We do not plan to commercialize BRII-196 and BRII-198 in the U.S. or Europe until mid-2022, which is after the expiration of the potentially overlapping patents. In the interim, we may make government stockpile sales of BRII-196 and BRII-198 to a limited number of governmental agencies in the United States, China and Europe as early as in the second half of 2021 pursuant to relevant EUAs permitting the use and sale of our COVID-19 therapy. We plan to avail ourselves of various forms of liability immunity and other legal and non-legal protections in connection with the development, sale and use of our COVID-19 therapy in response to the global pandemic. And we plan to develop, sell and use our COVID-19 therapy

in jurisdictions where we can successfully obtain appropriate immunity or other protections. See "Business – Our Business Model and Product Development Pipeline – BRII-196 and BRII-198" and "Business – Patents and other Intellectual Property – Patents.

As the biopharmaceutical industry continues to expand and more patents are issued, the risk increases correspondingly that third parties may assert that we are using their intellectual property in violation of their patent or other proprietary rights. Even if we believe these claims are without merit, a court may not find in our favor on questions of infringement, validity, enforceability or priority. On the other hand, to successfully challenge the validity of a U.S. patent in federal court in the United States, we would need to overcome a presumption of validity and meet a high burden of proof.

If third parties bring successful claims against us for infringement, misappropriation, or other violations of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our drug candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. If there is a successful claim against us of infringement, misappropriation or other violation of intellectual property, or there is a settlement by us of any such claims, we may have to pay substantial damages (possibly treble damages for a willful U.S. patent breach), and we may not be indemnified by our licensing partners in the case of claims arising out of licensed intellectual property. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our drug candidates. Any such license might not be available on reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. If we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our drug candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent and other intellectual property infringement claims or to resolve disputes prior to litigation and any such license agreements may require us to pay royalties and other fees that could significantly harm our business. Alternatively, we may need to reformulate a product so that it does not infringe the intellectual property rights of others, which may not be possible or could be very expensive and time consuming.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our Shares. Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

***We have entered into collaboration with governmental bodies and public institutions, and changes in local law may adversely affect the continuation of these collaborations or any benefit we expect to receive from them.***

To discover, develop, manufacture and commercialize fully human neutralizing monoclonal antibodies (nAb) to address the global pandemic of COVID-19, we have entered into a partnership and license agreement with Tsinghua University and Third People's Hospital of Shenzhen and formed TSB, our 72.77% owned subsidiary as of the Latest Practicable Date. Tsinghua University and Third People's Hospital of Shenzhen hold their interest in TSB through Independent Third Party entities nominated by them: Tsinghua Holding Technology Transfer Co., Ltd. and Shenzhen National Infectious Disease Clinical Medicine Research Center, respectively. According to applicable PRC laws and regulations, PRC companies (such as TSB) that are invested by state owned entities may be subject to asset evaluations and filings to certain authorities when such companies change their registered capital. These procedures can be time-consuming and may adversely affect TSB's ability to raise money to support its business operation.

We have also established a collaboration with Beijing Municipal Science & Technology Commission and Haidian District People's Government of Beijing Municipality focusing on the promotion of public health and development of translational research capabilities in Beijing. As part of this collaboration, Beijing Municipal Science & Technology Commission and Haidian District People's Government of Beijing Municipality will help to coordinate local resources, provide operational efficiency and policy benefits, and we will co-fund and advise translational research with Tsinghua University School of Medicine and discovery incubators with Tsinghua Industrial R&D Institute.

## RISKS RELATING TO OUR BUSINESS

### Risks Relating to Clinical Development of Our Drug Candidates

***We have never completed a Phase 3 clinical trial or submitted an NDA or BLA previously and may be unable to do so for leading drug candidates BRII-179 and BRII-835, or any of our other drug candidates that advances through clinical development. Failure to successfully complete any of these activities in a timely manner for any of our product candidates could have a material adverse impact on our business, financial condition, results of operations and prospects.***

We need to complete our current clinical trials for our drug candidates and obtain successful results before we can submit a related NDA or BLA, as applicable, for such candidates. Successful submission of an NDA or a BLA is a complicated process. Although members of our management team have participated in clinical trials and obtained marketing approvals for product candidates in the past while employed at other companies, we as a company have not done so. As a result, such activities may require more time and cost more than we anticipate. Failure to successfully complete, or delays in, any of our eventual clinical trials or related regulatory submissions would prevent us from or delay us in obtaining

regulatory approval for, or clearance of, our product candidates. In addition, it is possible that the relevant regulatory authorities, such as the NMPA or the FDA, may refuse to accept for substantive review any NDA or BLA submissions that we submit for our product candidates or may conclude after review of our applications that they are insufficient to obtain marketing approval or clearance of our product candidates. If the NMPA, the FDA or other applicable regulatory authority, does not accept our applications or issue marketing authorizations for our product candidates, they may require that we conduct additional clinical, pre-clinical or manufacturing validation trials and submit that data before they will reconsider our applications. Depending on the extent of these or any other requirements, approval of any NDA or BLA or receipt of other marketing authorizations for any other applications that we submit may be delayed by several years, or may require us to expend more resources than we have available. It is also possible that additional trials, if performed and completed, may not be considered sufficient by the relevant regulatory agency to approve our NDAs or BLAs or grant other marketing authorizations. Any delay in obtaining, or an inability to obtain, marketing approvals would prevent us from commercializing our product candidates, generating revenues and achieving and sustaining profitability. If any of these outcomes occur, we may be forced to abandon our development efforts for our product candidates, which could significantly harm our business. Even if we are able to obtain approval, there is no guarantee that our products will gain a material rate of adoption, or be used at all.

***We may fail to identify, discover or prioritize the development of additional drug candidates. If we fail to do so, our commercial opportunity will be limited.***

We plan to continue build our pipeline of new product candidates through our internal discovery and collaborative licensing arrangements to identify new drug candidates and disease targets and to pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources without guaranteed ultimate success. Our R&D programs may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons. A key element of our strategy is also to leverage our expertise in the treatment of infectious diseases in China to expand into additional territories. Our initial focus is on the development of a pipeline of product candidates for the treatment of infectious or CNS diseases and the progression of these product candidates through clinical development in China, the United States and other jurisdictions. We also intend to grow our business through in-licensing opportunities and partnerships.

Despite our efforts and our license options under the collaboration arrangements with our collaboration partners as described under "Business – Collaboration and Licensing Agreements", we may be unable to discover, develop drug candidates or enter into collaborative licensing arrangements to acquire products on acceptable terms or that are safe and effective, or which compare favorably with other commercially available alternatives, and there is no guarantee that we would exercise the license options. Even if we are successful in continuing to build our pipeline and developing next-generation product candidates or expanding into additional territories, the potential product candidates that we identify may not be suitable for clinical development, including as a result of lack of safety, lack of tolerability,

lack of efficacy, or other characteristics that indicate that they are unlikely to be products that will receive marketing approval, achieve market acceptance or obtain reimbursements from third-party payors. We cannot provide you any assurance that we will be able to successfully advance any of these additional product candidates through the development process.

Our R&D programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development or commercialization for many reasons, including the following:

- we may not be successful in identifying additional product candidates;
- we may not be able or willing to assemble sufficient resources to acquire or discover additional product candidates;
- our product candidates may not succeed in preclinical or clinical testing;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- the market for a product candidate may change during our R&D program so that the continued development of that product candidate is no longer reasonable;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all;
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors; and
- the rate of adoption of a product candidate, if approved and commercialized, may be low.

If any of these events occur, we may be forced to abandon our development efforts for a R&D program or programs, or we may not be able to identify, discover, develop or commercialize additional product candidates, which would have a material adverse effect on our business and could potentially cause us to cease operations. Even if we receive NMPA, FDA, or other regulatory approval to market our product candidates, we cannot assure you that any such product candidates will be successfully commercialized, widely accepted in the marketplace or more effective than other commercially available alternatives. Further, because

of our limited financial and managerial resources, we are required to focus our R&D programs on certain product candidates and on specific diseases. If we do not successfully develop and commercialize product candidates or collaborate with others to do so, we will not be able to obtain product revenue in future periods, which could significantly harm our financial position.

Because we have limited financial and managerial resources, we focus on R&D programs and drug candidates for specific indications. As a result, we may forego or delay pursuit of opportunities with other drug candidates or for other indications that later prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities.

Accordingly, there can be no assurance that we will ever be able to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal R&D programs, which could materially and adversely affect our future growth and prospects. We may focus our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful, which may have a material and adverse impact on our business, financial condition and results of operations.

***Interim, "top-line" and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.***

From time to time, we may publish interim, "top-line" or preliminary data from our clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or "top-line" data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Differences between preliminary or interim data and final data could significantly harm our business prospects and may cause the trading price of Shares to fluctuate significantly.

**Risks Relating to Commercialization of Our Drug Candidates**

***If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our drug candidates, and our ability to generate revenue will be materially impaired.***

Before obtaining regulatory approvals for the commercial sale of any drug candidate for a target indication, we must demonstrate in both pre-clinical studies and well-controlled clinical trials, and, with respect to approval in China and the United States, to the satisfaction of the NMPA and the FDA, respectively, that the drug candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. In addition to pre-clinical and clinical data, the NDA or BLA must include significant

information regarding the chemistry, manufacturing and controls for the drug candidate. Obtaining approval of an NDA is a lengthy, expensive and uncertain process, and approval may not be obtained. If we submit an NDA to the NMPA or the FDA, the NMPA or the FDA decides whether to accept or reject the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the NMPA or the FDA.

We have limited experience in filing for regulatory approval for our drug candidates, and we have not yet demonstrated ability to receive regulatory approval for our drug candidates. So far we have not independently submitted an NDA. As a result, our ability to successfully submit any NDA, and obtain regulatory approval for our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in obtaining regulatory approvals.

Regulatory authorities outside of China and the United States also have requirements or approval of drugs for commercial sale with which we must comply prior to marketing in those areas. Regulatory requirements and approval processes can vary widely from jurisdiction to jurisdiction and could delay or prevent the introduction of our drug candidates. Clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdiction, and obtaining regulatory approval in one jurisdiction does not mean that regulatory approval will be obtained in any other jurisdiction. Seeking foreign regulatory approval could require additional non-clinical studies or clinical trials, which could be costly and time-consuming. The foreign regulatory approval process may include all of the risks associated with obtaining NMPA or FDA approval. For all of these reasons, we may not obtain foreign regulatory approvals on a timely basis, if at all.

The process to develop, obtain regulatory approval for and commercialize drug candidates is long, complex and costly both inside and outside China and the United States, and approval is never guaranteed. Following any approval for commercial sale of our drug candidates, certain changes to the drug, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA, the FDA and other regulatory authorities. Also, regulatory approval for any of our drug candidates may be withdrawn. If we are unable to obtain regulatory approval for our drug candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our drug candidates will be harmed. Furthermore, we may not be able to obtain sufficient funding or generate sufficient revenue and cash flows to continue the development of any other drug candidate in the future.

***Even if any product candidates receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.***

Even if any product candidates receive marketing approval, they may fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, current hepatitis and HIV treatments like nucleotide/nucleoside reverse transcriptase inhibitors (NRTIs) that inhibit reverse transcription and single tablet regime treatments, respectively, are well established in the medical community, and doctors may continue to rely on these treatments to the exclusion of our drug candidates that are in clinical trials for the same or similar indications. In addition, physicians, patients and third-party payors may prefer other novel products to ours. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals, clinics and patients considering our drug candidates as a safe and effective treatment;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of regulatory authorities;
- limitations or warnings contained in the labeling approved by regulatory authorities;
- the timing of market introduction of our drug candidates as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payors and government authorities; and
- the effectiveness of our sales and marketing efforts.

Furthermore, we are developing BRII-196 and BRII-198 as antibodies for treatment of COVID-19 to be used in patients who cannot be vaccinated or to overcome the limitations of vaccines and lead to meaningfully higher levels of protection and treatment. For BRII-196 and BRII-198 to be successful, not only will they need to be approved for sale (including pursuant to an EUA), but they will also need to demonstrate a higher efficacy compared to any available vaccines and other treatments and be offered at a competitive price in order to receive favorable coverage and reimbursement from third-party payors and in order for physicians to prescribe the product in lieu of the standard of care treatment. To date, the take up rate of nAbs for the treatment of COVID-19 has been low according to Frost & Sullivan, due in part to difficulties associated with IV infusion in an out-patient setting. If more effective or favorable treatments for COVID-19 are developed, we may not be able to make stockpile or other sales of our supplies of BRII-196 and BRII-198.

If any approved drug candidates that we commercialize fail to achieve market acceptance in the medical community, we will not be able to generate significant revenue. Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our drug candidates, are more cost-effective or render our drug candidates obsolete.

***We have no experience in launching and marketing drug candidates. If we are unable to enter into agreements with third parties to market and sell our drug candidates or unable to establish marketing and sales capabilities, we may not be able to generate product sales revenue.***

We have not yet demonstrated an ability to launch and commercialize any of our drug candidates. As a result, our ability to successfully commercialize our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience launching and marketing drug candidates.

We likely will pursue collaborative arrangements regarding the sales and marketing of our drug candidates. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates.

As a result, we may not be able to generate product sales revenue.

***We may derive a portion of our future revenue from sales to government agencies. If we are unable to procure such government sales, our business, financial condition, operating results and cash flows would be materially harmed.***

We may derive a portion of our future revenues from sales to governmental agencies of the United States, the PRC and other jurisdictions. For example, we may make government stockpile sales of our BRII-196 and BRII-198 COVID-19 cocktail therapy. The government contracting process (which may involve a competitive bidding process) involves unique risks and requirements, including:

- the procurement laws the PRC, the United States and other jurisdictions provide many requirements for a supplier that wants to participate in the government procurement, and we may not meet such requirements at all times;

- the possibility that we may be ineligible to respond to a request for proposals issued by the government;

- the commitment of substantial time and attention of management and key employees to the preparation of bids and proposals for contracts that may not be awarded to us;

- the need to accurately estimate the resources and cost structure that will be required to perform any contract that we might be awarded;

- the submission by third parties of protests to our responses to requests for proposals that could result in delays or withdrawals of those requests for proposal; and

- in the event our competitors protest or challenge contract or grant awards made to us pursuant to competitive bidding, the potential that we may incur expenses or delays, and that any such protest or challenge could result in the resubmission of bids based on modified specifications, or in the termination, reduction or modification of the awarded contract.

The relevant government agencies may choose not to award us contracts for the procurement of our treatments and may instead award such contracts to our competitors. In addition, if priorities for the expected governmental counterparties change generally or with respect to any of our products, funding to procure any future doses of BRII-196 and BRII-198 may be delayed, limited or not available. We may never complete anticipated stockpiling of BRII-196 and BRII-198, including of the doses of BRII-196 and BRII-198 currently reserved for such sales, and our future business, financial condition, operating results and cash flows could be materially harmed. If we are unable to secure particular contracts, we may not be able to operate in the market for products that are provided under those contracts. Additionally, if we fail to anticipate all of the costs or resources that we will be required to secure and, if applicable, perform under such contract awards, our growth strategy and our business, financial condition and operating results and cash flows could be materially and adversely affected.

Even if we are able to procure such governmental contracts initially, upon the expiration of a procurement contract, we may not be able to negotiate a follow-on procurement contract for the particular product for a similar product volume, period of performance, pricing or other terms, or at all. In connection with these potential governmental stockpile sales, we also plan to seek from such governmental counter-parties immunity for product and other tort liabilities in connection with the development, sale and use of our products. However, there is no guarantee that we would be able to obtain such immunity, in which case we would be exposed to claims regarding product and other tort liabilities. In addition, if we are able to secure contracts with the U.S. government or other governments to supply BRII-196 and BRII-198 to them, we must comply with numerous laws and regulations relating to the procurement, formation, administration and performance of government contracts. These laws and regulations govern how we transact business with our government customers and, in some instances, impose additional costs and related obligations on our business operations.

***Even if we are able to commercialize any drug candidates, the drugs may become subject to national or other third-party reimbursement practices, healthcare reform initiatives or unfavorable pricing regulations, which could harm our business.***

We intend to seek approval to market our in-licensed drug candidates in China. The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely. In China, prescription pharmaceutical pricing remains subject to continuing governmental control, which can take considerable time even after obtaining regulatory approval. Market acceptance and sales of any of our future approved drug candidates will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for drugs and may be affected by existing and future health care reform measures. As a result, we might obtain regulatory approval for a drug, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact our revenues.

Our ability to commercialize any approved drug candidates successfully will also depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities, private health insurers and other organizations.

A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

In China, the National Healthcare Security Administration or provincial healthcare security authorities, together with other government authorities, review the inclusion or removal of drugs from the China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance, or the NRDL, or provincial or local medical insurance catalogues for the National Medical Insurance Program, or the PRDL, regularly, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs. There can be no

assurance that any of our future approved drug candidates will be included in the NRDL or the PRDL. Products included in the NRDL or the PRDL are typically generic and essential drugs. Innovative drugs similar to some of our drug candidates have historically been more limited on their inclusion in the NRDL or the PRDL due to the affordability of the government's Basic Medical Insurance.

If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL or PRDL, our revenue from commercial sales will be highly dependent on patient self-payment, which can make our products less competitive. Additionally, even if the National Healthcare Security Administration of the PRC or any of its local counterparts accepts our application for the inclusion of products in the NRDL or PRDL, our potential revenue from the sales of these products could still decrease as a result of the significantly lowered prices we may be required to charge for our products to be included in the NRDL or PRDL.

In the United States, no uniform policy of coverage and reimbursement for drugs exists among third-party payors. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payor is a time-consuming and costly process that could require us to provide to each payor supporting scientific, clinical and cost-effectiveness data for the use of our future approved drugs on a payor-by-payor basis, with no assurance that coverage and adequate reimbursement will be obtained. Even if we obtain coverage for a given drug, the resulting reimbursement rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Patients are unlikely to use any of our future approved drug candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of the drug. Because some of our drug candidates have a higher cost of goods than conventional therapies, the risk that coverage and reimbursement rates may be inadequate for us to achieve profitability may be greater.

Increasingly, third-party payors are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any approved drug candidate that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any approved drug candidate that we commercialize. Obtaining or maintaining reimbursement for approved drug candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidate that we in-license or successfully develop.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the purposes for which the drug candidates are approved by the NMPA, the FDA or other regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim

payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for lower cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future weakening of laws that presently restrict imports of drugs from jurisdictions where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any future approved drug candidates, and any new drugs that we develop, could have a material adverse effect on our business, our operating results, and our overall financial condition.

***Mutations to pathogens (including mutations that result in increased drug resistance) may negatively affect the effectiveness of our anti-infectious products and thereby reduce demand for such products.***

Anti-infectious products are one of our key therapeutic areas. The efficacy of our anti-viral and other anti-infectious products may be affected by mutated pathogens or pathogens that develop resistance against certain chemical compounds over time. If the effectiveness of our anti-viral and other anti-infectious products in respect of the treatment against the relevant pathogen type is diminished, it may reduce the demand for our anti-viral products and in turn, this may adversely affect the turnover generated from such anti-viral products.

For example, we are developing OMNIvance® (BRII-636, a broad spectrum BLI, in combination with an IV β-lactam antibiotic), ORAvance® (BRII-672, a broad spectrum BLI in combination with an oral β-lactam antibiotic), BRII-693 and BRII-658 to treat MDR/XDR infections. We cannot predict when bacterial resistance to any of our drug candidates may become prevalent. Bacteria always develop resistance to frequently used antibacterial drugs. However, some classes of antibiotics develop resistance more slowly than others. Although we believe that the mechanisms of action of BRII-636, BRII-672 and BRII-693 may result in the slow development of bacterial resistance, bacteria might nevertheless develop resistance to BRII-636, BRII-672, BRII-693, BRII-658, or any of our other product candidates more rapidly or to a greater degree than we anticipate. If bacteria develop such resistance, or if none of BRII-636, BRII-672, BRII-693, BRII-658 is effective against MDR/XDR bacteria, the efficacy of these product candidates would decline, which would negatively affect our potential to generate revenues from these product candidates.

In addition, we are developing BRII-196 and BRII-198 for the treatment of SARs-CoV-2. The effectiveness of this anti-viral and our other anti-infectious products may be adversely affected if the pathogen type for which our products target mutates or otherwise develops resistance against the relevant products (or the chemical compound associated with the relevant products). Recently, several variants to the SARs-CoV-2 virus have emerged that reduce the effectiveness of various vaccines and neutralizing antibodies developed to prevent or treat the virus. According to the CDC, mutations of viruses may happen over time or suddenly. For

example, as a virus replicates, small genetic changes in the viral genome may occur. As these changes accumulate over time, the virus may become genetically different from the original virus type. In other cases, a mutation may occur suddenly when two different viruses infect a host at the same time, which may lead to a combination of the two viruses, producing a new virus type.

***If the market opportunities for our product candidates are smaller than we believe they are or any approval we obtain is based on a narrower definition of the patient population, our business may suffer.***

We currently focus our product development on product candidates for the treatment and prevention of serious infectious diseases. Our estimates regarding our eligible patient population, pricing and available coverage and reimbursement determine our estimated market size, which may differ significantly from the actual market addressable by our product candidates. Our estimates of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, are based on our beliefs and analyses. These estimates have been derived from a variety of sources, including the scientific literature, patient foundations or market research, and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of the diseases we are targeting. The number of patients may turn out to be lower than expected. Likewise, the potentially addressable patient population for each of our product candidates may be limited or may not be receptive to treatment with our product candidates, and new patients may become increasingly difficult to identify or access. If the market opportunities for our product candidates are smaller than we estimate, it could have an adverse effect on our business, financial condition, results of operations and prospects.

***We are developing several of our drug candidates individually and as combination therapies and failure of development of one drug may materially and adversely affect our ability to develop our combination therapies involving such drug and we may not be able to find third-party drugs for our combination therapies.***

We intend to develop BRII-179 and BRII-835 for the functional cure of HBV, BRII-778 and BRII-732 for HIV treatment and BRII-196 and BRII-198 for COVID-19 treatment individually and as combination therapies, and may seek approval of other, or future, drug candidates for use in combination with other therapies. Therefore, our drug candidates may be administered as one regimen in combination with other drugs being developed by us or developed by other pharmaceutical companies as one regimen.

For combination drug candidates, if we are unable to successfully develop one of drugs in the proposed single regimen we will be unable to commercialize the combined drug.

In addition, we may use such third-party drugs in our development and clinical trials as controls for our studies. As a result, both the results of our clinical trials and the sales of our drugs may be affected by the availability of these third-party drugs. If other pharmaceutical companies discontinue these combination drugs, regimens that use these combination drugs may no longer be prescribed, and we may not be able to introduce or find an alternative drug to be used in combination with our drugs at all or in a timely manner and on a cost-effective basis. As a result, demand for our drugs may be lowered, which would in turn materially and adversely affect our business and results of operations.

We may also evaluate our future product candidates in combination with one or more other therapies that have not yet been approved for marketing by the NMPA, the FDA or other regulatory authorities. We will not be able to market any product candidate we develop in combination with any such unapproved therapies that do not ultimately obtain marketing approval.

***We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in the United States and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.***

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. If we obtain NMPA or FDA approval for any of our drug candidates and begin commercializing those drugs in the United States, or China our operations may be subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute, the federal False Claims Act, physician payment sunshine laws and regulations, the PRC Anti-Unfair Competition Law and the PRC Drug Administration Law and its implementing regulations. These laws may impact, among other things, our proposed sales, marketing and education programs. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with the PRC government.

Additionally, we are subject to state and non-U.S. equivalents of each of the healthcare laws described above, among others, some of which may be broader in scope and may apply to healthcare services reimbursed by any source, not just governmental payors, including private insurers. In addition, some states have passed laws that require pharmaceutical companies to comply with the April 2003 Office of Inspector General Compliance Program Guidance for Pharmaceutical Manufacturers and/or other voluntary industry codes of conduct. Several states also impose other marketing restrictions or require pharmaceutical companies to make marketing or price disclosures to the state. There are ambiguities as to what is required to comply with these state requirements, and if we fail to comply with an applicable state law requirement, we could be subject to penalties.

Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from federal and state healthcare programs such as Medicare and Medicaid and debarment from contracting with the U.S. government. In addition, private individuals have the ability to bring actions on behalf of the U.S. government under the federal False Claims Act as well as under the false claims laws of several states.

Neither the U.S. government nor the U.S. courts have provided definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focused on enforcing these laws, and it is possible that some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, the approval and commercialization of any of our drug candidates outside the United States will also likely subject us to non-U.S. equivalents of the healthcare laws mentioned above, among other non-U.S. laws.

If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

**Risks Relating to Our Operations**

***We have significantly increased, and may need to keep increasing, the size and capabilities of our organization, and we may experience difficulties in managing our growth.***

We are a relatively small company, operating in China and the United States and working on a large and expanding pipeline of product candidates. At the beginning of 2019, we had 14 employees, and we ended the year with 35 employees. We had 98 employees as of the Latest Practicable Date. In 2020, we appointed a new Chief Financial Officer and hired a President and General Manager to oversee our operations in Greater China. Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our recent growth and any future growth. We might not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational inefficiencies, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

As our development, plans and strategies evolve, we must continue to add additional managerial, operational, financial and other personnel. Our recent growth and any future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining, and motivating additional employees;

- managing our internal discovery efforts effectively, including the clinical and regulatory authority review process for our drug candidates, while complying with our contractual obligations to contractors and other third parties; and

- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our drug candidates will depend, in part, on our ability to effectively manage our recent growth and any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals.

***If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute our Shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.***

From time to time, we may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;

- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing R&D programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

PRC regulations and rules concerning mergers and acquisitions, including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, and other recently adopted regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the Ministry of Commerce of China, or the MOFCOM, be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, according to the Anti-Monopoly Law of PRC and the Provisions of the State Council on Thresholds for Prior Notification of Concentrations of Undertakings (國務院關於經營者集中申報標準的規定), or the Prior Notification Rules issued by the State Council, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the State Administration for Market Regulation, or the SAMR, when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In addition, the Provisions of the MOFCOM on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Investors (商務部實施外國投資

者併購境內企業安全審查制度的規定), or the Security Review Rules, issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire the de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval and filing processes, including obtaining approval or filings from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected. Similar laws in the United States may negatively impact our ability to complete any acquisitions or partnerships. For more details, see the risk factor entitled "Risks Relating to Extensive Government Regulation – Changes to U.S. foreign investment and export control laws and regulations may restrict our ability to undertake acquisitions, or acquire technologies and assets in the United States that are material to our commercial success".

***Our employees, CROs, CMOs, CDMOs, collaboration partners and others with whom we deal may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and applicable anti-bribery laws, which could harm our reputation and subject us to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations***

We are exposed to the risk of fraud, misconduct or other illegal activity by our employees, CROs, CMOs, CDMOs, collaboration partners and others with whom we deal. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to: comply with the laws of the NMPA, the FDA and other regulatory authorities; provide true, complete and accurate information to the NMPA, the FDA and other regulatory authorities; comply with manufacturing standards we have established; comply with healthcare fraud and abuse laws in China, the United States and similar fraudulent misconduct laws applicable to us; or report financial information or data accurately or to disclose unauthorized activities to us. If we obtain NMPA or FDA approval for any of our drug candidates and begin commercializing those drugs in China or the United States, our potential exposure under relevant laws will increase significantly and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators of our clinical trials and our use of information obtained in the course of patient recruitment for clinical trials, as well as proposed and future sales, marketing and education

programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, structuring and commission(s), certain customer incentive programs and other business arrangements generally.

It is not always possible to identify and deter misconduct by employees and other parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

We are subject to the anti-bribery laws of China and the United States. As our business expands, the applicability of the relevant anti-bribery laws to our operations will increase. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations and prospects.

***If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.***

Our growth strategies include expanding our pipeline drug candidates through our in-house discovery efforts and strategic in-licensing. For more information, see "Business – Our Strategies – Continue to primarily target infectious diseases afflicting large patient populations in China," and see also "Business – Our Strategies – Expand our pipeline of programs through our in-house discovery and strategic in-licensing of complementary candidates and explore value creation opportunities for our assets outside of China." Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing on our growth strategies will require, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive global and Chinese biopharmaceutical markets, effective coordination and integration of our facilities and teams across different sites, successful hiring and training of personnel, effective cost control, sufficient liquidity, effective and efficient financial and management control, effective quality control, and management of our suppliers to leverage our purchasing power. Any failure to execute on our growth strategies or realize our anticipated growth could adversely affect our business, financial condition, results of operations and prospects.

***Our reputation is key to our business success. Negative publicity may adversely affect our reputation, business and growth prospect.***

Any negative publicity concerning us, our affiliates or any entity that shares the "Brii Biosciences" name, even if untrue, could adversely affect our reputation and business prospects. We cannot assure you that negative publicities about us or any of our affiliates or any entity that shares the "Brii Biosciences" name would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition. In addition, referrals and word-of-mouth have significantly contributed to our ability to establishing new partnerships. As a result, any negative publicity about us or any of our affiliates or any entity that shares the "Brii Biosciences" name could adversely affect our ability to maintain our existing collaboration arrangements or attract new partners.

***Our facilities and the facilities of our collaborators may be vulnerable to natural disasters or other unforeseen catastrophic events.***

Our operations, and those of our CROs, CMOs, CDMOs and other contractors and consultants, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, public health pandemics or epidemics (including, for example, the outbreak of COVID-19), and other natural or man-made disasters or business interruptions. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. Our ability to develop our product candidates could be disrupted if our operations or those of our suppliers are affected by man-made or natural disasters or other business interruptions.

***Our internal computer systems, or those used by our CROs, CMOs, CDMOs or partners or other contractors or consultants, may fail or suffer security breaches.***

Despite the implementation of security measures, our internal computer systems and those of our CROs, CMOs, CDMOs, partners and other contractors and consultants are vulnerable to damage from computer viruses and unauthorized access. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our R&D programs and our business operations.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, licensors, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business-critical information including R&D information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events, such as computer hacking, phishing attacks, ransomware,

dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our Company, licensors and our vendors, including personal information of our employees, licensors, and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. We are also reliant on our employees to protect information systems and networks and we provide training and implement security measures to mitigate such risks. Like other companies, we may have potential threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks.

In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Any such breach may also require notification to governmental agencies, supervisory bodies, credit reporting agencies, the media or individuals pursuant to various data protection, privacy and security laws, regulations and guidelines, if applicable, including the GDPR.

Accordingly, a data security breach or privacy violation that leads to unauthorized access to, disclosure or modification of personal information (including protected health information), that prevents access to personal information or materially compromises the privacy, security, or confidentiality of the personal information, could result in fines, increased costs or loss of revenue and we could incur liability, our competitive position could be harmed and the further development and commercialization of our product candidates could be delayed. For more details, see the risk factor entitled "Risks Relating to Extensive Government Regulation – If we are found to have violated laws protecting the confidentiality of patient health information."

Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes are costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with payors and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

***Failure to comply with existing or future laws and regulations related to privacy or data security could lead to government enforcement actions, which could include civil or criminal fines or penalties, private litigation, other liabilities, and/or adverse publicity. Compliance or the failure to comply with such laws could increase the costs of our products and services, could limit their use or adoption, and could otherwise negatively affect our operating results and business.***

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Regulatory authorities in virtually every jurisdiction in which we operate have implemented and are considering a number of legislative and regulatory proposals concerning personal data protection.

The regulations of the People's Republic of China on the Administration of Human Genetic Resources (中華人民共和國人類遺傳資源管理條例) promulgated by the State Council on May 28, 2019 and implemented on July 1, 2019 stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources, or HGR, at clinical institutions without export of HGR materials. However, the two parties shall file the type, quantity and usage of the HGR to be used with the administrative department of science and technology under the State Council before clinical trials. These regulations are important to our business because all transfers of patient starting material from hospitals to labs must be reported to the relevant administrative departments under these provisions. While we currently are in full compliance with these provisions, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices, potentially resulting in confiscation of HGR samples and associated data and administrative fines. In addition, the interpretation and application of data protection laws in China and elsewhere are often uncertain and in flux. Many statutory requirements include obligations for companies to notify individuals of security breaches involving certain personal information, which could result from breaches experienced by us or our third-party service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. We also may be contractually required to notify customers or other counterparties of a security breach. Any contractual protections we may have from our third-party service providers, contractors or consultants may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) which will take effect on September 1, 2021, provide that relevant authorities will establish the measures for the cross-border transfer of import data, if any company violates the Data Security Law of the PRC to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines, and/or may suspension of relevant business or revocation of the business license. However, as of the Latest Practicable Date, Chinese governments do not promulgate the important data catalogs or establish the measures for the cross-border transfer of import data.

Compliance with these and any other applicable laws, regulations, standards and obligations relating to data privacy, security and transfers is a rigorous and time-intensive process and may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. If we or our third-party vendors, collaborators, contractors and consultants fail to comply with any such laws or regulations, we may face proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant awards, fines, penalties, judgments, negative publicity and reputational damage, and may otherwise materially and adversely affect our business, financial condition and results of operations. We may not be able to respond quickly or effectively to regulatory, legislative and other developments, and these changes may in turn impair our ability to offer our existing or planned product candidates or increase our cost of doing business. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

***In conducting drug discovery and development, we face potential liabilities, in particular, product liability claims or lawsuits could cause us to incur substantial liabilities.***

We face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our drug candidates inside and outside China, subject to limited immunity that we may seek in connection with some of our product candidates. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our drug candidates;

- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- significant costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any approved drug candidate; and
- a decline in the market price of our Shares.

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover property loss due to accidents or natural disasters and adverse events in clinical trials. We do not currently maintain product liability insurance. It is possible that our liabilities may not be covered by our insurance coverage, could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations. Any litigation might result in substantial costs and diversion of resources. While we maintain liability insurance for certain clinical trials (which covers patient human clinical trial liabilities including, among others, bodily injury), this insurance may not fully cover our potential liabilities. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent the commercialization of drugs we develop, alone or with our collaborators.

***We are subject to the risks of doing business globally.***

Because we operate in China and the United States and conduct our clinical trials in these and other jurisidictions and may in the future operate in other jurisdictions, our business is subject to risks associated with doing business globally. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including: changes in a specific jurisdiction's or region's political and cultural climate or economic condition; unexpected changes in laws and regulatory requirements in local jurisdictions; difficulty of effective enforcement of contractual provisions in local jurisdictions; inadequate intellectual property protection in certain jurisdictions; enforcement of anti-corruption and anti-bribery laws, such as the FCPA; trade-protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the United States Department of Commerce and fines, penalties or suspension or revocation of export privileges; the effects of applicable local tax regimes and potentially adverse tax consequences; and significant adverse changes in local currency exchange rates.

***In addition to the risks of doing business globally, we may explore the licensing of commercialization rights or seek collaborations worldwide, which will expose us to additional risks of conducting business in additional international markets.***

Global markets are an important component of our growth strategy. Outside China, we intend to focus on opportunities in the United States and the European Union, in particular. If we fail to obtain or grant licenses or enter into collaboration arrangements with third parties in other markets, or if an existing or future third-party collaboration is not successful, our revenue-generating growth potential will be adversely affected. Moreover, international business relationships subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including:

- efforts to enter into collaboration or licensing arrangements with third parties in connection with our international sales, marketing and distribution efforts may increase our expenses or divert our management's attention from the acquisition or development of drug candidates;

- unexpected changes in laws and regulatory requirements and difficulty of effective enforcement of contractual provisions in local jurisdictions;

- inadequate intellectual property protection such as third parties obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;

- difficulty of ensuring that third-party partners do not infringe, misappropriate, or otherwise violate the patent, trade secret, or other intellectual property rights of others;

- unexpected changes in or imposition of trade restrictions, such as tariffs, sanctions or other trade controls, and similar regulatory requirements;

- economic weakness, including inflation;

- compliance with tax, employment, immigration and labor laws for employees traveling abroad;

- the effects of applicable foreign tax structures and potentially adverse tax consequences;

- currency fluctuations, which could result in increased operating expenses and reduced revenue, e.g., any appreciation of RMB against the Hong Kong and United States dollar would result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong and United States dollar denominated financial assets into RMB and any such appreciation would also make any new RMB-denominated investments or expenditures more costly to us as our proceeds from the Global Offering will be denominated in Hong Kong dollars;

- workforce uncertainty and labor unrest;

- failure of our employees and contracted third parties to comply with anti-corruption and anti-bribery laws, such as United States Department of the Treasury's Office of Foreign Assets Control rules and regulations and the United States Foreign Corrupt Practices Act of 1977, as amended, or FCPA; and

- business interruptions resulting from geo-political actions and cultural climate or economic condition, including war and acts of terrorism, natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires, or the impact of public health pandemics or epidemics (including, for example, the outbreak of COVID-19).

These and other risks may materially adversely affect our ability to procure equipment and raw material and to attain or sustain any future revenue from international markets.

***We may undertake acquisitions or joint ventures that may have a material adverse effect on our ability to manage our business and may not be successful.***

To pursue our growth strategy, we may acquire new technologies, businesses or services or enter into strategic alliances with third parties. We may not be able to identify attractive targets, and we have limited experience in acquisitions. In addition, we may not be able to successfully acquire the targets identified despite spending significant amount of time and resources on pursuing such acquisition. Furthermore, integration of an acquired company, its intellectual property or technology into our own operations is a complex, time-consuming and expensive process. The successful integration of an acquisition may require, among other

things, that we integrate and retain key management, sales and other personnel, integrate the acquired technologies or services from both an engineering and a sales and marketing perspective, integrate and support preexisting supplier, distribution and customer relationships, coordinate R&D efforts, and consolidate duplicate facilities and functions.

The geographic distance between companies, the complexity of the technologies and operations being integrated and the disparate corporate cultures being combined may increase the difficulties of integrating an acquired company or technology. In addition, it is common in our industry for competitors to attract customers and recruit key employees away from companies during the integration phase of an acquisition.

Our available cash and stock may be used for our future acquisitions, which will possibly result in significant acquisition-related charges to earnings and dilution to our Shareholders. Future acquisitions likely will present challenges and could require that our management develop expertise in new areas, manage new business relationships and attract new collaboration partners. The diversion of our management's attention and any difficulties encountered in these acquisitions could have an adverse effect on our ability to effectively manage our own business. These acquisitions and equity investments may also expose us to other potential risks, including loss of the invested amounts, inability to earn an adequate return, unforeseen liabilities, diversion of resources from our existing businesses and potential harm to relationships with employees or customers.

***Increased labor costs could slow our growth and affect our profitability.***

Our operations require a sufficient number of qualified employees. In recent years, the average labor cost in the global pharmaceutical market has been steadily increasing as the competition for qualified employees has become more intense, according to the Frost & Sullivan Report. We cannot assure you that there will be no further increase in labor cost. If there is a significant increase in our labor cost, our operations and profitability may be adversely affected.

In addition, we adopted the Pre-IPO Share Incentive Plan for the primary purpose of providing incentives and reward to employees of the Group. See Appendix IV – Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in this prospectus for more details. We will not grant any further option under the Pre-IPO Share Incentive Plan after the Listing, but we may grant more share options under the Post-IPO Share Option Scheme in the future. For the years ended December 31, 2019 and 2020, we incurred RMB3.2 million and RMB20.3 million share-based compensation for stock options granted under our Pre-IPO Share Incentive Plan, respectively. Share options granted under our existing or future share-based compensation schemes could adversely affect our net income.

***Any future litigation, legal disputes, claims or administrative proceedings against us could be costly and time-consuming to defend.***

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources. Furthermore, any litigations, legal disputes, claims or administrative proceedings that may initially not appear to be of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

Our insurance might not adequately cover claims brought against us, or at all and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification arrangement we have with our collaborators, our collaborators do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations or reputation.

***Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.***

We have established risk management and internal control systems consisting of relevant organizational frameworks, policies, procedures and risk management methods in order to manage our risk exposure, primarily including market risk, credit risk, liquidity risk, operational risk, compliance risk and legal risk, and we expect to continue to improve such risk management and internal control systems from time to time. However, our risk management and internal control systems may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated.

In addition, we will become a public company upon completion of this offering, and our internal controls will be essential to the integrity of our business and financial results. Our public reporting obligations are expected to place a strain on our management, operational and financial resources and systems in the foreseeable future. In order to address our internal controls issues and to generally enhance our internal controls and compliance environment, we have taken various measures to improve our internal controls and procedures including establishing a compliance program, adopting new policies, and providing extensive and ongoing training on our controls, procedures and policies to our employees. In addition, in preparation for this offering, we have implemented other measures to further enhance our internal controls, and plan to take steps to further improve our internal controls. If we encounter difficulties in improving our internal controls and management information systems, we may incur additional costs and management time in meeting our improvement goals. We cannot assure you that the measures taken to improve our internal controls will be effective. If we fail to maintain effective internal controls in the future, our business, financial condition, results of operation and reputation may be materially and adversely affected.

Our risk management capabilities are limited by the information, tools or technologies available to us. If our internal control system fails to detect potential risks in our business as intended, or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Effective implementation of our risk management and internal controls policies and procedures also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended, or such implementation will not be subject to human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by the relevant authorities.

***We do not own any real property and may incur substantial relocation expenses if any lease for our offices is not renewed upon its expiration or is terminated.***

We do not own any real property for our operations. As of the Latest Practicable Date, we lease an aggregate area of approximately 3,190 square meters in our Beijing, Shanghai and U.S. offices. Upon expiration of the leases, we will need to negotiate for renewal of the leases and may have to pay increased rent. We cannot assure you that we will be able to renew our leases on terms which are favorable or otherwise acceptable to us, or at all. In addition, we were not provided with a valid title certificate in respect of one of our leased properties and we may not be able to enforce the lease agreement in relation to this property. If we fail to renew any of our leases or if any of our leases are terminated or if we cannot continue to use any of our leased property, we may need to seek an alternative location and incur substantial expenses related to such relocation.

Further, as of the Latest Practicable Date, three of our lease agreements were not registered with the relevant municipal land and real estate administration department in accordance with applicable PRC laws and regulations. As registration of the lease agreement will require the cooperation of the landlord, we cannot assure you that we can complete the registration of such lease agreement in a timely manner or at all. Our PRC Legal Adviser advised us that the failure to register the lease agreements for our leased properties in the PRC will not affect the validity of these lease agreements, but if we fail to complete the registration within the prescribed time frame as required by competent municipal land and real estate administration departments in the PRC, a maximum penalty of RMB10,000 may be imposed for each non-registered lease. See the section headed "Business – Facilities".

***We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.***

We maintain clinical trial insurance policies covering bodily injury and death of patients due to material adverse effect in the clinical trial. We hold directors and officers liability insurance. We do not maintain key-person life insurance on any of our senior management or key personnel, intellectual property infringement or business interruption insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

**Risks Relating to Extensive Government Regulation**

***All material aspects of the research, development and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with existing regulations and industry standards or any adverse actions by the drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.***

All jurisdictions in which we intend to conduct our pharmaceutical-industry activities regulate these activities in great depth and detail. We intend to focus our activities on the major markets of China and the United States and ultimately expect to extend our activities to other markets, including Europe and Japan. These geopolitical areas all strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of product development and approval, manufacturing, and marketing, sales and distribution of products. However, there are differences in the regulatory regimes – some minor, some significant – that make for a more complex and costly regulatory compliance burden for a company like ours that plans to operate in each of these regions.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include a regulator's approval, refusal or withdrawal, license revocation and total or partial suspension of clinical trials, production or distribution. Failure to comply with these regulations could have a material adverse effect on our business.

In many jurisdictions or regions where a drug is intended to be ultimately sold, such as China, the United States, and Europe, the relevant government agencies and industry regulatory bodies impose high standards on the efficacy of such drug, as well as strict rules, regulations and industry standards on how drugs are developed. For example, we may need to obtain clearance from the NMPA or other regulatory authorities, as part of an Investigational New Drug, or IND, application to seek authorization to begin clinical trials, or, if clinical trial results are filed as part of a New Drug Application, we may need to submit a Biologic License

Application or other filings to seek marketing approval. As we grow we may build our manufacturing facilities, and we may be subject to scheduled or unscheduled periodic inspections of our facilities by the regulatory authorities to monitor our regulatory compliance. We cannot assure you that we will be able to pass all the inspections and obtain clearance in relation to discovery, development and manufacturing, as applicable, from the applicable regulatory authorities in all material respects. Any failure to comply with existing regulations and industry standards could result in fines or other punitive actions against us and the disqualification of data for submission to regulatory authorities, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and adversely affect our reputation and financial results.

***The regulatory approval processes of the NMPA, the FDA, European Medicines Agency and other regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain, or are substantially delayed in obtaining, regulatory approval for our drug candidates, our business will be substantially harmed.***

The time required to obtain approval by the NMPA, the FDA and other regulatory authorities is unpredictable but can take 10-15 years following the commencement of pre-clinical studies and clinical trials and depends on numerous factors, including the substantial discretion of the regulatory authorities.

While we have and may continue to leverage government sponsored and funded trials in established trial networks with hundreds of hospitals to expedite development of our drug candidates, there is no guarantee that any drug candidate that we developed will be approved for inclusion. Even if approved, a candidate could be dropped from the study, or additional studies, modifications or curtailment of our development efforts could be required. To advance our BRII-196/BRII-198 COVID-19 cocktail therapy we are participating in the NIH/NIAID sponsored ACTIV-2 Phase 2/3 clinical trial for patients with mild to moderate COVID-19 and previously participated in the ACTIV-3 Phase 2/3 clinical trial for hospitalized COVID-19 patients. In March 2021, patient enrolment for ACTIV-3 was terminated based on interim data which failed to demonstrate added benefit above standard of care. No safety issues were identified.

We may seek EUAs by the FDA to provide more timely access to one or more of our drug candidates. EUA is available during a public health emergency, such as the COVID-19 pandemic, and involves an expedited review of potential treatments for indications for which there are no adequate, approved and available options. The FDA may not grant an EUA to any of our drug candidates and, even if approved, we would still need to pursue a traditional path to approval. An EUA grant terminates upon a declaration that the circumstances precipitating the emergency have ceased. We may also seek conditional approval from major regulatory bodies outside the United States, for example in Europe or Japan, specifically if one or more

of our drug candidates show promise of addressing life-threatening or seriously debilitating conditions. There is no guarantee any of our drug candidates would receive such approval, and if approved, our therapy could still face subsequent withdrawal from the market.

Our drug candidates could fail to receive regulatory approval for many reasons, including:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a drug candidate is safe and effective or, if it is a biologic, that it is safe, pure, and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from pre-clinical studies or clinical trials;
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval or require us to amend our clinical trial protocols;
- regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our drug candidates or other products;
- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and
- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

The NMPA, the FDA or another regulatory authority may require more information, including additional pre-clinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the R&D program.

Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial.

If we experience delays in the completion of, or the termination of, a clinical trial of any of our drug candidates, the commercial prospects of that drug candidate will be harmed, and our ability to generate product sales revenues from any of those drug candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates.

***Our failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.***

Pursuant to relevant laws and regulations, we are required to obtain and maintain various approvals, licenses, permits and certificates from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities causing operations to cease, and may include corrective measures requiring capital expenditure or remedial actions, which in the future could materially and adversely affect our business, financial condition and results of operations. There is also no assurance that the relevant authorities would not take any enforcement action against us. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted.

Furthermore, if the interpretation or implementation of existing laws and regulations changes, or new laws or regulations come into effect, requiring us to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses, we cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

***Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform and compliance with new regulations may result in additional costs and potential loss of partnership and collaboration opportunities.***

The drug market is heavily regulated globally, including in China and the United States. Changes such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures, which will lower the entry barrier for potential competitors, or an increase in regulatory requirements, which may increase the difficulty and the costs for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects. In particular, under current Chinese regulatory requirements, except for a small amount of urgent clinical needed drugs that may be imported in certain pilot areas upon approval of certain provincial authorities, to introduce a drug approved overseas to the China market, the drug must either be registered as an imported drug or repeat the development process in China and be manufactured in China. By engaging us, foreign pharmaceutical or biopharmaceutical companies will be able to conduct parallel drug R&D in China for both China and overseas markets simultaneously, thereby substantially reducing the time and cost required to introduce drugs to the China market. If China, the United States or other jurisdictions in which we conduct activity ever streamlines, expedites or simplifies such regulatory procedures, foreign pharmaceutical or biopharmaceutical companies' demand for collaboration partners like us may decrease, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

***Changes to U.S. foreign investment and export control laws and regulations may restrict our ability to undertake acquisitions, or acquire technologies and assets in the United States that are material to our commercial success.***

Foreign investments in U.S. companies and exports of technology and technical data subject to United States jurisdiction (including disclosures of technology and technical data to foreign persons in the United States) are potentially subject to restrictions under U.S. laws and regulations. Under the applicable U.S. legal framework, the Committee on Foreign Investment in the United States, or CFIUS, is authorized to review certain foreign investments in the United States to determine whether they present risks to U.S. national security, and to impose restrictions on or to block such investments. The United States continues to identify "emerging" and "foundational" technologies, which will impose additional export controls on items so identified, and may include biotechnologies. In turn, "emerging" and "foundational" technologies are deemed "critical technologies" under the CFIUS regulations.

The U.S. foreign investment and export control laws and regulations may restrict our ability to invest in United States entities and limit opportunities to acquire U.S.-origin technologies that are material to our business operations. Such laws and regulations may further expand in scope in the future and place additional limitations on strategic collaborations with our current United States partners, and could detrimentally affect our capacity to acquire foreign assets in the United States that may be material to our commercial success.

***Any of our future approved drug candidates will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expense, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our drug candidates.***

Any of our future approved drug candidates will be subject to ongoing or additional regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including requirements of regulatory authorities in China, the United States (including federal and state) and other jurisdictions.

Manufacturers and manufacturers' facilities are required to comply with extensive NMPA, FDA and other regulatory authority requirements ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, our CMOs, CDMOs and we will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any New Drug Application, or NDA, other marketing application, and previous responses to any inspection observations, particularly if we were to build manufacturing facilities in the future. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any approvals that we receive for our drug candidates may be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, which could adversely affect the drug's commercial potential or contain requirements for potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of the drug candidate. The NMPA, the FDA or other regulatory authority may also require a risk evaluation mitigation strategy program as a condition of approval of our drug candidates or following approval. In addition, if the NMPA, the FDA or other regulatory authority approves our drug candidates, we will have to comply with requirements, including, for example, submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP and good clinical practice, or GCP, for any clinical trials that we conduct post-approval.

The NMPA, the FDA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA, the FDA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses unless expressly authorized, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

In addition, it is possible that there could be a subsequent discovery of previously unknown problems with the drug, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to any of our drug candidates, it may result in, among other things:

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;
- fines, warning letters or holds on clinical trials;
- regulatory refusal to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug license approvals;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties being imposed on us.

Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity.

***If safety, efficacy, or other issues arise with any medical product used in combination with or to facilitate the use of our drug candidates, we may be unable to market such drug candidate or may experience significant regulatory delays, harm to our reputation or potential liability claims.***

We intend to develop BRII-179 and BRII-835 for the functional cure of HBV, and BRII-778 and BRII-732 for HIV and BRII-196 and BRII 198 for COVID-19, individually and as combination therapies, and may seek approval of other, or future, drug candidates for use in combination with other therapies. This strategy depends on the safety and efficacy of each component drug within each combination therapy. For example, BRII-179 is a novel, recombinant protein-based immunotherapeutic vaccine designed to bolster the body's immune system against HBV and BRII-835 (siRNA) is an HBV-targeting siRNA designed to inhibit the production of all HBV proteins, particularly HBsAg (HBV's surface antigen), and has the potential to act as a viral knockdown to remove the inhibition of the body's immune system directed against HBV. While monotherapy with each of these agents may provide a functional cure in some patients, we believe that the synergistic combination of HBV-specific B-Cell and T-cell vaccine (BRII-179) and HBV-targeting siRNA (BRII-835) may provide a unique and highly effective treatment option with the potential to achieve a higher rate of functional cure for chronic hepatitis B. In connection with the development of a combination therapy we may need to file a new IND which could slow the development of a combination therapy. If the NMPA, the FDA or other regulatory agency revokes or denies its approval of a component therapeutic, in either the clinical design, clinical administration, therapy approval or commercialization stage, we will be forced to terminate or redesign the clinical trials, experience significant regulatory delays or stop our commercialization efforts.

Even if any product candidate we develop were to receive marketing approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risks that the NMPA, the FDA or other regulatory authorities could revoke approval of the therapy used in combination with our product candidate. There is also a risk that safety, efficacy, manufacturing or supply issues could arise with these other existing therapies. This could result in our own products being removed from the market or being less successful commercially.

In addition, if our drug candidates cause injury or death or are found to be otherwise unsuitable, our reputation may be damaged and we may face substantial liabilities related to product or other liability claims. For details, see the risk factors entitled "Risks Relating To Our Operations – Our reputation is key to our business success" and "Risks Relating To Our Operations – In conducting drug discovery and development, we face potential liabilities."

***Adverse drug reactions and negative results from off-label use of our products could materially harm our business reputation, product brand name, financial condition and expose us to liability.***

Products distributed or sold in the biopharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. Even though the NMPA, the FDA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that our product is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our products less effective or entirely ineffective and may cause adverse drug reactions. Any of these occurrences can create negative publicity and significantly harm our business reputation, product brand name, commercial operations and financial condition, including the Company's share price. These occurrences may also expose us to liability and cause, or lead to, a delay in the progress of our clinical trials and may also ultimately result in failure to obtain regulatory approval for our drug candidates.

***If we participate in compassionate use programs, current regulatory discrepancies among competent authorities of different jurisdictions may lead to increased risk of adverse drug reaction and serious adverse events being produced from the use of our products.***

We may seek to obtain approval of our BRII-778 and BRII-732 for compassionate use in the United States Compassionate use programs are regulatory programs that facilitate access to investigational drugs for the treatment of patients with serious or immediately life-threatening diseases or conditions that lack therapeutic alternatives. Currently, there is no unified approach or standard practice to regulate compassionate use programs amongst competent authorities in different jurisdictions for access to investigational drugs. In China, currently there is no officially approved regulation to oversee compassionate use programs. In the United States, compassionate use program is limited to patients that have life-threatening disease or serious disease or condition to gain access to an investigational medical product for treatment outside of clinical trials when no comparable or satisfactory alternative therapy options are available.

The regulatory discrepancy for compassionate use programs among competent authorities in different jurisdictions may lead to uneven patient entry criteria and protocols for such compassionate use programs. This may create increased risk of serious adverse events because of enrolled patients' advanced disease or comorbidities. In addition, because the products in compassionate use programs are investigational drugs, many of which are still in experimental stages and have not yet received marketed approval, patients in compassionate use programs may exhibit adverse drug reactions from using these products. If we participate in compassionate use programs, we may be subject to the risk of enrolled patients exhibiting adverse drug reactions or serious adverse events arising from the use of our products. These occurrences can potentially lead to clinical holds of our ongoing clinical trials or complicate the determination of the safety profile of a drug candidate under regulatory review for commercial marketing.

***The illegal and/or parallel imports and counterfeit biopharmaceutical products may reduce demand for our future approved drug candidates and could have a negative impact on our reputation and business.***

The illegal importation of competing products from jurisdictions where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drug candidates and, in turn, may adversely affect our sales and profitability in China, the United States and other jurisdictions where we commercialize our products. Unapproved imports of prescription drugs are illegal under current laws of China and the United States. However, illegal imports may continue to occur or even increase as the ability of patients to obtain these lower priced imports continues to grow. Furthermore, cross-border imports from lower-priced markets (parallel imports) into higher-priced markets could harm sales of our future drug products and exert commercial pressure on pricing within one or more markets. In addition, competent government authorities may expand consumers' ability to import lower priced versions of our future approved products, or competing products, from outside China, the United States or other jurisdictions where we operate. Any future legislation or regulations that increase consumer access to lower priced medicines from outside China, the United States or other jurisdictions where we operate could have a material adverse effect on our business.

Certain products distributed or sold in the biopharmaceutical market may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit biopharmaceutical products. The counterfeit biopharmaceutical product control and enforcement system, particularly in emerging markets such as China, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit biopharmaceutical products imitating our products. Since counterfeit biopharmaceutical products in many cases have very similar appearances compared with the authentic biopharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our future approved drug candidates. Our reputation and business could suffer harm as a result of counterfeit biopharmaceutical products sold under our or our collaborators' brand name(s). In addition, thefts of inventory at warehouses, plants or while in-transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

***A change in the application of the tax laws of various jurisdictions could result in an increase to our worldwide effective tax rate and a change in how we operate our business.***

We may fail to achieve tax efficiencies for our global operation and business activities. The application of the tax laws of various jurisdictions, including China, the United States, and the Cayman Islands, to our international business activities is subject to interpretation and depends on our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. However, in light of the complex tax regulatory environment and the ambiguity in international coordination in the context of digital economy, the taxing authorities of the jurisdictions in which we operate may challenge our methodologies for our intercompany arrangements, or determine that the manner in which we operate our business is not consistent with the manner in which we report our income to the jurisdictions, which could increase our overall effective tax rate or subject us to administrative penalties. Should any of the foregoing events occur, our financial position and results of operations will be materially and adversely affected.

**Risks Relating to Our Intellectual Property Rights**

***The implementation of rules regarding the drug patent extension in the PRC remains uncertain.***

The fourth Amendments to the PRC Patent Law (《中華人民共和國專利法修正案》) was adopted on October 17, 2020 and took effect on June 1, 2021 provides a patent term extension and patent term adjustment. Patent term extension of up to five years is available to invention patents claiming new drugs, to compensate for the time spent during regulatory process. Patent term adjustment is available to all invention patents, to compensate unreasonable delays caused by patent office during the patent examination procedures. The Proposed Amendments to Implementing Rules of the Patent Law of the People's Republic of China (Draft) (《專利法實施細則修改建議(徵求意見稿)》) was published by the China National Intellectual Property Administration (CNIPA) on November 27, 2020, and proposed detailed implementation rules for patent term extension and adjustment, including for example, the eligible type of patents, requirements for the application for patent term extension and adjustment, how to calculate the extension, and limitations during the extended patent term. However, the implementing rules for the drug patent extension system have not yet been finalized or adopted, and therefore the implementation, interpretation and enforcement of laws and regulations regarding the patent extension system remain uncertain. As a result, the patents we have in-licensed or own in the PRC may not be eligible to be extended for patent term lost during the regulatory review process under the forthcoming drug patent extension system. If we are unable to obtain patent term extension or term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration thereby shortening the potential window we have to maximize the value of our sole product, and our business, financial condition, results of operations, and prospects could be materially harmed.

***The implementation of patent linkage, patent term extension and data and market exclusivity for pharmaceutical products in China and the United States, as applicable, remain uncertain and could increase the risk of early generic competition with our products in China.***

In China, the fourth Amendments to the PRC Patent Law, effective from June 1, 2021, provides a patent linkage system, pursuant to which the patent holder or a party of interest can file a lawsuit against certain follow-on applicant for drug patent disputes, in particular, for judgment of whether the drug candidate in the follow-on application would fall into the scope of the drug patent. The NMPA will decide whether to stay approval of such follow-on applications, on the basis of such a court judgment, if made and took effect within certain time period. Certain detailed implementation rules and interpretation rules for patent linkage are published for solicitation of public comments, including Measures for the Implementation of Early Resolution Mechanisms for Drug Patent Disputes (Trial) (Draft for Solicitation of Comments) (《藥品專利糾紛早期解決機制實施辦法(徵求意見稿)》) published by the NMPA and the CNIPA on September 11, 2020, and Provisions on Several Issues Concerning the Application of Law in the Trial of Patent Civil Cases Involving Drug Marketing Review and Approval of Patent (Draft for Solicitation of Comments) (《關於審理涉藥品上市審評審批專利民事案件適用法律若干問題的規定(徵求意見稿)》) published by Supreme People's Court on October 29, 2020. However, the implementing rules for the patent linkage system have not yet been adopted and therefore the implementation, interpretation and enforcement of laws and regulations regarding the patent linkage system remain uncertain in China.

In China, there is no currently effective law or regulation providing data exclusivity (referred to as regulatory data protection). Although Implementation Rules for Drug Regulatory Data Protection (Trial) (Draft for Solicitation of Comments) was published by the NMPA on April 25, 2018, no updates progress have been reported on this legislation.

In view of the uncertainty in the implementation rules in patent term extension and patent linkage, and also in view of the lack of effective law or regulation providing regulatory data protection, a lower-cost generic drug can emerge onto the market much more quickly. These factors result in weaker protection for us against generic competition in China than could be available to us in the United States. For instance, it remains unclear whether the patents we have in China would be eligible to be extended for patent term lost during clinical trials and the regulatory review process, and currently no regulatory data protection is available to us to extend exclusivity of our drug products. If we are unable to obtain patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and prospects could be materially harmed.

In the United States, the Federal Food Drug and Cosmetic Act, as amended by the law generally referred to as "Hatch-Waxman," provides the opportunity for patent-term restoration that provides a patent term extension of up to five years to reflect patent term lost during certain portions of product development and the FDA regulatory review process. Hatch-Waxman also has a process for patent linkage, pursuant to which the FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on

applicant and the patent holder or licensee, generally for a period of 30 months. Finally, Hatch-Waxman provides for statutory exclusivities that can prevent submission or approval of certain follow-on marketing applications. For example, federal law provides a five-year period of exclusivity within the United States to the first applicant to obtain approval of a new chemical entity (as defined) and three years of exclusivity protecting certain innovations to previously approved active ingredients where the applicant was required to conduct new clinical investigations to obtain approval for the modification. These provisions, designed to promote innovation, can prevent competing products from entering the market for a certain period of time after the FDA grants marketing approval for the innovative product.

Depending upon the timing, duration and specifics of any FDA marketing approval process for any drug candidates we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under Hatch-Waxman. Hatch-Waxman permits a patent extension term of up to five years as compensation for patent term lost during clinical trials and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request.

***Our in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings. If we or our licensors are unsuccessful in any of these proceedings, we may be required to obtain licenses from third parties, which may not be available on commercially reasonable terms or at all, or to cease the development, manufacture, and commercialization of one or more of the drug candidates we may develop, which could have a material adverse impact on our business.***

We or our licensors may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed patents or other intellectual property. If we or our licensors are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more patents owned or licensed or our owned or licensed patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we or our licensors are unsuccessful in any inventorship disputes to which we or they are subject, we may lose valuable intellectual property rights, such as exclusive ownership of, or the exclusive right to use, our owned or in-licensed patents. If we or our licensors are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may

need to cease the development, manufacture, and commercialization of one or more of our drug candidates. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical drug products. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations, or prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

***We may not be able to protect our intellectual property rights throughout the world or prevent unfair competition by third parties.***

Filing, prosecuting, maintaining and defending patents on drug candidates in all jurisdictions throughout the world could be prohibitively expensive for us, and our intellectual property rights in some non-U.S. jurisdictions can have a different scope and strength than do those in the United States. In addition, the laws of certain non-U.S. jurisdictions do not protect intellectual property rights to the same extent as the laws of the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all jurisdictions outside the United States, or from selling or importing drugs made using our inventions in and into the United States or non-U.S. jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to non-U.S. jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in the United States. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

We currently have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business.

Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase. Our registered and unregistered trademarks or trade names are valuable assets and may be challenged, infringed, circumvented or declared generic or determined to infringe third-party marks. We may not be able to protect our rights to these trademarks and trade names, which may be necessary to build name recognition among potential collaborators or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. We may license our trademarks and trade names to third parties, such as distributors. Though these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and trade names

by our licensees could jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names. Our efforts to enforce or protect our proprietary rights related to trademarks, trade names, trade secrets, domain names, copyrights or other intellectual property may be ineffective and substantial costs and diversion of resources could adversely affect our competitive position, business, financial condition, results of operations and prospects.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain jurisdictions, including China. The legal systems of some jurisdictions do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to biopharmaceutical products, which could make it difficult in those jurisdictions for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us.

We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. For example, if COVID-19 is considered as a national emergency that warrants compulsory license, we may be compelled to license our patents covering our COVID-19 products to third parties. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we, or any of our licensors, are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

As a result, we may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Patent rights relating to our drug candidates could be found invalid or unenforceable if challenged in court or before the USPTO or comparable non-U.S. authority.

***Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.***

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the USPTO and other patent agencies in several stages over the lifetime of a patent. In certain circumstances, we rely on our licensing partners to pay these fees due to the USPTO and non-U.S. patent agencies. The USPTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. We are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

***Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates.***

We cannot predict whether the patent applications we, or our licensors, are currently pursuing, and may pursue in the future, (i) will issue, (ii) the jurisdiction(s) in which they will issue, or be granted or (iii) whether the claims of any future issued patents will provide sufficient protection from competitors.

Recently enacted United States laws have changed the procedures through which patents may be obtained and by which the validity of patents may be challenged. For example, in addition to the "first-to-file" system summarized above, the Leahy-Smith America Invents Act, or the America Invents Act, enacted in September 2011, includes a number of significant changes that affect the way patent applications will be prosecuted and may also affect patent litigation. These changes include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO-administered post-grant proceedings, including post-grant review and *inter partes* review. The America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of patents that may issue from our pending patent applications, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Recent U.S. Supreme Court rulings have also changed the law surrounding patent eligibility and narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we might obtain in the future. There could be similar changes in the laws of foreign jurisdictions that may impact the value of our patent rights or our other intellectual property rights.

In addition, we cannot be certain that issued or granted patents will not later be found to be invalid or unenforceable or that the coverage claimed will not be significantly reduced before the patent is issued and/or reinterpreted after issuance. For example, we, or our licensors, may be subject to a third-party pre-issuance submission of prior art to the United States Patent and Trademark Office, or USPTO, or the China National Intellectual Property Administration, or become involved in opposition, derivation, revocation, re-examination, invalidation, post-grant review, *inter partes* review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others.

An adverse determination regarding the scope or validity of our patent rights in any of these proceedings could allow third parties to commercialize our technology or drug candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialize drug candidates without infringing, misappropriating or otherwise violating third-party patent rights.

***If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property.***

In addition to our pending patent applications, we rely on trade secret and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect this trade secret and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, consultants, and advisors, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants, and advisors, including each member of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, and furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel and could have a material adverse effect on our business, financial condition, results of operations, and prospects.

***We may not be successful in obtaining or maintaining necessary rights for our development pipeline through acquisitions and in-licenses.***

Because our R&D programs may involve additional drug candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire and maintain licenses or other rights to use these proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, or other intellectual property rights from third parties that we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights

to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant R&D program or drug candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

***Intellectual property rights do not necessarily address all potential threats.***

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to any drug candidates we may develop or utilize similar technology that are not covered by the claims of the patents that we own or license now or in the future;

- we, or our license partners or current or future collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;

- we, or our license partners or current or future collaborators, might not have been the first to file patent applications covering certain of our or their inventions;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our owned or licensed intellectual property rights;

- it is possible that our pending in-licensed or internally developed patent applications or those that we may own in the future will not lead to issued patents;

- patents that may be issued from our pending patent applications that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors;

- our competitors might conduct R&D activities in jurisdictions where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may not develop additional proprietary technologies that are patentable;

- the patents of others may harm our business; and

- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

***If we are found to have violated laws protecting the confidentiality of patients and other covered information, we could be subject to civil or criminal penalties, which could increase our liabilities, damage our reputation and harm our business.***

We may be subject to patient privacy regulation by governments in the jurisdictions in which we conduct our business. There are numerous laws in the jurisdictions in which we operate that protect the confidentiality of individually identifiable patient health information, including patient records, and restricting the use and disclosure of that protected information. Local and international laws and regulations can expose us to enforcement actions and investigations by regulatory authorities and potentially result in regulatory penalties and significant legal liability, if our information security efforts fail. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance.

For example, regulatory authorities in China have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, China's Cyber Security Law, which became effective in June 2017, created China's first national-level data protection for "network operators," which may include all organizations in China that provide services over the internet or another information network. Numerous regulations, guidelines and other measures are expected to be adopted under the umbrella of the Cyber Security Law. Drafts of some of these measures have now been published, including the draft Measures for the Security Evaluation on Cross-Border Transfers of Personal Information (《個人信息出境安全評估辦法(徵求意見稿)》) published by the Cyberspace Administration of China in 2019, which may, upon enactment, require security review before transferring personal information collected in China out of China. In addition, certain industry-specific laws and regulations affect the collection and transfer of personal data in China.

There are also numerous U.S. federal and state laws and regulations related to the privacy and security of personal information. In particular, regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") establish privacy and security standards that limit the use and disclosure of individually identifiable health information (known as "protected health information") and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. Additionally, the Gramm-Leach-Bliley Act of 1999 (along with its implementing regulations) (the "GLBA") restricts certain collection, processing, storage, use and disclosure by covered companies of certain personal information, requires notice to individuals of privacy practices and provides individuals with certain rights to prevent the use and disclosure of certain non-public or otherwise legally protected information. The GLBA also imposes requirements regarding the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. In addition, many

U.S. states have laws that protect the privacy and security of sensitive and personal information. Certain U.S. state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal, international or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, the California Consumer Privacy Act of 2018 (the "CCPA"), which went into effect on January 1, 2020, imposes stringent data privacy and security requirements and obligations with respect to the personal information of California residents and households. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information that may increase the likelihood of, and risks associated with, data breach litigation. The CCPA was amended in September 2018 and November 2019, and it is possible that further amendments will be enacted. It remains unclear how various provisions of the CCPA will be interpreted and enforced and multiple states have enacted or are expected to enact similar laws. State laws are changing rapidly and there is discussion in Congress of a new federal data protection and privacy law to which we may be subject.

Determining whether protected information has been handled in compliance with applicable privacy and other standards and our contractual obligations can require complex factual and statistical analyses and may be subject to changing interpretation. Any mishandling, access, breach or loss of information could result in legal claims or proceedings, reputational harm and liability under the laws that protect information, which could have a material adverse effect on our business, financial condition and results of operations.

**Risks Relating to Our Reliance on Third Parties**

***We expect to rely on third parties to manufacture or import our clinical and commercial drug supplies. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.***

We do not have the capability to manufacture any drug candidates. We expect to use third parties for our manufacturing process and we currently use third parties for the clinical supply of our drug candidates. Reliance on third-party manufacturers exposes us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the NMPA, the FDA or other regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates. This evaluation would require new testing and cGMP-compliance inspections by the NMPA, the FDA or other regulatory authorities;

- our third-party manufacturers might be unable to timely manufacture our drug candidates or produce the quantity and quality required to meet our clinical and commercial needs, if any;

- our third-party manufactures might be unable to export our drug candidates to clinical sites due to export restrictions, including sanctions, particularly if the manufacturing facilities are in China;

- manufacturers are subject to ongoing periodic unannounced inspection by the NMPA, the FDA and, if applicable, other regulatory authorities, as well as corresponding provincial or state agencies in China, the United States and other jurisdictions to ensure strict compliance with applicable regulations and by other comparable regulatory authorities for corresponding non-U.S. requirements. We do not have control over third-party manufacturers' compliance with these regulations and requirements;

- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our drug candidates;

- manufacturers may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- manufacturers may infringe, misappropriate, or otherwise violate the patent, trade secret, or other intellectual property rights of third parties;

- manufacturers may terminate or may not renew our manufacturing agreement in a manner or at a time that is costly or damaging to us, including due to the time and expense related to transferring information to a replacement;

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects; and

- our contract manufacturers and critical reagent suppliers may be subject to inclement weather, pandemics such as the COVID-19 pandemic, as well as natural or man-made disasters.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, result in higher costs or adversely impact commercialization of our future approved drug candidates. In addition, we will rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on our Company until deficiencies are remedied.

We currently rely on CMOs/CDMOs in China and the United States for BRII-196 and BRII-198 clinical trials, and likely will continue to rely on those CMOs/CDMOs as well as CMOs/CDMOs of our collaboration and license counterparties in the future. CMOs/CDMOs may be subject to trade restrictions and other foreign regulatory requirements which could increase the cost or reduce the supply of material available to us, or delay the procurement of such material. Additionally, the biopharmaceutical industry in China is strictly regulated by the Chinese government. Changes to Chinese regulations affecting biopharmaceutical companies are unpredictable and may have a material adverse effect on our partnerships with CMOs/CDMOs in China.

Manufacturers of drug and biological products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error, availability of qualified personnel, as well as compliance with strictly enforced federal, state and non-U.S. regulations. Furthermore, if contaminants are discovered in our supply of our drug candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability failures or other issues relating to the manufacture of our drug candidates will not occur in the future, either relating to our third-party CMOs and CDMOs, manufacturing capacity of our direct or indirect collaboration or license counterparties, or the manufacturing facilities of our direct or indirect collaboration or license counterparties or any future manufacturing facilities we plan to build. Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes, unstable political environments or governmental orders. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any future approved drug candidates for commercial sale and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the provision of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

We also intend to rely on third-party manufacturers to supply us with sufficient quantities of our product candidates to be used, if approved, for government stockpile sales or government contract sales. If we are not able to meet demand for any approved product or if we are not able to produce supply at low enough costs, it would negatively impact our ability to generate revenue, harm our reputation, and could have an adverse effect on our business, financial condition, results of operations and prospects.

***We rely on supplies from third parties, which may severely harm our business and results of operations.***

We currently source key materials from third parties, either directly through agreements with suppliers or indirectly through our manufacturers who have agreements with suppliers, as well as through our collaborators. Any significant disruption in our potential supplier relationships, whether due to price hikes, manufacturing or supply related issues, could harm our business. We anticipate that, in the near term, all key materials will be sourced through third parties.

Single source suppliers for our product supplies may not remain in business or they may be purchased by one of our competitors or another company that is not interested in continuing to produce these supplies for our intended purpose or that of our collaborators who have sourced these suppliers. For example, we rely on a single source supplier of siRNA for our BRII-835 product candidate, through our collaboration with Vir and their license agreement with Alnylam. In addition, the lead time needed to establish a relationship with a new supplier can be lengthy and we may experience delays in meeting demand in the event we must switch to a new supplier. The time and effort to qualify a new supplier could result in additional costs, diversion of resources or reduced manufacturing yields, any of which would negatively impact our operating results.

There are a small number of suppliers for certain capital equipment and key materials that are used by our CMOs, CDMOs and other collaborators to manufacture some of our potential products or drug candidates. Such suppliers may not sell these key materials to us or our manufacturers at the times we need them or on commercially reasonable terms. We currently do not have any agreements for the commercial production of these key materials. Any significant delay in the supply of a product or drug candidate or its key materials for an ongoing clinical study could considerably delay completion of our clinical studies, product or drug testing and potential regulatory approval of our products or drug candidates. If we or our manufacturers are unable to purchase these key materials after regulatory approval has been obtained for our drug candidates, the commercialization of our drug candidates could be delayed or there could be a shortage in supply, which would impair our ability to generate revenues from sale of any of our drug candidates.

***If third-party manufacturers fail to comply with manufacturing regulations, our financial results and financial condition will be adversely affected.***

Before a third party can begin commercial manufacture of our drug candidates and potential drugs, contract manufacturers are subject to regulatory inspections of their manufacturing facilities, processes and quality systems. Due to the complexity of the processes used to manufacture our drug candidates, any potential third-party manufacturer may be unable to initially pass federal, state or international regulatory inspections in a cost effective manner in order for us to obtain regulatory approval of our drug candidates. If our contract manufacturers do not pass their inspections by the NMPA, the FDA or other regulatory authorities, our commercial supply of drug product or substance will be significantly delayed and may result in significant additional costs, including the delay or denial of any marketing

application for our drug candidates. In addition, drug manufacturing facilities are continuously subject to inspection by the NMPA, the FDA, and other regulatory authorities, before and after drug approval, and must comply with cGMPs. In addition, contract manufacturers' failure to achieve and maintain high manufacturing standards in accordance with applicable regulatory requirements, or the incidence of manufacturing errors, could result in patient injury, product liability claims, product shortages, product recalls or withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that could seriously harm our business. If a third-party manufacturer with whom we contract is unable to comply with manufacturing regulations, we may also be subject to fines, unanticipated compliance expenses, recall or seizure of our drugs, product liability claims, total or partial suspension of production and/or enforcement actions, including injunctions, and criminal or civil prosecution. These possible sanctions could materially adversely affect our financial results and financial condition.

Furthermore, changes in the manufacturing process or procedure, including a change in the location where the product is manufactured or a change of a third-party manufacturer, could require prior review by the NMPA, the FDA or other regulatory authorities and/or approval of the manufacturing process and procedures in accordance with the NMPA, the FDA regulations or comparable requirements. This review may be costly and time consuming and could delay or prevent the launch of a product. The new facility will also be subject to pre-approval inspection. In addition, we have to demonstrate that the product made at the new facility is equivalent to the product made at the former facility by physical and chemical methods, which are costly and time consuming. It is also possible that the NMPA, the FDA or other regulatory authorities may require clinical testing as a way to prove equivalency, which would result in additional costs and delay.

***We have entered into collaborations, partnerships and licensing agreements, and may form or seek other collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.***

We have entered into agreements with VBI, Vir, Opex, Tsinghua University and Columbia University, among others, and to pursue several collaborations and joint ventures. We carefully select our partners and products in order to collaborate and align interests and leverage each other's capabilities and infrastructure to develop significant products and bring novel therapies to patients in an efficient and cost-effective manner.

For example, pursuant to our license agreement with Vir, we have been granted, with respect to up to four of Vir's programs, an exclusive option to obtain exclusive rights to develop and commercialize compounds and products arising from certain programs in Greater China for the treatment, palliation, diagnosis, prevention or cure of acute and chronic diseases of infectious pathogen origin or hosted by pathogen infection. Vir has a similar right with respect to our R&D programs. In June 2020, we exercised our option to license BRII-835 from Vir pursuant to the Vir License Agreement. However, we cannot be certain that, following such exercise or future exercise of any option by Vir or by us, we will achieve any benefits from this collaboration or any of our other collaborations.

We plan to continue to explore collaborative licensing arrangements to acquire or in-license additional technologies or product candidates for the treatment and prevention of serious infectious diseases and other illnesses with significant public health burdens. As a result, we intend to periodically explore a variety of possible strategic collaborations or licenses in an effort to gain access to additional product candidates, technologies or resources. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing Shareholders, or disrupt our management and business.

At this time, we cannot predict what form such strategic collaborations or licenses might take in the future. We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates, because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with additional third parties for development and commercialization of a drug candidate, we can expect to relinquish some or all of the control over the future success of that drug candidate to such third parties. For any drug candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biotechnology companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

Further, collaborations involving our drug candidates are subject to numerous risks, which may include the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;

- collaborators may not pursue development and commercialization of our drug candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus due to the acquisition of competitive drugs, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a drug candidate, repeat or conduct new clinical trials, or require a new formulation of a drug candidate for clinical testing;

- collaborators could independently develop, or develop with third parties, drugs that compete directly or indirectly with our drug candidates;

- a collaborator with marketing and distribution rights to one or more of our drug candidates may not commit sufficient resources to their marketing and distribution;

- collaborators may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our drug candidates, or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable drug candidates; and

- collaborators may own or co-own intellectual property covering our drug candidates that results from our collaborating with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property.

As a result, we may not be able to realize the benefit of or choose to exercise any options under current or future collaborations, strategic partnerships or the license of our third-party drugs if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay our R&D program or one or more of our other R&D programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

***We incurred net liabilities during the Track Record Period, and may continue to have net liabilities going forward, which can expose us to liquidity risk.***

As of December 31, 2019 and December 31, 2020, we had net liabilities of RMB612.8 million and RMB1,742.7 million, respectively. Our deficit position was in part due to the accounting treatment for our Preferred Shares, which are classified as financial liabilities measured at FVTPL. The Preferred Shares will automatically convert into Shares upon Listing, at which time we expect to record them as equity and, accordingly, turn into a net asset

position. Please refer to the section headed "Financial Information" and note 26 to the Accountants' Report set out in Appendix I in this prospectus for further details of our convertible Preferred Shares during the Track Record Period. We cannot guarantee that we will not incur net liabilities in the future. If we are to record net liabilities again, it will affect our liquidity, as well as our ability to raise funds, obtain bank loans and pay debts when they become due and declare and pay dividends.

***Our investments, including short-term investments and investments relating to our licensing agreements, are subject to risks that could result in losses.***

As of the Latest Practicable Date, we had over RMB1,490 million in cash and cash equivalents. We intend to invest our cash and the offering proceeds from the Global Offering in ongoing and planned clinical trials, preparation for registration filings, milestone payments and other steps and activities related to commercialization for BRII-179, including ongoing and planned clinical trials, and additional ongoing and planned clinical trials and the preparation for registration filings for BRII-835, among other things, and we may experience losses in connection with these investments. Also, in connection our various intellectual property licensing arrangements, we have made investments in four licensing counterparties (i.e., the company from whom we obtained Greater China license rights). We usually do not take a board seat or seek board observer rights and we generally limit the size of our investment to less than 10% of the investee's outstanding shares. As of the Latest Practicable Date, the amount so invested totaled US$17.6 million and as of December 31, 2020 the fair value of the investments at FVTPL and FVTOCI reflected on our consolidated statements of financial position was RMB116.5 million. These investments are risky. We may not realize the intended benefits of these investments, our equity interest is subject to dilution if or when an investee raises additional equity capital and we may lose the full amount of our investment, which would have a material adverse effect on our business, financial condition and results of operations.

***A significant portion of our assets is denominated in foreign currencies which can expose us to foreign exchange losses or result in foreign exchange gains.***

Certain of our cash and cash equivalents, time deposits, other receivables, debt instruments are measured at FVTOCI, with other investments classified as financial assets measured at FVTPL. These assets and other payables are denominated in foreign currencies such as USD, and are exposed to foreign currency risk. We have incurred net foreign exchange gains of RMB3.1 million and losses of RMB7.0 million for the years ended December 31, 2019 and 2020, respectively. See note 8 in the Accountants' Report set out in Appendix I. We currently do not have a hedging policy, and the occurrence of any of future currency exchange rate fluctuations could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may experience other comprehensive gains and losses as a result of fluctuations in foreign currency exchange rates in the translation of our financial position.***

The functional currency of our Company and our U.S. subsidiary is the U.S. dollars. The functional currency of our PRC operating subsidiaries is RMB. The presentation currency for our financial information and statements is RMB as it best suits shareholder and investor needs. Translation of PRC operating company financial information to U.S. dollars for group consolidation may result in gains or losses with respect to the prevailing foreign currency exchange rates of RMB and U.S. dollars during the period. During 2019, the overall strengthening of U.S. dollars against RMB resulted in other comprehensive income of RMB3.1 million arising from the translation of foreign operations and expense of RMB13.9 million on translation to presentation currency. During 2020, the overall weakening of the U.S. dollars against RMB resulted in other comprehensive expense of RMB70.6 million arising from the translation of foreign operations and income of RMB159.3 million on translation to presentation currency.

***We may be or become classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors in the Offer Shares.***

Based on current estimates of our gross income, gross assets, the manner in which we conduct business and our expectation for the manner in which such activities will be conducted in the future, we do not believe that we should be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for the taxable year 2021. A non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (after taking into account the income and assets of subsidiaries in which it owns at least a 25% interest by value), (i) at least 75% of its gross income is "passive" income, such as interest and income from financial investments (the "income test") or (ii) at least 50% of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce or are held to produce passive income (the "asset test"). For purposes of the asset test, any cash and cash equivalents (such as bank deposits) will count as passive assets.

If we were treated as a PFIC for any taxable year, then U.S. investors could be subject to adverse U.S. federal income tax consequences (regardless of whether we continue to be a PFIC), including increased tax liability on disposition gains and certain "excess distributions" and additional reporting requirements. U.S. investors should consult their tax advisers regarding our PFIC status for any taxable year and the potential application of the PFIC rules to an investment in our Shares including the availability and the advisability of making certain elections under the PFIC rules.

***Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.***

Unless and until we can generate a substantial amount of revenue from our product candidates, we expect to finance our future cash needs through equity offerings, licensing arrangements or other collaborations, government funding arrangements, debt financings, or any combination thereof. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest in us will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our Shares to decline. In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party, on unfavorable terms, our rights to technologies or drug candidates that we otherwise would seek to develop or commercialize ourselves, or possibly reserve for future potential arrangements, when we might be able to achieve more favorable terms.

**Risks Relating to Our Doing Business in China**

***The pharmaceutical industry in China is highly regulated and such regulations are subject to change, which may affect approval and commercialization of our drug candidates.***

We have substantial operations in China. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. In recent years, the regulatory framework in China regarding the pharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in China and reduce the benefits we believe are available to us from developing and manufacturing drugs in China. The Chinese authorities have become increasingly vigilant in enforcing laws in the pharmaceutical industry and any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in China, which would have a material adverse effect on our business, financial condition and results of operations.

***Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.***

Due to our extensive operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth over the past 40 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

***There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.***

A large portion of our operations are conducted in China through our PRC subsidiaries, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

The Foreign Investment Law came into effect January 1, 2020. The Foreign Investment Law may materially impact our current corporate governance practices and business operations in many aspects and may increase our compliance costs. For instance, the Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable foreign invested entities. Depending on the seriousness of the circumstances, non-compliance with the information reporting obligations, concealment of information or providing misleading or false information could result in monetary fines or other penalties. In addition, the Foreign Investment Law embodies a PRC regulation trend of rationalizing the foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

Additionally, the NMPA's recent reform of the drug approval system may face implementation challenges. The timing and full impact of such reforms is uncertain and could prevent us from commercializing our drug candidates in a timely manner.

In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

***We may be restricted from transferring our scientific data abroad.***

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined, if and to the extent our R&D of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our R&D of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

***We may in the future rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.***

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders or to service any debt we may incur. If any of our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in China, up to the amount of net assets held in each operating subsidiary.

In response to the persistent capital outflow in China and RMB's depreciation against the U.S. dollar, People's Bank of China, or PBOC, and the SAFE promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by the SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

***Any future dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.***

The Enterprise Income Tax Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, or the Hong Kong Tax Treaty (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is the beneficial owner of the PRC-sourced income and we have obtained the approval of the competent tax authority. On February 3, 2018, the State Administration of Taxation issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (關於税收協定中"受益所有人"有關問題的公告), also known as Circular 9, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available.

***Restrictions on currency exchange may limit our ability to utilize our future revenue effectively.***

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. A portion of our future revenue may be denominated in RMB. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations. The RMB is currently convertible under the "current account", which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions" without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Since a portion of our revenue is denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, registration or filing with, SAFE and other relevant PRC governmental authorities and competent banks. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

***Our business benefits from certain discretionary financial incentives granted by local governments. Expiration of, changes to or inability to receive these incentives or policies would have an adverse effect on our results of operations.***

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries as part of their efforts to encourage the development of local businesses. For the years ended December 31, 2019 and 2020, we recognized as government grant income of RMB20.2 million and RMB82.2 million, respectively. See "Financial Information – Discussion of Certain Key Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Other Income." The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations. In addition, we may not be able to receive government grants in the future, which may have a material adverse effect on our financial condition and results of operations.

***We are subject to PRC tax laws and regulations.***

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. Such adjustments or changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business, financial condition and results of operations.

***It may be difficult to effect service of process upon us or our management that reside in China or to enforce against them or us in China any judgments obtained from foreign courts.***

Most of our operating subsidiaries are incorporated in China. Some of our management reside in China from time to time. Most of our assets and some of the assets of our management are located in China. Therefore, it may not be possible for investors to effect service of process upon us or our management inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the Arrangement, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a Chinese court is expressly designated as the court having sole jurisdiction for the dispute. On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "New Arrangement"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the Mainland. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The New Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other western jurisdictions or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

***Any failure by the Shareholders or beneficial owners of our Shares who are PRC residents to comply with certain PRC Foreign Exchange Regulations relating to offshore investment activities by such PRC residents could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.***

The State Administration of Foreign Exchange, or the SAFE, has promulgated several regulations requiring PRC residents to register with PRC government authorities before engaging in direct or indirect offshore investment activities, including Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by domestic Residents in China via Special-Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13, which came into effect on June 1, 2015, pursuant to which, local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of SAFE.

There remains uncertainty as to the interpretation and implementation of the latest SAFE rules at practice level. We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and regulations, however, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel our Shareholders to comply with SAFE Circular 37 or other related regulations. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with SAFE Circular 37 may result in restrictions on the foreign exchange activities of our PRC subsidiaries and may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulations.

***We face uncertainty relating to PRC laws and regulations relating to transfers by a non-resident enterprise of assets of a PRC resident enterprise.***

On February 3, 2015, the PRC State Administration of Taxation issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or Circular 7, which supersedes certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》), or Circular 698, which was previously issued by the State Administration of Taxation on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise, or PRC Taxable Assets.

For example, Circular 7 specifies that when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company that directly or indirectly holds such PRC Taxable Assets, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of PRC Taxable Assets under the following circumstances automatically will be deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the equity interest of the overseas enterprise is directly or indirectly attributable to the PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable

Assets; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to "non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market," or the Public Market Safe Harbor, which is determined by whether the parties, number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in "Information about this Prospectus and the Global Offering – Professional Tax Advice Recommended" in this prospectus, potential investors should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares.

***Under China's Enterprise Income Tax Law, we may be classified as a "resident enterprise" of China. This classification could result in unfavorable tax consequences to us and our non-PRC shareholders.***

Under China's Enterprise Income Tax Law (中華人民共和國企業所得税法), or the EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise", meaning that it will be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. Under tax circular issued by

the PRC State Administration of Taxation on April 22, 2009, or Circular 82, dividends and other distributions paid by resident enterprises will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when received or recognized by non-PRC resident enterprise shareholders. This circular also subjects such resident enterprises to various reporting requirements with the PRC tax authorities. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, Circular 82 specifies that certain China-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as resident enterprises if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. On July 27, 2011, the PRC State Administration of Taxation issued Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin 45, which became effective on September 1, 2011, to provide further guidance on the implementation of Circular 82. Bulletin 45 clarifies certain issues related to determining PRC resident enterprise status, including which the competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Currently, some of the members of our management team as well as the management team of some of our offshore holding companies are located in China. However, Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. In the absence of detailed implementing regulations or other guidance determining that offshore companies controlled by PRC individuals or foreign corporations like us are PRC resident enterprises, we do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise.

Despite the foregoing, the SAT may take the view that the determining criteria set forth in Circular 82 and Bulletin 45 reflect the general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. Additional implementing regulations or guidance may be issued determining that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes. If the PRC tax authorities determine that our Cayman Islands holding company is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules and Bulletin 45 dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by a PRC enterprise or enterprise group would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange

control authorities and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by a PRC enterprise or enterprise group like us. Finally, the EIT Law and its implementing rules issued by PRC tax authorities provide that dividends paid by us to our non-PRC shareholders and, while less clear, capital gains recognized by them with respect to the sale of our Shares may be subject to tax of 10% for non-PRC resident enterprise shareholders and 20% for non-PRC resident individual shareholders. In the case of dividend payments, such PRC tax may be withheld at the source.

***Government control of currency conversion of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional contributions to our PRC subsidiaries, which could restrict our ability to utilize the proceeds from the Global Offering effectively and affect our ability to fund and expand our business.***

The PRC government imposes controls on the convertibility of foreign currencies into Renminbi. Under China's existing foreign-exchange regulations, foreign-exchange transactions under capital accounts continue to be subject to significant foreign-exchange controls and require the registration with, and approval of, PRC governmental authorities. In particular, if one subsidiary receives foreign-currency loans from us or other foreign lenders, these loans must be registered with SAFE or its local counterparts. If we finance such subsidiary by means of additional capital contributions, these capital contributions must be filed with or approved by certain government authorities, including the Ministry of Commerce or its local counterparts.

In August 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), or SAFE Circular No. 142, providing that the Renminbi capital converted from foreign-currency-registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC.

On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, which came into force and superseded SAFE Circular 142 from June 1, 2015. On June 9, 2016, SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《關於改革和規範資本項目結匯管理政策的通知》), or SAFE Circular 16. SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are lifted. Under SAFE Circular 19 and SAFE Circular 16, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement on a

discretionary basis. However, SAFE Circular 19 and SAFE Circular 16 also reiterate that the settlement of foreign exchange shall only be used for its own operation purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. For example, under SAFE Circular 19 and SAFE Circular 16, we may still not be allowed to convert foreign currency-registered capital of our PRC subsidiaries that are foreign-invested enterprises into RMB capital for securities investments or other finance and investment except for principal-guaranteed bank products. Further, SAFE Circular 19 and SAFE Circular 16 restrict a foreign-invested enterprise from using Renminbi converted from its registered capital to provide loans to a non-affiliated company.

Violations of SAFE Circular 19 and SAFE Circular 16 could result in severe monetary or other penalties. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries and conversion of such loans or capital contributions into Renminbi. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely affect our ability to fund and expand our business.

***Failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》), or the Stock Option Rules, which replaced the earlier rules promulgated by SAFE in March 2007. Under the Stock Option Rules, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly listed company, to register with SAFE and complete certain other procedures. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

We and our PRC resident employees who have been granted stock options will be subject to the Stock Option Rules upon completion of the Global Offering. Failure of the PRC resident holders of our share options to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially adversely affect our business.

## RISKS RELATING TO THE GLOBAL OFFERING

***No public market currently exists for our Shares; an active trading market for our Shares may not develop and the market price for our Shares may decline or became volatile.***

No public market currently exists for our Shares. The Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Global Coordinators (on behalf of the Underwriters) and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

***The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.***

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our drug candidates, the results of our applications for approval of our drug candidates, regulatory developments affecting the pharmaceutical industry, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past and it is possible that our Shares may be subject to changes in price not directly related to our performance.

***There will be a gap of several days between pricing and trading of our Shares and the price of our Shares when trading begins could be lower than the Offer Price.***

The initial price to the public of our Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

***We cannot make fundamental changes to our business without the consent of the Stock Exchange.***

On April 30, 2018, the Stock Exchange adopted new rules under Rule 18A.09 of its Listing Rules. Under these rules, without the prior consent of the Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or any series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this prospectus. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of Rule 18A.09. Were any of our competitors that are not listed on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

***Future sales or perceived sales of our Shares in the public market by major Shareholders following the Global Offering could materially and adversely affect the price of our Shares.***

Prior to the Global Offering, there has not been a public market for our Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

***You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to the Share Incentive Schemes.***

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time. As of the Latest Practical Date, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Incentive Plan are 33,781,198 Shares (as adjusted after the Share Subdivision), representing approximately 4.78% of the total issued Shares immediately following the Share Subdivision and the completion of the Global Offering, assuming the Over- allotment Option is not exercised and no Shares are issued pursuant to the Share Incentive Schemes. The total number of Shares issuable under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the Shares in issue on the day on

which trading of the Shares commence on the Stock Exchange, such 10% limit representing 70,620,092 Shares excluding any Shares which may be issued upon the exercise of the Over-allotment Option. We may continue to issue Shares pursuant to the Post-IPO Share Option Scheme, which would further dilute Shareholders' interests in our Company. For details, please refer to the section headed "Statutory and General Information – D. Share Incentive Schemes" in Appendix IV in this prospectus.

***Because we do not expect to pay dividends in the foreseeable future after the Global Offering, you must rely on price appreciation of our Shares for a return on your investment.***

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to fund the development and commercialization of our pipeline drug candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Directors. Accordingly, the return on your investment in our Shares likely will depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

***We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.***

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to fund ongoing and planned clinical trials, preparation for registration filings, milestone payments and other steps and activities related to commercialization for BRII-179, including ongoing and planned clinical trials, and fund additional ongoing and planned clinical trials and the preparation for registration filings for BRII-835, among other things. For details, see "Future Plans and Use of Proceeds – Use of Proceeds." However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

***We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.***

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority shareholders may be located. See "Appendix III – Summary of the Constitution of our Company and Cayman Islands Company Law" in this prospectus.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests through actions against our management, Directors or controlling Shareholders under the laws of the Cayman Islands, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction such Shareholders are located in.

***We are an early-stage biotech company based in an emerging and innovative industrial sector, and relevant exemptions and restrictions only applicable to companies like us under the Listing Rules may make our Shares less attractive to investors.***

We are a "Biotech Company," as defined in the Rules Governing the Listing of Securities on the Stock Exchange (Listing Rules). We have not generated any revenue from the sale of our pipeline products at our current stage, and therefore we are not able to meet the financial eligibility tests for listing as provided by Rule 8.05 under the Listing Rules (Financial Eligibility Tests). Nevertheless, pursuant to the Rule 18A.02, we are permitted to be listed and make public offerings relying on the exemption from compliance with the Financial Eligibility Tests which is applicable to listing applicants that are early-stage biotech companies. We cannot predict whether investors will find our Shares less attractive in the absence of the traditional indicators such as revenue and profits that can be seen clearly through the Financial Eligibility Tests.

In addition, after we become a listed company and until we have developed into a profit-making and/or revenue-generating business, we are subject to certain ongoing restrictions issued by the Stock Exchange, which would not be required if we were not an early-stage biotech company. For example, we must obtain the prior consent from the Stock Exchange before we can affect any acquisitions, disposal or other transactions or arrangements that would result in a fundamental change to our principal business. Although such consent will normally be given if the Stock Exchange is satisfied by our legitimate business expansion or strategies, we cannot ensure that the Stock Exchange will always agree with our business plans and therefore grant us the consent. If some investors find our Shares less attractive as a result of our limited capability to conduct relevant transactions or arrangements, there may be a less active trading market for our Shares and our share price may be more volatile.

***Facts, forecasts and statistics in this prospectus relating to the biopharmaceutical industry may not be fully reliable.***

Facts, forecasts and statistics in this prospectus relating to the biopharmaceutical industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers or any of the Underwriters nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to the pharmaceutical industry in and outside China may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

***You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.***

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

## WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Group's management, business operations and assets are primarily based outside Hong Kong. The principal management headquarters and senior management of the Group are primarily based in China and the United States. Our Company considers that our Group's management is best able to attend to its functions by being based in China and the United States. Our Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and the Shareholders as a whole. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as the principal channel of communication between the Stock Exchange and our Company. The two authorized representatives of our Company are Dr. Ankang Li (李安康), our chief financial officer and our joint company secretary and Ms. Wing Tsz Wendy Ho (何詠紫), our joint company secretary;

(b) the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request of the Stock Exchange and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to promptly deal with any enquiries which may be made by the Stock Exchange. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(c) each of the authorized representatives has means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance the communication between the Stock Exchange, the authorized representatives and the Directors, we will implement a policy whereby: (i) each Director will provide his mobile phone number, office phone number, email address and facsimile number, if

available, to the authorized representatives; (ii) each Director will provide his phone numbers or means of communication to the authorized representatives when he is travelling; and (iii) all Director and the authorized representatives will provide, if available, their mobile phone number, office phone number, email address and facsimile number to the Stock Exchange;

(d) in compliance with Rule 3A.19 of the Listing Rules, we have retained Somerley Capital Limited to act as our compliance adviser, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the Listing Date and ending on the date that our Company publishes our financial results for the first full financial year after the Listing Date pursuant to Rule 13.46 of the Listing Rules;

(e) any meetings between the Stock Exchange and our Directors may be arranged through the authorized representatives within a reasonable time frame;

(f) our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorized representatives; and

(g) we will ensure that all Directors who are not Hong Kong residents possess or can apply for valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required.

## WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint an individual as the company secretary of our Company who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the Company and other listed companies and the roles he played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Dr. Ankang Li and Ms. Wing Tsz Wendy Ho as the joint company secretaries of our Company. For more details of Dr. Ankang Li and Ms. Wing Tsz Wendy Ho's biographical information, please refer to the section headed "Directors and Senior Management" in this prospectus.

Dr. Ankang Li is our chief financial officer and one of the joint company secretaries of our Company, and is primarily responsible for overseeing financial, accounting, investor relations and communication matters of our Group and familiarity with our Group's business, but does not possess the qualifications set out in Rule 3.28 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. We believe that Dr. Ankang Li, by virtue of his knowledge and experience in overseeing financial, accounting, investor relations and communication matters of our Group and familiarity with our Group's business, is capable of discharging his functions as a joint company secretary. Our Directors therefore consider Dr. Ankang Li a suitable individual to act as a joint company secretary and believe that such appointment would be the best interests of our Company and of the corporate governance of our Group.

We have also appointed Ms. Wing Tsz Wendy Ho, a fellow of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries, who meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules to act as one of the joint company secretaries of our Company and to provide assistance to Dr. Ankang Li for a period of three years from the Listing Date to enable Dr. Ankang Li to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set out under Rules 3.28 and 8.17 of the Listing Rules.

Over the initial period of the three years from the Listing Date, we will implement the following measures to assist Dr. Ankang Li to acquire the qualifications and relevant experience required under Rule 3.28 of the Listing Rules:

(a) Ms. Wing Tsz Wendy Ho, one of our joint company secretaries who meets all the requirements under Rule 3.28 of the Listing Rules, will assist Dr. Ankang Li so that he is able to acquire the relevant knowledge and experience as required under the Listing Rules in order to discharge his functions as a joint company secretary;

(b) we will ensure that Dr. Ankang Li has access to the relevant trainings and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange, and Dr. Ankang Li has undertaken to attend such trainings. In addition, Dr. Ankang Li will endeavor to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the Listing Date;

(c) Ms. Wing Tsz Wendy Ho will communicate with Dr. Ankang Li on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Wing Tsz Wendy Ho will work closely with, and provide assistance to Dr. Ankang Li with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings;

(d) Dr. Ankang Li will also attend a total of no less than 15 hours of the relevant professional training courses in each financial year on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong listed issuer as required under Rule 3.29 of the Listing Rules; and

(e) each of Dr. Ankang Li and Ms. Wing Tsz Wendy Ho will be advised by our legal advisors as to Hong Kong laws and our compliance advisor on matters in relation to our Company's continuing compliance obligations under the Listing Rules and the applicable laws and regulations as and when appropriate and required.

We expect that Dr. Ankang Li, having had the benefit of Ms. Wing Tsz Wendy Ho's assistance during the three-year period, will acquire the qualifications and relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the Listing.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the following conditions pursuant to Guidance Letter HKEX-GL108-20:

(a) Dr. Ankang Li must be assisted by Ms. Wing Tsz Wendy Ho, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the three-year period; and

(b) the waiver is valid for a period of three years form the Listing Date and will be revoked immediately if and when Ms. Wing Tsz Wendy Ho ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

Prior to the expiry of the three-year period, we will conduct a further evaluation of the qualifications and experience of Dr. Ankang Li and the need for on-going assistance of Ms. Wing Tsz Wendy Ho. We will liaise with the Stock Exchange to enable it to assess whether Dr. Ankang Li, having benefited from the assistance of Ms. Wing Tsz Wendy Ho for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

## WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE INCENTIVE PLAN

Under the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance, the prospectus of the Company is required to include, among other things, the number, description and amount of any Shares in or debentures of the Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for the Shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it or the right to it was given.

Under Rule 17.02(1)(b) of the Listing Rules, a new listing applicant must disclose in the prospectus full details of all outstanding options. Paragraph 27 of Part A of Appendix 1 to the Listing Rules also requires the disclosure of particulars of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantees.

According to the Guidance Letter HKEX-GL11-09, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the applicant could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had outstanding options granted under the Pre-IPO Share Incentive Plan to 122 Grantees, including a total of 8 Directors and senior management of our Company, 84 other employees, four former employees and 26 consultants of our Group, to subscribe for an aggregate of 33,781,198 Shares (as adjusted after the Share Subdivision), representing approximately 4.78% of the total number of Shares in issue immediately after the Share Subdivision and completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are allotted and issued under the Share Incentive Schemes), on the terms set out in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus.

Amongst the total number of Shares granted under the Pre-IPO Share Incentive Plan, as of the Latest Practicable Date, awards of options for an aggregate of 24,160,000 Shares (as adjusted after the Share Subdivision) representing approximately 3.42% of the total number of Shares in issue immediately after the Share Subdivision and completion of the Global Offering (assuming there will be no allotment or issuance immediately after completion of the Global Offering, whether pursuant to the exercise of the Over-allotment Option or under the Share Incentive Schemes) have been granted to eight eligible participants (each being a Director or member of the senior management of our Company) by the Company under the Pre-IPO Share Incentive Plan. For details, please refer to the section headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus.

In general, the Grantees are not required to pay any consideration for acceptance of options granted under the Pre-IPO Share Incentive Plan, and there is no specific exercise period of their options granted under the Pre-IPO Share Incentive Plan, which shall be exercisable when they become vested.

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) given that 122 Grantees are involved (including a total of 8 Directors and senior management of our Company, 84 other employees, four former employees and 26 consultants of our Group), strict compliance with such disclosure requirements in setting out full details of all the Grantees under the Pre-IPO Share Incentive Plan in this prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and timing for information compilation, prospectus preparation and printing;

(b) as of the Latest Practicable Date, among all the Grantees, 8 Grantees were Directors or the senior management of our Company, and the remaining Grantees were 84 other employees, four former employees and 26 consultants of our Group who are Independent Third Parties, and strict compliance with the above disclosure requirements to disclose names, addresses, and entitlements on an individual basis in this prospectus will therefore require about five pages of additional disclosure that does not provide any material information to the investing public;

(c) the grant and exercise in full of the options under the Pre-IPO Share Incentive Plan will not cause any material adverse impact to the financial position of our Company;

(d) non-compliance with the above disclosure requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(e) material information relating to the options under the Pre-IPO Share Incentive Plan will be disclosed in this prospectus, including the total number of Shares subject to the Pre-IPO Share Incentive Plan, the exercise period and the exercise price per Share (if applicable), the potential dilution effect on the shareholding and impact on loss per Share upon full allotment and issuance under the Pre-IPO Share Incentive Plan. Our Directors consider that the information that is reasonably necessary for potential investors to make an informed assessment of our Company in their investment decision making process has been included in this prospectus.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the investing public.

The Stock Exchange has agreed to grant to the Company the requested waiver subject to the conditions that:

(a) full details of the options granted by the Company under the Pre-IPO Share Incentive Plan to each of our Directors and the senior management of our Company and the consultants of our Group will be disclosed in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus, such details to include all the particulars required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted by the Company under the Pre-IPO Share Incentive Plan to other employees and former employees of our Group other than those referred to in point (a) above, the following details will be disclosed in this prospectus: (1) aggregate number of Grantees and number of Shares underlying the options granted under the Pre-IPO Share Incentive Plan, (2) the consideration paid for the grant of the options granted under the Pre-IPO Share Incentive Plan (if any), and (3) the exercise period and the exercise price for the options granted under the Pre-IPO Share Incentive Plan;

(c) the aggregate number of Shares underlying the options granted under the Pre-IPO Share Incentive Plan and the percentage of our Company's total issued share capital represented by such number of Shares will be disclosed in this prospectus;

(d) the dilutive effect and impact on loss per Share upon the full exercise of the options granted under the Pre-IPO Share Incentive Plan will be disclosed in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus;

(e) a summary of the major terms of the Pre-IPO Share Incentive Plan will be disclosed in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus;

(f) the particulars of the waiver will be disclosed in this prospectus;

(g) a full list of all the Grantees (including the persons referred to in point (a) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Incentive Plan, containing all the particulars as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus; and

(h) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with paragraph 10(d) subject to the conditions that:

(a) full details of the options granted by the Company under the Pre-IPO Share Incentive Plan to each of our Directors and the senior management of our Company and the consultants of our Group will be disclosed in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted by the Company under the Pre-IPO Share Incentive Plan to other employees and former employees of our Group other than those referred to in point (a) above, the following details will be disclosed in this prospectus: (1) aggregate number of Grantees and number of Shares underlying the options granted under the Pre-IPO Share Incentive Plan, (2) the consideration paid for the grant of the options granted under the Pre-IPO Share Incentive Plan (if any), and (3) the exercise period and the exercise price for the options granted under the Pre-IPO Share Incentive Plan;

(c) a full list of all the Grantees (including the persons referred to in point (a) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Incentive Plan, containing all the particulars as required in paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus; and

(d) the particulars of the exemption will be disclosed in this prospectus and this prospectus will be issued on or before June 30, 2021.

Further details of the Pre-IPO Share Incentive Plan are set forth in the section headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus.

## EXEMPTION IN RESPECT OF FINANCIAL STATEMENTS IN THIS PROSPECTUS

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a company to include in its prospectus a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires the company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the Company and (ii) the assets and liabilities of the Company for each of the three financial years immediately preceding the issue of the prospectus.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from the compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the Accountants' Report to this prospectus.

Rule 18A.03(3) of the Listing Rules requires that an eligible biotech company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that an eligible biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead reference to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the accountants' report of our Company set out in Appendix I to this prospectus is currently prepared to cover the two financial years ended December 31, 2019 and 2020.

As such, the Joint Sponsors have applied on behalf of our Company to the SFC for a certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the issue of this prospectus on the following grounds:

(a) the Company is primarily engaged in the research and development, application and commercialization of biotech products, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(b) the Accountants' Report for each of the two financial years ended December 31, 2019 and 2020 has been prepared and is set out in Appendix I to the Prospectus in accordance with Rule 18A.06 of the Listing Rules;

(c) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended December 31, 2019 and 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements;

(d) given that our Company is only required to disclose its financial results for the two financial years ended December 31, 2019 and 2020 in accordance with Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2018 would require additional work to be performed by our Company and its auditors, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company; and

(e) the Accountants' Report covering the two financial years ended December 31, 2019 and 2020, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of our Company; and that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this prospectus and the Prospectus will be issued on or before June 30, 2021.

## WAIVER IN RELATION TO THE AVAILABILITY OF COPIES OF THE PROSPECTUS IN PRINTED FORM

Our Company has adopted a fully electronic application process for the Hong Kong Public Offering and we will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. Our Company will adopt additional communication measures as we consider appropriate to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including publishing on the websites of our Company and the Stock Exchange. Our Company has applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Listing Rules in respect of the availability of copies of the prospectus in printed form based on the specific and prevailing circumstances of the Company.

We will adopt additional communication measures to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including (i) publishing a formal notice of the Global Offering on our website and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription; (ii) advertising through the **HK eIPO White Form** service the electronic methods for subscription of the Hong Kong Offer Shares; and (iii) the enhanced support provided by our Hong Kong Share Registrar in relation to the Hong Kong Public Offering (including additional enquiry hotlines for questions about the application for the Hong Kong Offer Shares and increasing its server capacity).

## CORNERSTONE SUBSCRIPTION BY EXISTING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 9.09 of the Listing Rules provides that there must be no dealing in the securities for which listing is sought by any core connected person of an issuer (except as permitted by Rule 7.11 of the Listing Rules) from 4 clear business days before the expected hearing date until listing is granted.

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought if no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of securities.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, that without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Our Company has applied for a waiver from strict compliance with the requirements

(i) under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow each of SCC Growth V Holdco Q, Ltd., Youyu Global Limited and Invesco Advisers, Inc., the existing shareholders of the Company); and

(ii) under Rules 9.09 and 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow Boyu Capital Opportunities Master Fund (a close associate of Booming Passion Limited, a substantial shareholders of the Company),

to subscribe for Shares in the Global Offering (the aforementioned cornerstone investors, the "**Participating Shareholders**"), subscribing as cornerstone investors.

The Stock Exchange has granted the requested waivers and consents subject to the conditions that:

(A) we will comply with the public float requirements of Rule 8.08(1) and 18A.07 of the Listing Rules;

(B) the Offer Shares to be subscribed by and allocated to the Participating Shareholders under the Global Offering will be at the same Offer Price and in respect of Participating Shareholders subscribing by way of cornerstone investment, on

substantially the same terms as other cornerstone investors (including being subject to a six-month lock up arrangement following Listing) and each Participating Shareholder shall pay for the relevant Offer Shares before dealing commences on the Listing Date;

(C) no preferential treatment has been, nor will be, given to the Participating Shareholders by virtue of their relationship with the Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement under the cornerstone investment (in respect of Participating Shareholders subscribing as cornerstone investors) which follows the principles set out in the Guidance Letter HKEX-GL51-13, that, save as disclosed in the section headed "Cornerstone Placing" in this Prospectus, the cornerstone investment agreements of the Participating Shareholders do not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

(D) details of the subscription of the Offer Shares by the Participating Shareholders in the Global Offering as cornerstone investors will be disclosed in this prospectus and the allotment results announcement of our Company.

For further information about the cornerstone investments of the Participating Shareholders, please refer to the section headed "The Cornerstone Placing" in this prospectus.

**Waiver in relation to the proposed cornerstone subscription by UBS AM Singapore**

Paragraph 5(1) of Appendix 6 to the Listing Rules provides that, unless with the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to "connected clients" of the lead broker or of any distributors.

Paragraph 13(7) of the Appendix 6 states that "connected client" in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

As further described in the section headed "Cornerstone Placing", UBS Asset Management (Singapore) Limited ("**UBS AM Singapore**") has entered into a cornerstone investment agreement with the Company to subscribe for the Offer Shares for and on behalf of its underlying clients under the International Offering. UBS AM Singapore is an investment advisor and a delegate of the investment manager of its underlying clients.

UBS AG Hong Kong Branch has been appointed, amongst others, as one of the Joint Global Coordinators of the Global Offering. UBS AM Singapore and UBS AG are members of the same group of companies. As a result, UBS AM Singapore is a connected client of UBS AG Hong Kong Branch.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit UBS AM Singapore to participate in the Global Offering as a cornerstone investor subject to the following conditions:

(a) any Offer Shares to be allocated to UBS AM Singapore will be held on behalf of independent third parties;

(b) the cornerstone investment agreement of UBS AM Singapore does not contain any material terms which are more favourable to UBS AM Singapore than those in other cornerstone investment agreements;

(c) UBS AG has not participated, and will not participate, in the decision-making process or relevant discussions among the Company, the Joint Bookrunners and the Underwriters as to whether UBS AM Singapore will be selected as a cornerstone investor;

(d) no preferential treatment has been, nor will be, given to UBS AM Singapore other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in HKEX-GL-51-13;

(e) UBS AM Singapore confirms that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the IPO allocation as a cornerstone investor by virtue of its relationship with UBS AG, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in HKEX-GL51-13;

(f) Each of the Company, the Joint Sponsors, the Joint Bookrunners, UBS AM Singapore has provided the Hong Kong Stock Exchange with written confirmations in accordance with HKEx; and

(g) details of the cornerstone investments and details of the allocation has been/will be disclosed in the prospectus and allotment results announcement of the Company.

## DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to the Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

## UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 11,158,000 Offer Shares and the International Offering of initially 100,422,000 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed "Structure of the Global Offering" in this prospectus and, in case of the International Offering, to any exercise of the Over-allotment Option).

The listing of our Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters pursuant to the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date. Further information regarding the Underwriters and the Underwriting Agreements are set out in the section headed "Underwriting" in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for our Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

## RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

## APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue (including the Shares issued pursuant to the conversion of the Preferred Shares), the Offer Shares to be issued by us pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the exercise of options which were granted under the Pre-IPO Share Incentive Plan or may be granted under the Post-IPO Share Option Scheme and the share awards that may be granted under the Post-IPO Share Award Scheme.

Dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, July 13, 2021. Save as disclosed in this prospectus, no part of our Shares or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong register of members of the Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

## PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Offer Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the Offer Shares or exercising any rights attached to them.

## OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out under the sections headed "Underwriting" and "Structure of the Global Offering" in this prospectus.

## HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained by its principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands. All of the Offer Shares issued pursuant to the Global Offering will be registered on the Company's Hong Kong share register to be maintained in Hong Kong by its Hong Kong Share Registrar, Tricor Investor Services Limited. Dealings in the Shares registered in the Company's Hong Kong share register will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the Shareholders listed on the Hong Kong share register of the Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

## SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

## PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

## STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

## EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.4546 to US$1.00, (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7628 to US$1.00, and (iii) the translation between Hong Kong dollars and Renminbi were made at the rate of HK$1.00 to RMB0.8315. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

## LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

## ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

## DIRECTORS

| Name | Address | Nationality |
|---|---|---|
| *Executive Directors* | | |
| Zhi HONG | 201 Copper Beech Court<br>Chapel Hill, North Carolina 27517<br>The United States of America | American |
| Yongqing LUO (羅永慶) | Room 702, No. 1 Building<br>Lane 2188, LanGu Road<br>Shanghai, China | Chinese |
| *Non-executive Directors* | | |
| Robert Taylor NELSEN | 100 Sun Valley Road<br>Suite 126, Sun Valley<br>ID 83353 | American |
| Axel BOUCHON | Winzerweg 3, 14532 Kleinmachnow<br>Germany | German |
| *Independent Non-executive Directors* | | |
| Martin J MURPHY JR | 3920 Dover Road, Durham,<br>North Carolina 27707<br>The United States of America | American |
| Grace Hui TANG | Room 3701, Tower 15, Central Park<br>6 Chao Wai Da Jie,<br>Chao Yang District<br>Beijing 100020, China | American |
| Yiu Wa Alec TSUI (徐耀華) | Flat C, 27/F, Tower 5, Island Garden<br>33 Chai Wan Road, Shau Kei Wan<br>Hong Kong | Chinese |
| Gregg Huber ALTON | 225 Chestnut Street<br>San Francisco, California 94133-2427<br>The United States of America | American |

For further information regarding our Directors, please see the section headed "Directors and Senior Management" in this prospectus.

## PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|---|---|
| **Joint Sponsors** | **Morgan Stanley Asia Limited**<br>46th Floor, International Commerce Centre<br>1 Austin Road West<br>Kowloon<br>Hong Kong<br><br>**UBS Securities Hong Kong Limited**<br>52/F, Two International Finance Centre<br>8 Finance Street<br>Central<br>Hong Kong |
| **Joint Global Coordinators** | **Morgan Stanley Asia Limited**<br>46th Floor, International Commerce Centre<br>1 Austin Road West<br>Kowloon<br>Hong Kong<br><br>**UBS AG Hong Kong Branch**<br>52/F, Two International Finance Centre<br>8 Finance Street<br>Central<br>Hong Kong<br><br>**China International Capital Corporation Hong Kong Securities Limited**<br>29/F, One International Finance Centre<br>1 Harbour View Street<br>Central<br>Hong Kong |

**Joint Bookrunners and Joint Lead Managers**

**Morgan Stanley Asia Limited**
*(in relation to the Hong Kong Public Offering)*
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

**Morgan Stanley & Co. International plc**
*(in relation to the International Offering)*
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*The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan for preparing the Frost & Sullivan Report, an independent industry report in respect of the Global Offering. We believe that the sources of the information in this section and other sections of this prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering (other than Frost & Sullivan) and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that would qualify, contradict or have a material impact on the information in this section.*

## INFECTIOUS DISEASE DRUG MARKET

### Overview

Infectious diseases represent the third largest therapeutic area in the global pharmaceutical market and have, throughout human existence, posed a threat to public health. Since infectious diseases are contagious, they can spread, often rapidly, among large populations creating significant public health issues and socioeconomic burden, as demonstrated by the ongoing COVID-19 outbreak and pandemic and the spread of other infectious diseases around the world.

In the last decade, the incidence of infectious diseases such as viral hepatitis, HIV infection and diseases caused by multi-drug resistant (MDR) and extensively drug resistant (XDR) bacteria has risen. For example, viral hepatitis remains the most reported non-lethal or debilitating infectious disease in China, with 15.9 million diagnosed cases in 2019. In addition, HIV infection has been a major public health issue worldwide, with nearly a million people dying from HIV infection-related diseases globally every year. In 2019, 39.1 million people were living with HIV and an estimated 1.7 million people become newly infected, according to UNAIDS. Further, according to the World Bank, MDR bacterial infections are expected to cause a GDP shortfall of US$1 trillion to US$3.4 trillion by 2030.

In recent years, there has been a paradigm shift from traditional therapeutics to curative therapy for conditions that were previously considered chronic or untreatable. A curative therapy is a finite, specific, and limited-time course of treatment that removes the root cause and the symptoms of a disease through correction of the underlying condition, thereby transforming the patients' lives. With respect to curative therapies and this paradigm shift the patients: (i) no longer have to take drugs for their entire lifetime to control the disease; and (ii) gain freedom from disease-related burden and the associated social stigma. These benefits are expected to drive a large portion of the patient population to the curative therapy in a short period of time, in turn, shifting the patient care and payment away from the continuous, long-term patient care model.

With improved affordability and medical insurance coverage, growing awareness and the approval of more innovative drugs for the treatment of infectious diseases, the global infectious disease drug market is anticipated to continue to grow from approximately US$128.2 billion in 2019 to approximately US$197.6 billion by 2034, according to Frost & Sullivan.

**Unmet Medical Needs in Infectious Disease Therapies**

Huge, unmet global medical needs exist for innovative infectious disease drugs, driving a significant increase in the demand for innovative treatments and cures.

- *Life-threatening consequences.* There are still highly prevalent, life-threatening infectious diseases lacking effective or curative solutions. For example, both HBV and HIV infections, for which there are currently no cures, continue to threaten human health despite the existence of available therapies or vaccines.

- *Emerging resistance.* The emergence of drug resistance in bacteria and viruses is driving the need for new therapies, particularly for MDR/XDR gram-negative bacteria, for which very few treatments are currently available and many of those available treatments cause serious side effects. In addition, cART have become the standard of care for the treatment of HIV after virus mutation and drug resistance weakened the antiviral activity of single-drug ART.

- *Unanticipated crises.* The global COVID-19 pandemic also illustrates the potential for significant and unanticipated public health burdens associated with infectious diseases.

- *Social Stigma.* In addition to physical health issues related to infectious diseases, infectious disease patients also suffer from disease-related social stigma, resulting in mood disorders like depression, a reduced quality of life and economic losses. An academic journal on the status of HBV discrimination showed that up to 20% and 30% of respondents believed that they may be denied healthcare and experience workplace discrimination, respectively, due to their HBV status.

These unmet needs will require innovative therapies capable of addressing the problems currently at hand, as well as the anticipated and unanticipated challenges ahead.

**Major Market Drivers of Infectious Disease Therapies**

The following factors mainly drive future market growth:

- *Increase in number of patients, diagnosis rates and treatment rates*. The number of patients infected with certain infectious diseases, such as HBV and HIV, has been increasing. Increases in diagnosis and treatment rates are also expected to drive demand for infectious disease drugs. Insurance coverage and drug accessibility has improved, as have government efforts to fund diagnosis and treatment of the most threatening infectious diseases, such as viral hepatitis, HIV infection and MDR/XDR bacterial infections.

- *Innovative therapies.* Currently, there are several innovative trends in the infectious disease drug market. One such trend is the pursuit of curative therapies in response to patient demand. For example, with the number of patients living with HBV totaling 72.6 million in 2019 in China alone, most patients who are eligible for treatment need to take drugs for rest of their lives as there is no cure for HBV infection. These patients likely will be eager to use curative therapies as soon as they are introduced into the market. Another such trend includes the use of long-acting treatments for chronic infectious diseases. For example, HIV patients' preference for long-acting agents has guided new therapies, as patient opinion in this well treated market influences the development of new treatment options.

- *High willingness to pay*. When innovative drugs deliver significant benefits to patients, their willingness to pay is high. In the last few years, acute infectious diseases such as MDR/XDR bacterial infections have posed tremendous threats to lives because so few treatments are available. Patients that are facing "life and death" situations have a high willingness to pay for potent and safe antibiotics that can fight bacterial "superbugs." In addition, chronic viral infections, such as HBV, have caused a significant public health and social burden for the world. Curative therapies that can reduce long-term disease risk and remove related social stigma will also generate a high willingness-to-pay.

- *Expanding access*. In recent years, governments around the world have demonstrated renewed commitment to addressing certain infectious diseases, such as HIV infection. As innovative infectious disease drugs are expected to solve unmet medical needs for patients, they are anticipated to be approved more quickly and easily by governments and get reimbursement coverage from such governments.

- *Influence of COVID-19*. The recent COVID-19 pandemic has emphasized the need for developments in infectious disease treatments and increased public awareness of the serious outcomes of certain infectious diseases. This increased awareness is expected to help increase the detection and treatment rate of infectious disease patients.

**Global Infectious Disease Drug Market**

According to Frost & Sullivan, the global infectious disease drug market is expected to increase from US$128.2 billion in 2019 to US$197.6 billion by 2034, remaining the third largest therapeutic area in the world. Pandemics outbreaks, such as the recent example of COVID-19, have highlighted the significant impact of public health issues associated with infectious diseases, reflecting the need to invest more resource in the R&D of infectious disease drugs. Innovative therapies, such as curative therapies, long-acting treatments and treatments for drug resistance, are expected to outpace the growth of the overall market and offset the impact of pricing pressure on off-patent medications. Of the four market segments that constitute the infectious diseases (i.e. antiviral, antibiotic, antifungal and other infectious disease drugs), antiviral drugs are expected to contribute the most to overall market growth and are expected to remain as the largest infectious disease segment, growing from US$55.3 billion in 2019 to US$116.7 billion by 2034 at the highest growth rate, according to Frost and Sullivan.

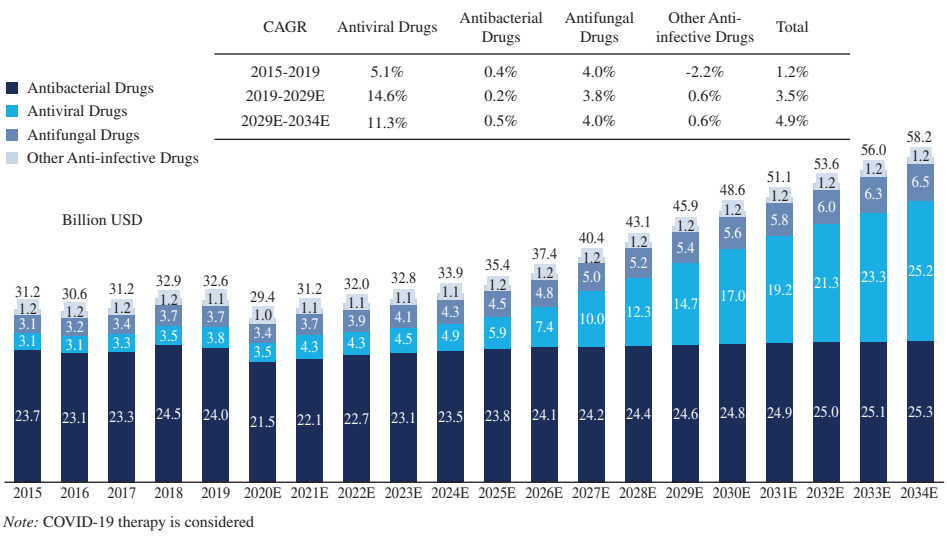
**China Infectious Disease Drug Market**

China's infectious disease drug market is expected to grow rapidly and at a faster rate than the global market, increasing from US$32.6 billion in 2019 to US$58.2 billion by 2034 (which does not include vaccines), according to Frost & Sullivan. Similar to the global market, antiviral drugs are expected to be the fastest growing infectious disease segment, reaching a market size of US$25.2 billion by 2034.

HBV and HIV drugs have made up a significant portion of the total antiviral drug market in China. The HBV and HIV drug market in China is expected to grow from 50.7% of the total market in 2019 to 78.0% in 2034, mainly driven by the launch of more innovative antiviral treatments, such as next-generation HBV drugs.

While the need for infectious disease drugs, especially antivirals, is huge in China, the current availability of innovative treatments is low. Nonetheless, China's infectious disease drug market is expected to grow rapidly largely due to the expected launch of innovative antiviral drugs, favorable regulatory tailwinds, increased disease awareness, accelerated diagnosis, higher acceptance of treatments and increased willingness by the Chinese government to pay for these drugs.

**China Infectious Disease Drug Market, 2015-2034E**




*Note:* COVID-19 therapy is considered

*Source: Frost & Sullivan Analysis*

***Favorable Government Policy and Regulations***

To tackle the unmet medical needs for infectious disease treatments and address the related public health burden, the Chinese government has systematically introduced a series of favorable regulatory policies and other measures. Areas of focus include supporting R&D for innovative infectious disease drugs, the development of new and improved equipment and vaccines, strengthening drug management practices and improving diagnosis and treatment of infectious diseases.

Specific efforts to improve diagnosis and treatment include (i) establishing and promoting diagnosis and treatment systems for infectious diseases, (ii) carrying out training programs on antibiotic drugs, (iii) optimizing the antibiotic drug supply catalog eligible for reimbursement, (iv) providing professional technical support to pharmacists and (v) coordinating medical resources to improve medical institutions' diagnosis and treatment ability of infectious diseases. For example, the Chinese government has taken measures to increase accessibility to treatments for critical infectious diseases, such as HBV and HIV infections, through various policies such as including related treatments on the National Reimbursement Drug List (NRDL). In addition, the Chinese government introduced a nationwide infectious disease monitoring and reporting system through the Management Standards of Infectious Disease Report (傳染病信息報告管理規範(2015)) in 2015, helping the Chinese CDC and the public get information on major infectious diseases and real-time trend updates for these infectious diseases. In addition, The Healthy China 2030 Initiative aims to increase the overall health level of China's population by strengthening the prevention and control of major infectious diseases.

Given the favorable regulatory landscape, China is well positioned to grow the infectious disease drug market. In addition, such regulatory environment is expected to foster the development of new, innovative treatments, and to provide better alternatives to generic drugs, which currently dominate China's antibiotic treatment market.

## THE HBV DRUG MARKET

### Overview

HBV infection is an infectious disease characterized by liver infection caused by the hepatitis B virus. It is transmitted through blood, semen or other bodily fluids, such as through sexual contact, sharing drug-injection equipment, and from mother to baby at birth. Some HBV infections are acute, or short term, but others can cause a long-term chronic infection. A functional cure for chronic HBV infection rarely occurs with current standards of care, so most patients need to take lifelong medication.

Once contracted, chronic HBV infection can lead to serious health issues, such as cirrhosis, liver failure, and liver cancer. Globally, 45% and 30% of cases of patients with primary liver cancer or liver cirrhosis, respectively, are caused by HBV infection. Notably, in China, 80% and 60% of the patients with primary liver cancer or cirrhosis, respectively, are caused by HBV infection.

Stigma associated with HBV reduces patients' quality of life and economic outlook. A 2017 survey on the status of HBV discrimination in China showed that (i) 14.7% of the patients who participated in the survey had been denied insurance, (ii) 4.5% said that doctors were unwilling to treat them and (iii) 20.0% reported that they had been rejected when looking for a job or dismissed because of their HBV status. Further, patients infected with HBV are mainly young adults, especially 30- to 50-years-olds, who comprise the main labor force of society in China. The social stigma associated with the disease drives this important segment out of the labor force. A functional cure therefore is needed to overcome the serious risk of HBV-related complications and potential socioeconomic loss caused by stigma, which is not achievable via the current standard of care. The current definition of functional cure of HBV is seroclearance of HBV surface antigen (HBsAg)—loss of detectable serum HBsAg by currently available assays with or without seroconversion to HBV surface antibody (antiHBs).

### Need for a Functional Cure

HBV represents a sustainable market opportunity. There currently is no effective curative therapy for HBV infection. In some HBV patients, antiviral treatment can reduce the viral load to slow the progression of serious diseases but it does not completely remove the virus.

Patients' willingness to self-pay for a functional cure is high because the risk of liver cirrhosis and liver cancer is significantly reduced and they are no longer required to take HBV drugs. According to Frost & Sullivan, it is estimated that the combined healthcare cost of HBV-related chronic infection, liver cirrhosis and liver cancer is about US$12-18 billion per year in China. Currently, interferon is almost the only option for a HBV functional cure, despite significant side effects and a low cure rate. Nonetheless, a meaningful portion of patients in China still try interferon as a potential functional cure, demonstrating high patient demand for a curative therapy.

The first curative therapy for HCV, Sovaldi (sofosbuvir), provides an example of the market potential for a HBV curative therapy. When Sovaldi entered the market, it transformed HCV treatment as the first cure, with an expected cure rate of over 90%. Following its introduction in 2013, many people sought treatment, resulting in peak sales of US$10.3 billion in 2014. The HBV-infected patient population is much larger than HCV's and it likely will take decades to extensively administer a HBV functional cure. Therefore, an HBV curative therapy is likely to provide a much more sustainable market opportunity.

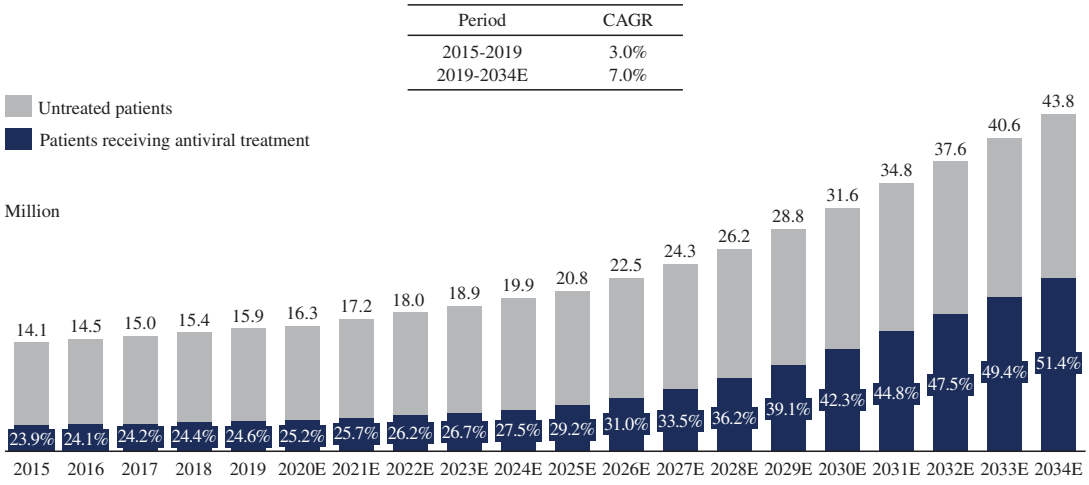
The HBV curative market is still a largely untapped market in China. So far, no highly effective curative therapy for the treatment of HBV is available in China or anywhere else in the world.

**Large Patient Population in China**

HBV represents a large patient population with significant unmet needs, particularly in China. In 2019, the number of total HBV infections in China reached 72.6 million. In 2019, HBV-related deaths in China from liver cancer and cirrhosis totaled about 117,000 and 42,200, respectively. In order to reduce or eliminate these high mortality rates, innovative treatments are needed that should be provided early in the disease development stage to prevent liver complications.

The diagnosis rate and treatment rate (among those diagnosed) in China in 2019 were 22.0% and 24.6%, respectively. These low levels of diagnosis and treatment have been attributed to the fact that symptoms often do not manifest before the disease progresses into untreatable liver diseases. Fear of social stigma associated with the disease and lack of diagnostic ability of primary medical institutions in remote areas have also contributed to low diagnosis and treatment rates. The table below illustrates the increase in the number of patients diagnosed with HBV infection in China from 2015 to 2034 which has taken into account the increase in the availability of HBV vaccination in China. As the diagnosis rate in China in 2019 was only 22%, many patients infected with HBV remain undiagnosed and untreated. It is expected that diagnosis and treatment rates will increase due to increased awareness and availability of effective therapeutics.

**Number of Diagnosed Patient Population of HBV in China, 2015-2034E**




*Source: Frost & Sullivan analysis*

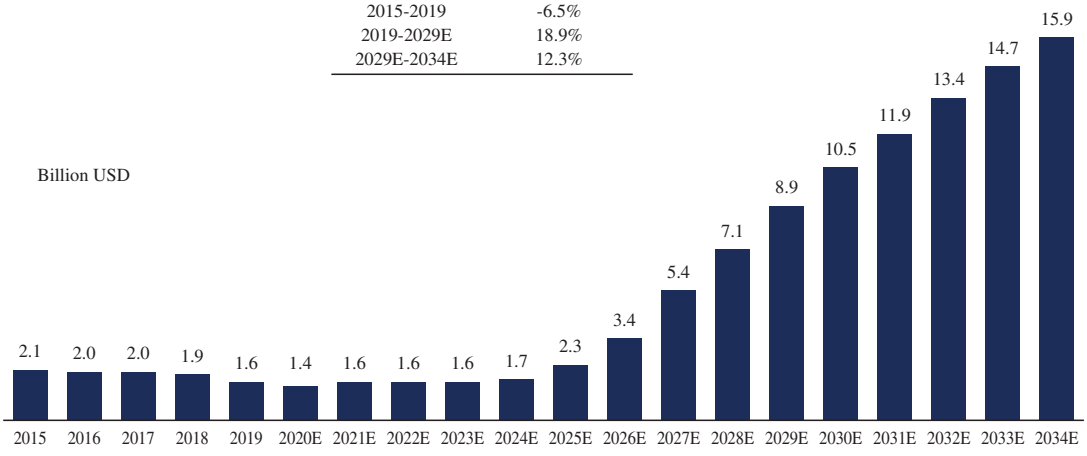
## China HBV Drug Market

The size of the HBV drug market in China decreased slightly from US$2.1 billion in 2015 to US$1.6 billion in 2019. This decline is mainly due to the decrease in the price of off-patent HBV drugs, such as tenofovir disoproxil fumarate and entecavir. Prices declined after the Chinese government introduced large procurement contracts to acquire these therapies on behalf of public hospitals, which increased buy-side pricing power.

Due to the public burden that HBV imposes on China's social system, its government has become inclusive of innovative therapies in its insurance reimbursement system. For example, The Prevention and Treatment Guidelines of Hepatitis B in 2019 increased the patient base eligible for antiviral treatment in China. With more innovative HBV drugs expected to enter the China market beginning in 2024, especially those that can provide a functional cure, and after taking into account the increase in the availability of HBV vaccination in China, the market is anticipated to grow significantly to US$8.9 billion in 2029 from US$1.6 billion in 2019, representing a CAGR of 18.9% during that period according to Frost & Sullivan.

**China HBV Drug Market, 2015-2034E**

| Period | CAGR |
|---|---|
| 2015-2019 | -6.5% |
| 2019-2029E | 18.9% |
| 2029E-2034E | 12.3% |




*Source: Frost & Sullivan analysis*

### *Treatment Options for HBV Infections in China*

In China, HBV antiviral drugs are mainly divided into two categories: nucleotide/nucleoside reverse transcriptase inhibitors (NRTIs) and interferon, as shown below.

**HBV Drugs on the Market in China**

| Drug Class (Technology) | Generic Name | Year Approved | Company | Patent Status | 2020 NRDL coverage | Annual Cost (USD) |
|---|---|---|---|---|---|---|
| NRTIs | Adefovir (ADV) | 2005 | GSK, etc. | Off-patent | Class B | $215 |
| | Telbivudine (LDF) | 2010 | Novartis | Off-patent | Class B | $963 |
| | Entecavir (ETV) | 2013 | BMS, etc. | Off-patent | Class B | $99 |
| | Lamivudine (LAM) | 2013 | GSK, Chia Tai-Tanqing, etc. | Off-patent | Class B | $212 |
| | Tenofovir (TDF) | 2015 | Gilead, etc. | Off-patent | Class B | $382 |
| | Propofol tenofovir (TAF) | 2018 | Gilead | Exp. 2021 | Class B | $984 |
| Interferon | Interferon alfa-2b | 1999 | Cain Technology, HPGC, Shanghai Tengrui, etc. | Off-patent | Class B | $751 |
| | Interferon alfa-2a | 2002 | Changchun, Shanghai Tengrui, etc. | Off-patent | Class B | $497 |
| | Peginterferon alfa-2a | 2003 | Roche | Off-patent | Class B | $7,164 |
| | Interferon alfa-1b | 2003 | Ternary Gene, etc. | Off-patent | Class B | $2,177 |
| | Peginterferon alfa-2b | 2004 | Merck, Amoytop Biotech, etc. | Off-patent | Class B | $6,473 |
| | Recombinant cytokine gene derived protein | 2018 | Jiehua Biology | Patent not expired; exclusivity until at least 2023 | Class B | $7,605 |

*Notes:*
Class B drugs are 70% reimbursed by public insurance on average but rates differ by region.
Addressable Markets: All therapies listed here are indicated for general treament of chronic HBV.
Annual cost is for the China market
The average price discount of NRTIs and Interferon was around 50% when they were first included in the NRDL.

*Source: Frost & Sullivan analysis*

NAs interfere late in the viral lifecycle, preventing DNA replication. However, they do not affect the transcriptional activity of cccDNA and viral protein production, and only rarely induce immune control. HBsAg loss is, therefore, rare and a functional cure is hard to achieve with the current therapies. First-line, highly potent NRTIs are able to suppress viral loads to undetectable levels. However, there are serious limitations. When therapy is stopped, there is viral rebound in the vast majority of patients, requiring lifelong treatment. Since therapy must be continued long term, there are also toxicities that must be managed. Although NRTIs are generally safe and relatively free of major side effects, nephrotoxicity and bone toxicity may occur in a small yet non-negligible proportion of patients receiving some NRTIs (e.g., adefovir dipivoxil (ADV) and TDF).

It is almost impossible to reach a complete cure of HBV infection, due to the persistent presence of cccDNA and the integration of HBV DNA into the host cell genome, as well as the current lack of therapeutic agents specifically targeting cccDNA. Current treatments have achieved undetectable serum HBV DNA and normal ALT levels but with detectable HBsAg. However, such a treatment goal is far from satisfactory in clinical practices. Instead, developers attempt to achieve a functional cure (i.e., sustained immunological control of HBV infection in the absence of HBV therapies, or clinical lab tests that are sero-negative for HBsAg with or without seroconversion to HBsAb). Such a treatment would be durable irrespective of an antiHBs status, as seroreversion is uncommon for patients receiving NRTI therapy. This is important for HBV patients, as those who achieve HBsAg seroclearance can go without antiviral treatment for a relatively long period.

New strategies for finding a functional cure for HBV infection require scientific rationale. Combination therapy is a popular concept, as the data generated from direct-acting antiviral drug and immunomodulators suggests that none of the compounds being tested will be sufficient individually to achieve a functional cure. Sequential combination strategies include switching from NRTIs to Peg- IFN ('switch- to' strategy), or adding PEG- IFN-α to a stable NRTI ('add- on' strategy). However, the cure rate of such combination strategies is only 14% ("switch-to") and 8% ("add-on") according to academic research. In addition, several novel agents, through viral and host targets approaches, are under investigation in developing a functional cure for HBV infection.

Researchers have hypothesized that suppression of HBV proteins, particularly HBsAg, may remove the suppression of T cell and B cell activity directed against HBV. Therefore, another class undergoing active investigation involve small interfering RNAs (siRNA) as a form of RNA targeting therapy. This class targets different transcripts of HBV to suppress viral protein production, including HBsAg and interrupt the virus's life cycle. When the siRNA is properly adjuvanted with the recombinant protein vaccines, they have been shown to evoke strong B cell and T cell responses, which will be necessary for immunological control of chronic HBV.

In addition, there are a number of other agents purported to improve host immune response against HBV. Some of them are innate immune enhancers, including Toll-like receptor agonists and therapeutic vaccines. Among the therapeutic vaccines, in the host, some activate T cells, some activate B cells and some target both B and T cells. To achieve a functional cure, viral protein suppression plus a host immune enhancer can be an ideal strategy.

**Competitive Landscape**

Combination/cocktail therapies for the treatment of HBV are being widely studied in China and globally, with the most common approach being an innovative therapeutic, such as a therapeutic vaccine, a siRNA, and a capsid assembly modulator, in each case in combination with a standard therapeutic, such as interferon or an NRTI. The Company is the first company to start a Phase 2 clinical study in Asia-Pacific countries studying the combination therapy of a therapeutic vaccine and a siRNA for the functional cure of HBV, according to Frost & Sullivan.

***Competitive Landscape of RNA Targeting Products for Treatment of HBV***

The competitive landscape of RNA targeting pipelines for treatment of HBV infection include several RNA interference (RNAi) and Antisense Oligonucleotide (ASO) therapies that have begun clinical trials in China and outside of China. The treatment principle of ASO and RNAi is similar, both aim to target mRNA by sequence complementation, but ASO is a single-stranded nucleic acid, while RNAi is a double-stranded RNA.

Therapies inducing HBV-specific B cell or T cell immune response are essential elements of a rational strategy to terminate HBV infection, but a high load of HBsAg in the blood, which has been believed to induce antigen-specific immune tolerance, represents a major obstacle to curing HBV infection. Antiviral treatments that work (i) through inhibiting HBsAg production by RNA targeting therapy or (ii) through neutralizing systemic HBsAg by specific HBsAg neutralizing antibodies could potentially reduce the HBsAg load in HBV patients. Therefore, a combined strategy including a reduction of the HBsAg load via the above treatments and the therapeutic induction of B cells or T cells by vaccines may induce the appearance of anti-HBsAg antibodies and lead to a functional cure of HBV infection.

The table below shows the competitive landscape of RNA targeting pipelines for treatment of HBV infection in China and outside of China. Globally, four RNAi treatments for once-a-month dosage and three ASO treatments are in development. From available data, all of the RNAi therapies can reduce HBsAg at different levels.

## China and Outside China Competitive Landscape of RNA Targeting Therapies for Treatment of HBV

**RNA Targeting Therapies for HBV under Clinical Development in China**

| Pipelines | Type (Technology) | Delivery System | Dosage | Phase | Company | HBsAg declines (log IU/ML) | First Posted |
|---|---|---|---|---|---|---|---|
| GSK3389404 | ASO | GaINAc | Once a week or two weeks | II | GSK | Yes | 2018-05 |
| JNJ-73763989 | RNAi | GaINAc | Once a month | II | Janssen | Yes | 2020-02 |
| BRII-835 | RNAi | GaINAc | Once a month | II | Brii Biosciences | Yes | 2020-06 |
| GSK3228836 | ASO | GaINAc | Once a month | II | GSK | Yes | 2021-02 |
| STSG-0002 | RNAi | Viral vector | Once a month | I | Staidson | Undisclosed | 2019-12 |

**RNA Targeting Therapies for HBV under Clinical Development outside China**

| Pipelines | Type | Delivery System | Dosage | Phase | Company | First Posted |
|---|---|---|---|---|---|---|
| GSK3389404 | ASO | GaINAc | Once a week or two weeks | II | GSK | 2017-01 |
| JNJ-73763989 | RNAi | GaINAc | Once a month | II | Janssen | 2019-10 |
| RO7445482 | RNAi | GaINAc | Once a month | II | Roche | 2020-01 |
| VIR-2218 | RNAi | GaINAc | Once a month | II | Vir/Alnylam | 2020-06 |
| GSK3228836 | ASO | GaINAc | Once a month | II | GSK/Ionis | 2021-02 |
| AB-729 | RNAi | GaINAc | Once two months | I | Arbutus | 2021-03 |

*Note:* GalNAc, or N-acetylgalactosamine, is an amino sugar derivative of galactose. In siRNA/ASO delivery, GalNAc molecules are covalently bound to siRNA/ASO molecules to form GalNAc-siRNA/ASO conjugates. Upon subcutaneous injection, the GalNAc structure of the conjugate then binds to the Asialoglycoprotein receptor that is highly expressed on hepatocytes, resulting in rapid endocytosis. After entering the hepatocytes, the siRNA/ASO binds to the target RNA and sets it up for degradation. Because of GalNAc's exceptional selectivity for liver cells, it is primarily being used to develop therapies for liver-related diseases, such as HBV infection.

*Source: CDE, Clinical trial.gov, Frost & Sullivan analysis*

### *Competitive Landscape of Therapeutic Vaccines for Treatment of HBV*

The competitive landscape in China and outside China of therapeutic vaccine pipelines for treatment of HBV infection is summarized in the table below. Protein and peptide vaccines inject antigens and fragments thereof, respectively, to provoke a direct immune response from a patient. With regard to HBV therapeutic vaccines, there are three categories of vaccines using different technological platforms (DNA, virus vector and protein) where recombinant proteins in protein-based vaccines can be formulated with novel adjuvants to enhance immunogenicity and thus may confer better protection to vaccinees.

**China and Outside China Competitive Landscape of Therapeutic Vaccines for Treatment of HBV**

| HBV Therapeutic Vaccines under Clinical Development in China | | | | |
|---|---|---|---|---|
| **Vaccine Name** | **Company** | **First Posted Date** | **Phase** | **Platform** |
| T101 (TG1050) | Tasly Biopharma | 2019-12-02 | II | Live vector (Ad5) |
| BRII-179 (VBI-2601) | Brii Biosciences | 2020-04-21 | Ib/IIa | Protein |
| TVAX-008 | Nanjing Grand Theravac | 2020-12-20 | I | Protein |
| **HBV Therapeutic Vaccines under Clinical Development outside China** | | | | |
| **Vaccine Name** | **Company** | **First Posted Date** | **Phase** | **Platform** |
| NASVAC | Center for Genetic Engineering and Biotechnology, Cuba | June 15, 2011 | III | Protein |
| GS-4774 | GlobeImmune | September 17, 2013 | II | Protein |
| TG1050 | Transgene | November 19, 2019 | II | Live vector (Ad5) |
| CVI-HBV-002 | CHA Vaccine | February 28, 2020 | II | Protein |
| HepTcell (FP-02.2) | Altimmune | December 28, 2020 | II | Peptide |
| VBI-2601 (BRII-179) | VBI Vaccines/Brii Biosciences | February 11, 2021 | II | Protein |
| INO-1800 (T101) | Inovio | May 1, 2015 | I | DNA |
| JNJ-64300535 | JNJ | March 13, 2018 | I | DNA |
| GSK3528869 | GSK | March 7, 2019 | I | Protein |
| VTP-300 (ChAdOx1-HBV) | Vaccitech | March 3, 2021 | I | Live vector (ChAdOx1) |

*Source: CDE, Clinical trial.gov, Frost & Sullivan analysis*

## Major Market Drivers of HBV Treatment Market in China

The future trends of the HBV treatment market center around the following:

- *Functional cure*. Multiple studies have shown that seroclearance of HBsAg is associated with improved clinical outcomes in patients with HBV, despite the persistence of HBV DNA in the liver. It is anticipated that the penetration rate of a functional cure for HBV infection will be significantly high as most HBV patients are eager to obtain a functional cure to lower their mortality and morbidity risks.

- *Government support*. As China has the largest HBV patient pool, the Chinese government has made great efforts to achieve a functional cure and reduce HBV's disease burden. For example, by approving an increasing number of HBV treatments for reimbursement and launching campaigns and introducing policies, like HBV test stations, the government has sought to improve diagnosis, treatment and diagnosis rates. It is anticipated that the continuous implementation of China's HBV prevention and control policies will provide a sustained driving force for the development of the HBV drug market and that, if a functional cure treatment is approved, it will receive government support in large scale.

- *Expansion of treatment eligibility*. In the 2010, 2015, and 2019 China HBV diagnosis and treatment guidelines, the eligibility of HBV treatment continued to expand. With the emergence of innovative therapies and clinical evidence, it is expected that the eligibility will further expand in the future.

**Commercial Opportunities for HBV Functional Cure in China**

Commercial opportunities for HBV functional cures in China are driven by (i) improved diagnosis and treatment rates, (ii) improved affordability and (iii) increased awareness of curative therapies and a high willingness to try a functional cure.

- *Improved diagnosis and treatment rates*. China has the largest HBV patient pool in the world but the current diagnosis and treatment rate of HBV infection is relatively low. Healthcare spending in China has been increasing rapidly in the last several years, which has led, and is expected to continue to lead, to a significant improvement in primary medical institutions' diagnostic ability and an increase in the diagnosis rate of HBV patients in rural areas. Subsequently, such higher diagnosis rates are anticipated to lead an increasing number of persons with HBV infection to seek treatment, driving the growth of the HBV therapeutics market.

- *Improved access to innovative therapies*. At present, all HBV antiviral drugs in China, including NAs and interferon, have entered the NRDL, which has created a large patient base for HBV therapies. Considering the huge HBV patient pool in China, innovative HBV drugs are likely to enter NRDL if they get approved by the National Medical Product Administration (NMPA), improving the accessibility of such innovative drugs.

- *Increased awareness of curative therapies and high willingness to try a functional cure*. With increasing awareness about HBV, more and more HBV patients are willing to get treatment in China, driving the growth of the HBV therapeutics market. In addition, it is anticipated that patients' willingness to pay will be relatively high if a treatment can provide a functional cure, which will free HBV patients from taking HBV drugs for the rest of their lives and significantly lower their risk of liver cirrhosis and liver cancer.

In addition, there are various technological barriers for biosimilar drug developers to enter this market. Apart from being protected by patents, novel HBV curative therapies are also difficult to copy from a manufacturing perspective due to the specific know-how required. Therapeutic vaccines require complex formulation of multiple components and RNA targeting drugs require state-of-the-art nucleotide modifications that are difficult to produce chemically. RNA targeting drugs are also formulated based on proprietary delivery platforms that require non-public know-how.

## THE HIV DRUG MARKET

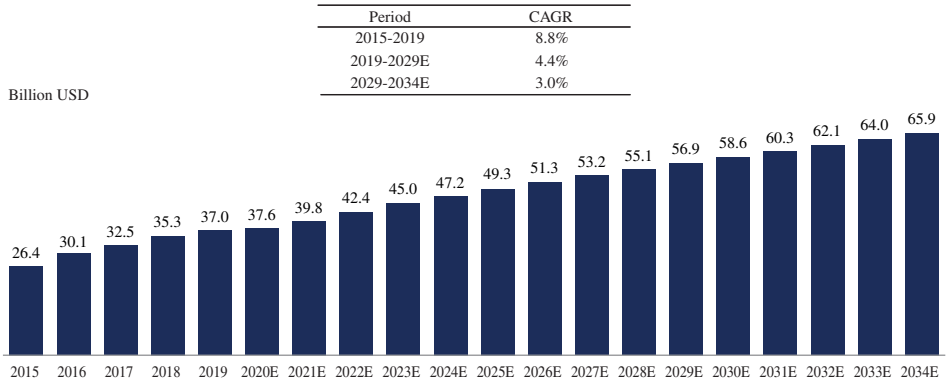
### Overview

HIV is a virus that infects CD4+ cells, destroying or impairing immune function. Once an individual is infected with HIV, the disease progresses (i) from initial infection, (ii) to symptomatic infections after a latency period and (iii) finally to the end stage disease called acquired immunodeficiency syndrome (AIDS). In some cases, HIV-infected patients may not show any symptoms for many years before symptoms such as fever, fatigue, swollen lymph nodes, weight loss, oral yeast infection, shingles and pneumonia begin to manifest. Meanwhile, HIV continuously destroys immune system until it can no longer fight off infections and other diseases. Patients with severe immunodeficiency become vulnerable to opportunistic infections and often face life-threatening complications or death.

### Key Market trends of HIV Drug Market

The global HIV drug market reached US$37.0 billion in 2019 and is expected to further grow to US$65.9 billion in 2034 according to Frost & Sullivan, as shown in the chart below. Developed markets, such as the United States, account for the majority of the global HIV drug market primarily due to high demand for innovative HIV therapeutics. In 2019, the United States accounted for 89% of the global sales of Biktarvy, the best-selling HIV drug in the world. Similarly, the United States accounted for 59% to 94% of global sales of the other HIV therapeutics that are in the global top 10 list of 2019. Looking forward, innovative therapies will continuously drive the market growth in both developed and emerging markets.

**Global HIV Drug Market, 2015-2034E**




*Source: Frost & Sullivan analysis*

***Key Market Trends in Developed HIV Drug Markets***

HIV patients in developed and emerging markets encounter different treatment options and the unmet medical needs between developed and emerging markets differ.

In developed markets, such as the United States, safe and effective therapies are well established and accepted, especially following the introduction of single tablet regimes (STRs), which combine various antiviral agents under different MoAs into a single tablet.

In addition, patient awareness, diagnosis and treatment rates are steadily growing. More importantly, patients, who can now manage HIV as a life-long chronic disease, are gaining more decision power over their treatment options. These patients are looking for better treatment options that improve their quality of life (QoL), such as long-acting therapeutics that can lead to higher levels of privacy, lower risk of non-adherence and less anxiety from social stigma.

According to a survey conducted in the Infectious Diseases clinics at Duke University and the University of South Carolina, 263 HIV patients were asked their opinion about switching to one of three new long-acting HIV treatments: a single pill once a week, 2 shots in clinic every other month or the implanting and removing of 2 small plastic rods about the size of matchsticks in each forearm every 6 months. For the one pill a week treatment, 66% of participants said they were very interested. For two shots every other month treatment, 39% of participants said they were very interested. For the two implants every six months treatment, only 18% of participants said they were very interested. This result shows that an oral, long-acting, anti-HIV STR can be a more desirable treatment option.

***Key Market Trends in China HIV Drug Markets***

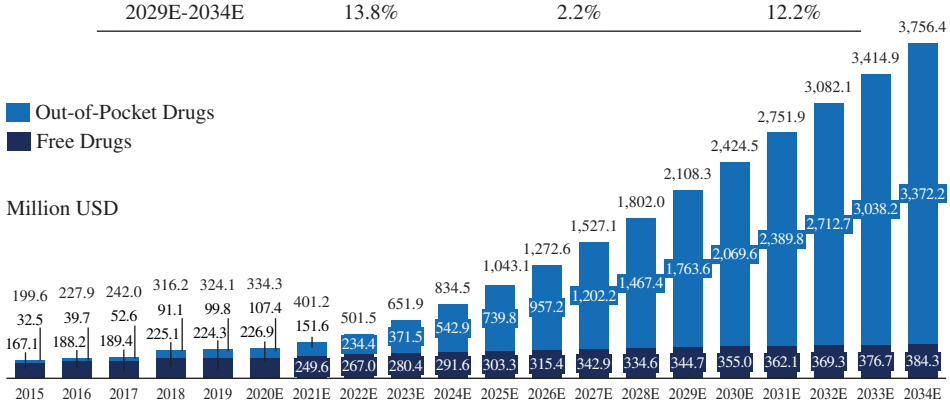
On the other hand, in emerging markets, such as China, patients are still being treated with older generation HIV therapies. Many safer and more effective regimens approved in developed markets are still not available; therefore, the HIV drug market in emerging markets is expected to grow much faster than the global market, which is driven by improved accessibility of innovative treatment paradigms, according to Frost & Sullivan.

The HIV drug market in China can be divided into two categories: (i) drugs supplied by the government for free which usually cause side effect and non-adherence problems ("free drugs" market) or (ii) drugs for which patients need to pay at least a portion of the cost out of their own pockets ("out-of-pocket" market). The out-of-pocket segment represents the market for most innovative HIV drugs.

The market size for the out-of-pocket HIV drugs in China was US$99.8 million in 2019, accounting for less than 10% of the total number of treated patients in China HIV market and is anticipated to grow to US$2.1 billion in 2029, representing a CAGR of 33.3% from 2019 to 2029, which is significantly higher than the CAGR for global HIV drug market. This growth reflects (1) increased diagnosis and treatment, and (2) the anticipated inclusion of additional innovative HIV drugs in the NRDL, resulting in significantly improved accessibility and a larger patient base receiving innovative HIV drugs. This growth trend is evident in the case of Genvoya, the sales of which grew over 250% in 2020 after its inclusion on NRDL in 2019, according to Frost & Sullivan. The increase in Genvoya sales took about 25% share of the out-of-pocket market in 2020.

**China HIV Drug Market, 2015-2034E**

| CAGR | Out-of-Pocket Drugs | Free Drugs | Total |
|---|---|---|---|
| 2015-2019 | 32.4% | 7.6% | 12.9% |
| 2019-2029E | 33.3% | 4.4% | 20.6% |
| 2029E-2034E | 13.8% | 2.2% | 12.2% |




*Source: Frost & Sullivan analysis*

## Global Treatment Options for HIV Infection

Currently, there is no cure for HIV infection but medications that prevent reverse transcription (RT) during HIV replication can control viral load and slow down the progression of the disease. This type of treatment is called antiretroviral therapy (ART). The major categories of ART drugs are NRTIs, non-NRTIs (NNRTIs), protease inhibitors (PIs), integrase strand transfer inhibitors (INSTIs), fusion inhibitors, CCR5 inhibitors and integrase inhibitors.

HIV patients using a single-drug ART treatment, however, have a high possibility of failing to suppress viral activity due to virus mutation and drug resistance. A form of ART, called combination antiretroviral therapy (cART), solved this problem by combining multiple drugs acting on different viral targets into a cocktail. cART has become the global standard of care.

In recent years, newly approved cART with improved efficacy and safety profile have become the most widely-used HIV drugs globally as shown in the table below.

**Global Top Ten HIV Drugs by Sales Value**

| Drug Class (Technology) | Brand Name | Generic Name | Dosing | Company | 2019 Global Sales (b USD) | Patent Status (US) | Annual Cost in US (USD) | Availability in China | 2020 NRDL Coverage | Annual Cost in China (USD) |
|---|---|---|---|---|---|---|---|---|---|---|
| cART agents | Biktarvy | BIC/FTC/TAF | Once daily | Gilead | 4.7 | Exp. 2033 | $41,328 | Approved | Not covered | $6,716 |
| cART agents | Genvoya | EVG/COBI/FTC/ TAF | Once daily | Gilead | 3.9 | Exp. 2029 | $42,220 | Approved | ClassB | $2,354 |
| cART agents | Triumeq | ABC/DTG/3TC | Once daily | GSK | 3.3 | Exp. 2027 | $38,753 | Approved | Not covered | $5,256 |
| cART agents | Truvada | FTC/TDF | Once daily | Gilead | 2.8 | Off-patent | $5,974 | Approved | Class B | $3,477 |
| Integrase Inhibitors | Tivicay | DTG | Once daily/ Twice daily | GSK | 2.1 | Exp. 2027 | $23,376 | Approved | Not covered | $1,789 |
| Protease Inhibitor | Prezista | DRV | Once daily/ Twice daily | J&J | 2.1 | Off-patent | $22,507 | Approved | Not covered | $2,738 |
| cART agents | Odefsey | FTC/RPV/TAF | Once daily | Gilead | 1.7 | Exp. 2025 | $37,619 | Not approved | Not covered | NA |
| cART agents | Descovy | FTC/TAF | Once daily | Gilead | 1.5 | Exp. 2025 | $23,546 | Approved | Not covered | $4,161 |
| Integrase Inhibitors | Isentress | RAL | Once daily/ Twice daily | Merck (MSD) | 1 | Exp. 2024 | $21,170 | Approved | Not covered | $3,477 |
| cART agents* | Atripla | EFV/FTC/TDF | Once daily | Gilead | 0.6 | Off-patent | $36,478 | Not approved | Not covered | NA |

*Notes:* Reimbursement Coverage: All drugs listed here are covered by most private insurance policies in the US Class B drugs in China are 70% reimbursed by public insurance on average but rates differ by region.

Addressable Markets: All therapies listed here indicated for general treatment of HIV infections.

*Source: Frost & Sullivan analysis*

## China Treatment Options for HIV Infection

In China, most of the cART approved recently in developed markets have neither been approved nor, for most of the STRs, included in the NRDL. This lack of access is changing quickly due to governmental policy change, presenting a significant market growth opportunity in China.

Historically, China's Four Free and One Care program ("四免一關懷") has covered 100% of the drug cost for most HIV-infected patients. However, this free drug program only covers older generation ARTs, which are often less effective than the newer generation ARTs and come with significant side effects. Patients must pay out-of-pocket for more innovative ARTs.

Nevertheless, it is expected that the Chinese government will include more innovative HIV drugs on NRDL to better control HIV. As indicated in the table above entitled "Global Top Ten HIV Drugs by Sales Value," currently only two of the global top selling innovative therapeutics are covered by the NRDL in China. However, following the inclusion of Genvoya on NRDL in 2019, it is anticipated that more innovative therapies will be covered, thereby dramatically expanding access to this segment of the market, according to Frost & Sullivan.

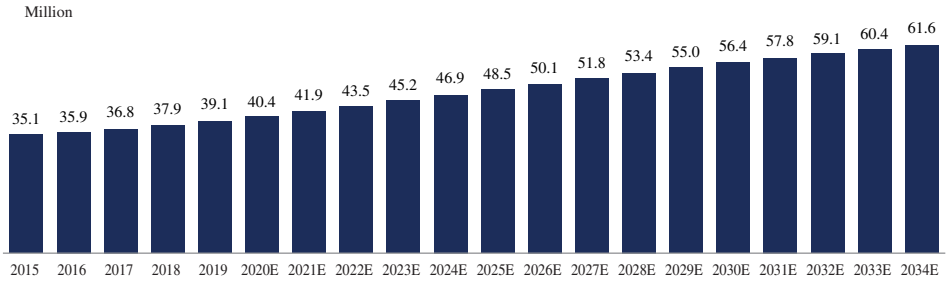
## Major Market Drivers of the Market for HIV Treatment

The future growth of the HIV drug market is mainly driven by (i) large global patient treatment base; (ii) increasing HIV awareness worldwide; (iii) innovative solutions to the shortcomings of current HIV drugs globally; (iv) high prevalence in China; and (v) improved accessibility to treatment in China.

- *Large Global Patient Population.* The global patient population of HIV infection reached 39.1 million in 2019. It is estimated that the number of infected individuals will reach 61.6 million in 2034, according to Frost & Sullivan. Although annual prevalence in the United States has been reduced, there were still about 38,000 new HIV infections each year between 2014 and 2018.

**Global HIV Infection Prevalence, 2015-2034E**

| Period | CAGR |
|---|---|
| 2015-2019 | 2.7% |
| 2019-2034E | 3.1% |




*Source: Frost & Sullivan analysis*

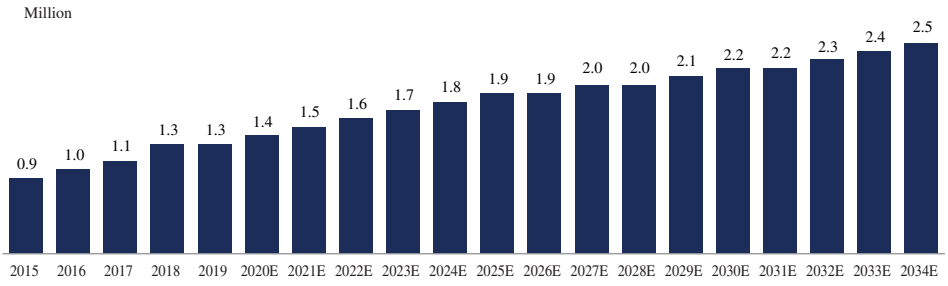
- *Increasing awareness of HIV worldwide.* International efforts have increased awareness of HIV, improving diagnosis and treatment rates. The Joint United Nations Program on HIV and AIDS (UNAIDS) has set the "90-90-90 target," with the goal that, by 2020, 90% of patients living with HIV know their HIV status, 90% of patients living with HIV receive ART therapy and 90% of patients receiving ART therapy achieve viral suppression. Global government agencies also attach great importance to the prevention and treatment of HIV infection and have provided corresponding policy support. This is expected to further foster the expansion of HIV treatment and prevention markets.

- *Innovative solutions to resolve shortcomings of current HIV drugs.* Studies have shown that (i) patients have a preference for long-acting agents that allow for treatments to be taken at longer intervals and (ii) that most patients lean toward oral agents over IV injection and other types of therapies that require administration by a healthcare professional. The launch of oral, long-acting antiviral agents, therefore, is expected to drive market growth upon introduction to the market.

- *High prevalence in China.* In China, the growth of HIV patient numbers (CAGR 10.4% from 2015 to 2019) is much more significant than global figures. It is expected that over 2.5 million people in China will be infected in 2034. There were more than 50,000 infected people newly diagnosed every year over the last decade, posing a huge challenge for the Chinese public health system.

**China HIV Infection Prevalence, 2015-2034E**

| Period | CAGR |
|---|---|
| 2015-2019 | 10.4% |
| 2019-2034E | 4.2% |




*Source: Frost & Sullivan analysis*

- *Improved accessibility to treatment in China*. Access to treatment is also driving market growth. In 2019, only a small portion of HIV patients in China received innovative HIV therapies. In order to improve medication accessibility and reduce the proportion of patients' out-of-pocket payments, the Chinese government continues to optimize its free drug coverage manual for HIV antiviral treatments, as well as its NRDL catalogue. Driven by these and other improved medical insurance policies, more HIV-infected patients can have access to innovative treatment such as STR, which would drive the growth of the HIV treatment market.

## THE MDR GRAM-NEGATIVE INFECTIONS DRUG MARKET

### Overview

Bacteria are broadly classified as gram-positive or gram-negative and multi-drug resistance has developed and prevailed in both categories of bacteria. The WHO has identified multi-resistant bacteria as a major global menace and a necessary focus of R&D. In its 2017 list of the highest-priority pathogens, the WHO named 12 bacteria that pose the greatest threat to human health and divided them into three classes: critical, high and medium-level threats. All critical-level pathogens are gram-negative bacteria and include multi-drug resistant (MDR) *A. baumannii, P. aeruginosa* and *Enterobacterales*. Close to 70% of the listed bacteria is gram-negative.

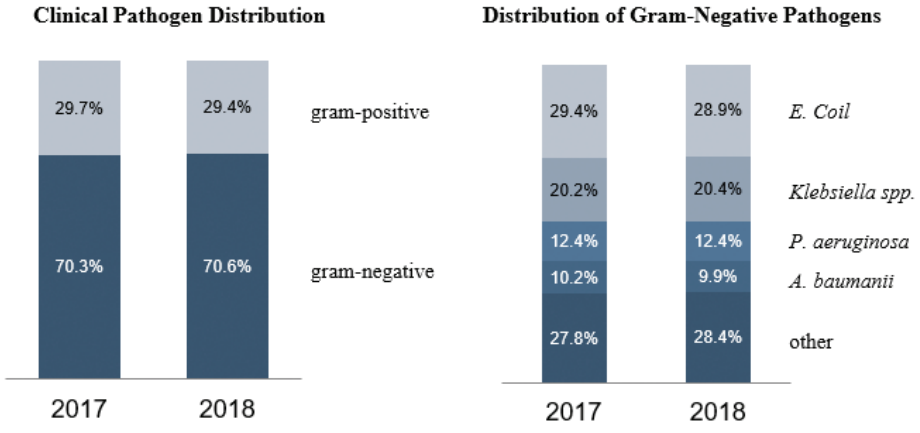
**Large Patient Population in China**

MDR gram-negative bacteria are extremely prevalent in China. According to pathogenic test results in over 1,400 hospitals in China, over 70% of MDR bacteria detected were gram-negative. However, the detection rate of such bacteria is relatively low, which indicates a higher infection rate in reality.

Among all gram-negative pathogens, *E. coli* and *Klebsiella spp.* are the most common gram-negative pathogens in clinical settings. *P. aeruginosa* and *A. baumannii* are also highly prevalent and treatment options are very limited. Together, these four bacteria have accounted for over 70% of all gram-negative pathogens since 2008.

**China Gram-negative Antibacterial Drug Market**

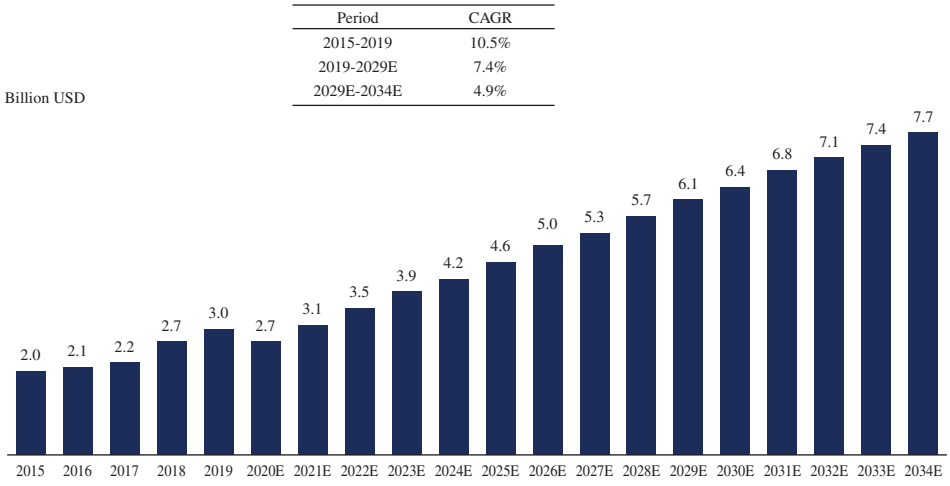
In China, the drug market for gram-negative antibacterial drugs under in-patient setting has witnessed high growth in the past five years. In 2018, gram-negative pathogen infections accounted for around 70% of all infections, with the top four bacteria responsible for 70% of such gram-negative pathogen infections, as illustrated below. The charts below show the distributions of clinical and gram-negative pathogens in 2017 and 2018, which are exemplary of the distribution over the past decade according to Frost & Sullivan.




*Source: Frost & Sullivan analysis*

Despite the fact that few gram-negative drugs were approved in recent years in China, as illustrated in the chart below, the market size of treatments for MDR gram-negative bacterial infections in China has grown rapidly in recent years, with a CAGR of 10.5% from 2015 to 2019, and is expected to continue to grow at a CAGR of 7.4% from 2019 to 2029. The decline in market size in 2020 takes into account the impact of the COVID-19 outbreak.

**China MDR Gram-negative Antibacterial Drug Market, 2015-2034E**




*Note: G-MDR antibiotics include carbapenem, BL/BUs, tetracycline and polymyxin*

*Source: Frost & Sullivan analysis*

## Gram-negative Pathogen Infection and Resistance

Gram-negative bacteria cause infections including pneumonia, bloodstream infections, wound or surgical site infections and meningitis in healthcare settings. Gram-negative infections are caused by *Klebsiella* spp. (including *K. pneumoniae*), *Acinetobacter* spp. (including *A. baumannii*), *P. aeruginosa*, and *E. Coli.*, as well as many other less common bacteria. Gram-negative bacteria are generally more resistant to antibodies, due to their characteristic cell wall, and develop resistance to antibodies more quickly than gram-positive bacteria.

### *Hospital-acquired Pneumonia and Ventilator-associated Pneumonia*

Gram-negative bacteria, especially *P. aeruginosa* and *A. baumanni*, are the two most common pathogenic bacteria that cause hospital-acquired pneumonia (HAP) and ventilator-associated pneumonia (VAP). HAP denotes an episode of pneumonia occurring 48 hours or more after admission to the hospital. VAP is the most frequent nosocomial infection occurring 48 hours or more after initiation of mechanical ventilation.

Each year, there are more than 3.9 million HAP/VAP cases with a mortality rate of 25-50% according to Frost & Sullivan. *P. aeruginosa* in particular, is associated with high VAP mortality rates. Associated mortality rates increase in the presence of MDR and XDR strains. For *A. baumannii* high mortality rates associated with VAP are similarly concomitant. As these bacteria develop resistance, advanced antibiotics such as second-generation BL/BLI combinations will be required.

***Complicated Urinary Tract Infection***

Complicated UTI (cUTI) are caused by *E. Coli*, *K. pneumoniae*, *P. aeruginosa* and *A. baumannii*, each gram-negative bacteria. A cUTI is similar to a normal UTI, but much harder to treat. Instead of floating freely in the urine, where the bacteria can rapidly multiply and can be easily reached by antibiotics, the bacteria causing cUTI have embed in the bladder wall, where they can multiply more slowly and are much harder to reach. It is extremely common for a cUTI to develop after treatment for a normal UTI. *E. Coli* is responsible for more than 50% of cUTI events and is the most common carbapenem-resistant gram-negative bacteria in cUTI events.

In 2019, the total number of new cases in China for cUTIs was 1.9 million, with a CAGR of 7% between 2014 and 2019. Due to the widespread use of antibiotic therapy and relatively conservative sexual lives in China, the growth rate of UTIs is lower than that of the global level. With improved individual awareness for disease prevention, it is expected that by 2034 the number of new cases in China will increase moderately to 3.1 million, respectively.

***Multi-drug Resistance***

Multi-drug resistance, particularly carbapenem resistance, is a major and ongoing public health problem in China and globally as antibiotics used to treat bacterial infections are increasingly rendered ineffective due to bacterial resistance, specifically bacterial production of β-lactamases.

β-lactamases are a family of enzymes produced by gram-positive and gram-negative bacteria (including anaerobes) and mycobacteria to inactivate β-lactams (the broad class of antibiotics used to treat bacterial infections). β-lactams inhibit bacterial cell wall synthesis by binding to penicillin-binding proteins (PBPs) of bacteria. β-lactamases hydrolyze the β-lactam ring to inactivate the antibiotic molecule prior to binding with PBPs.

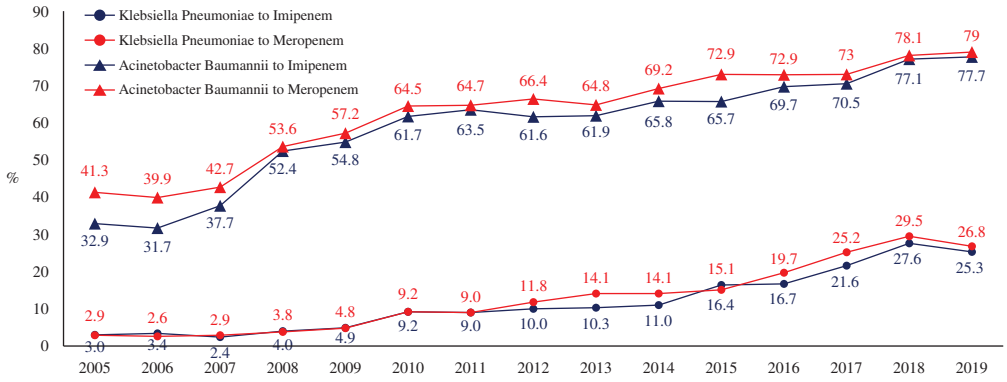
There are two major classes of β-lactamases that lead to multi-drug resistance. One class is Metallo-β lactamases (MBLs) and the other is Serine β-lactamases (SBLs). MBLs include a family of various β-lactamases such as New Delhi Metallo-β lactamases (NDM), a type of β-lactamase that can inactivate virtually all β-lactam antibiotics including carbapenems. The other class, SBLs, represent the largest family of β-lactamases and include enzymes, such as carbapenemase and so called extended spectrum β-lactamases (ESBLs), that can degrade the majority of cephalosporins, monobactams and penicillins. Both SBLs and MBLs have become an increasing source of resistance in the last decade.

MBL-producing strains are endemic within communities in many Asian countries and have successfully spread worldwide to account for many significant carbapenem-resistant *Enterobacterales* (CRE) outbreaks.

Among SBLs, carbapenemase are of particular concern because carbapenem is a class of β-lactam antibiotics widely used for many bacterial infections due to its significant potency against both gram-positive and gram-negative bacteria. Carbapenem resistance mainly occurs among gram-negative pathogens such as *K. pneumoniae*, *P. aeruginosa* and *A. baumannii* and such resistance may be intrinsic or mediated by transferable carbapenemase-encoding genes that express carbapenemases. Carbapenemase, such as the *K. pneumoniae* carbapenemase (KPC), degrade carbapenems (as well as other β-lactams).

The chart below illustrates the increase in resistance rates of the two most prevalent carbapenems in China, imipenem and morepenem.

**Imipenem and Morepenem Resistance Rate in China, 2005-2019**




*Note:* CHINET surveillance of bacterial resistance across tertiary hospitals

*Source: Frost & Sullivan analysis*

## Treatment Options for Gram-negative Infections

For gram-negative infections, especially for those that are resistant to carbapenem, options are limited. Empirical prescriptions are common practice in China and usually the ones that give physicians the most confidence can become the first-line therapy in clinics.

### *Current Treatments for MDR Gram-negative Bacterial Infections*

Treatments for MDR gram-negative bacterial infections that are marketed in China include β-lactam with β-lactamase inhibitors (BLI), carbapenem, tetracycline and polymyxin.

β-lactams in combination with BLIs (BL/BLI combinations) offer the advantages of high blood concentration, broad spectrum, enhanced antibacteria activity for MDR bacteria and lower toxicity and are often used as the first-line empirical prescription. First-generation BLIs that are currently marketed in China include clavulanic acid, tazobactam and sulbactum. BL/BLI combinations are effective against ESBL-producing *Enterobacterales* and MDR *P. aeruginosa*. However, the first-generation BL/BLI combinations suffer from limited pathogen coverage and will require a subsequent line of treatment in severe infections.

Carbapenem is a form of β-lactam that offers broad spectrum and strong activity against MDR bacteria. Carbapenem is effective against ESBL-producing *Enterobacterales*, MDR *P. aeruginosa* and MDR *A. baumannii*. Once the resistance to carbapenem develops, very few options are available to combat the infection.

Tetracycline is another broad-spectrum antibiotic and exhibits strong activity against MDR bacteria. It is typically used as the second line treatment after BL/BLI combination. Tetracycline is effective against ESBL-producing *Enterobacterales* and MDR *A. baumannii*. However, tetracycline also causes adverse reactions such as hepatotoxicity, renal toxicity and hemolytic anemia.

There is a particular unmet medical need for the treatment for infections caused by MDR gram-negative bacteria in China. Approved BL/BLI combinations in China address widespread SBLs but none provide broad coverage against clinically important MBLs. Polymyxin, along with second-generation BLIs, are among the few choices available to tackle MDR bacteria.

Polymyxin is beneficial due to potential efficacy against MDR gram-negative bacteria and is generally used as the last-line treatment after BL/BLI combination and carbapenem. Polymyxin is effective against *Enterobacterales*, MDR *P. aeruginosa* and MDR *A. baumannii*.

The polymyxin in clinical use today include polymyxin B and polymyxin E (also called colistin). Both can cause significant side effects due to their toxicity profile. Recent increased use of polymyxin as a last resort for MDR infection in hospital settings has increased bacterial resistance, including among *A. baumannii*. Polymyxin are associated with several other disadvantages, including (i) easy-to-develop drug resistance, (ii) distinct toxicity such as renal toxicity and (iii) neurotoxicity.

As evidenced by the foregoing, more effective and safer antibiotics are greatly needed in China and worldwide.

***Second generation BLIs in China***

Given the increase in MDR and XDR bacteria, second-generation BLIs present a promising avenue to tackle MDR bacteria. The table below shows the second-generation BLIs in China that are marketed and those that are in the pipeline. As there are only a limited number of second-generation BLIs in the pipeline, there are currently not sufficient drugs in development to address the unmet medical needs, particularly for an ultra-broad, safe and economic antibiotic.

## Second-generation BLIs in China

**Marketed Second-generation ß-lactamase Inhibitors in China**

| Inhibitor | Combination Antibiotic | Company | NMPA Approval Date | Indication | Patent Status | 2020 NRDL Coverage | Cost per Day (USD) |
|---|---|---|---|---|---|---|---|
| Avibactam | Ceftazidime | Pfizer | 2019/5/21 | cIAI, HAP, VAP | In patent exp 2026 | Not covered | $628 |

*Notes:*
*Technology: The drug listed here is a second-generation ß-lactamase Inhibitors.*
*Addressable Markets: The drug listed here is indicated for treating infections that are proven or strongly suspected to be caused by susceptive bacteria.*

**Second-generation ß-lactamase Inhibitors under Clinical Development in China**

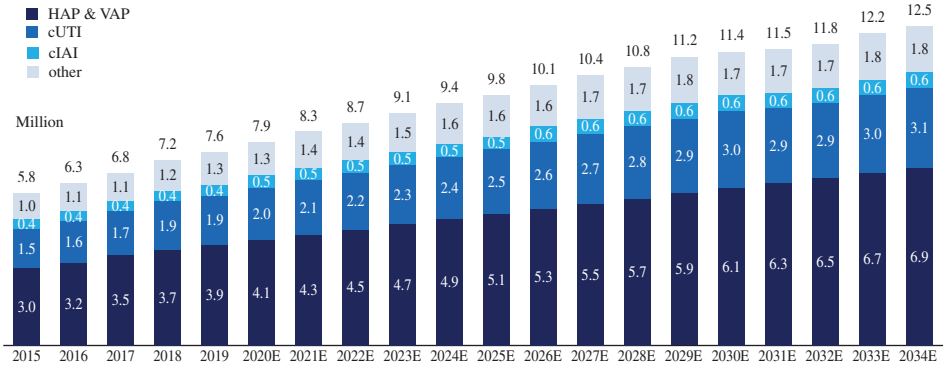
| Inhibitor | Combination Antibiotic | Company | Indication | Status | Date | Global Status Excluding China |
|---|---|---|---|---|---|---|
| Taniborbactam (VNRX-5133) | Cefepime | Everest | cUTI | Phase III | 2019-09-12 | Entered Phase III on 2019/2/15 |
| Avibactam | Aztreonam | Pfizer | Severe infections caused by gram-negative bacteria, including metal-producing-lactamase (MBL) multidrug-resistant pathogens | Phase III | 2019-09-17 | Entered Phase III on 2017/11/1 |
| Sulbactam-Durlobactam (ETX2514SUL) | Cilastin/ imipenem | Zai Lab | Severe infections caused by A. calcoaceticus – A. baumannii (ACB) complex | Phase III | 2020-01-23 | Entered Phase III on 2019/03/28 |

*Source: Frost & Sullivan analysis*

The need for second-generation BLIs is significant. Patients in need of treatment by second-generation BLIs in China (due to the increased threat from bacteria in the HAP/VAP, cUTI and other settings) increased from 5.8 million to 7.6 million from 2015 to 2019, representing a CAGR of 6.8%. With the increasing number of patients every year, new cases are forecasted to reach 12.5 million by 2034, representing a CAGR of 3.4% from 2019 to 2034. From 2015 to 2019, the new cases of HAP and VAP in China increased from 3.0 million to 3.9 million and that number is anticipated to reach 6.9 million in 2034.

## New Cases of Addressable Patients for Second-generation BLI in China, 2015-2034E

| CAGR | HAP & VAP | cUTI | cIAI | others | Total |
|---|---|---|---|---|---|
| 2015-2019 | 7.0% | 7.0% | 4.5% | 6.8% | 6.8% |
| 2019-2034E | 3.9% | 3.2% | 2.2% | 2.5% | 3.4% |




*Source: Frost & Sullivan analysis*

**Major Market Drivers of Treatments for MDR Gram-negative Bacterial Infections**

The following are the expected future drivers of the market for treatments for MDR gram-negative bacterial infections in China:

- *Increasing vulnerable population in China*. As the population in China ages, it will become increasingly vulnerable to infections caused by surgery and hospitalizations and therefore will require potent and effective antibiotic treatment, including antibiotics against MDR bacteria.

- *Increasing resistance to existing antibiotics*. Due to repeated misuse and overuse of antibiotics in China and around the world, antibiotic resistance has become a health crisis. For example, carbapenems used to be among the most effective antibiotics against a broad spectrum of gram-positive and gram-negative bacteria. However, due to the frequent overuse, carbapenem resistance among gram-negative bacteria has dramatically increased since 2005, with *K. pneumoniae* going from approximately 3% resistant in 2005 to approximately 25% resistant in 2019 and *A. baumannii* going from approximately 32% resistant in 2005 to approximately 79% resistant in 2019. The fast-growing multidrug resistance of pathogenic bacteria has created a dramatic need for new treatment options. By 2034, the market for treatments for MDR gram-negative bacterial infections in China is estimated to reach US$7.7 billion according to Frost & Sullivan.

- *Recent launch of novel antibiotics*. In an effort to overcome multidrug resistance and provide options for critically ill patients, many pharmaceutical companies are committed to developing new antibiotics. Among the most successful novel antibiotics is avibactam (in combination with ceftazidime) developed by Allergan (marketed by Pfizer in China). Avibactam in combination with ceftazidime has been shown to be more effective than carbapenems against MDR *Enterobacterales* and MDR P. aeruginosa in patients with complicated intra-abdominal infection (cIAI), cUTI and HAP/VAP. The high willingness-to-pay for effective novel antibiotics has seen sales of Avycaz (avibactam/ceftazidime) multiply five times from US$22.6 million in 2015 to US$116.7 million in 2019.

**Commercial Opportunity for the Treatment of Gram-negative Infections**

In the clinical practice, physicians need a high confidence level to combat critical pathogens under empirical use. Accordingly, an ultra-broad spectrum, safe solution is needed. Commercial opportunities for novel broad-spectrum antibiotics in China are driven by an increase in resistance to existing antibiotics, limited options for critically ill patients, and a higher acceptance of broad-spectrum antibiotics by doctors.

- Increased resistance to existing antibiotics. Partially due to frequent overuse of antibiotics, resistance to carbapenems among gram-negative bacteria has dramatically increased since 2005. The fast-growing multidrug resistance of pathogenic bacteria has contributed to increasingly serious situation of hospital-acquired and community-acquired infections, posing a significant need for new treatment options.

- High willingness to pay. Patients that acquire MDR in the hospital often cannot recover on existing antibiotics and therefore become critically ill with pneumonia and other diseases. For those critically ill patients, such as those suffering from VAP, safe and potent therapies are needed, as access to innovative therapies can become a matter of "life and death". As bacterial resistance increases against existing treatments for other infections, like cUTIs, patients are expected to be increasingly willing to pay for the next-generation therapies required to treat them.

- Higher acceptance by doctors of broad-spectrum antibiotics in practice. Due to better clinical results of currently marketed broad-spectrum antibiotics, doctors in China and around the world have higher acceptance for novel broad-spectrum antibiotics as their empirical use in practice. For example, due to its broad-spectrum efficacy and low resistance, avibactam in combination with ceftazidime, since its approval in 2019, has been widely adopted by doctors in China for treating MDR gram-negative infections in critically ill patients despite its high cost ($628 a day).

## THE COVID-19 DRUG MARKET

### Overview

The outbreak of COVID-19 has been described by international health organizations such as the WHO as the most severe crisis since the Second World War. In response, the international community has united in coordinating R&D efforts and ensuring that access to diagnostic equipment, therapies, vaccines and other resources needed to combat COVID-19 is speedy and comprehensive.

The international efforts are ongoing. COVID-19 spreads very easily among humans, infecting an average of 2.5 people through secondary transmission, which is higher than the transmissibility of most other major viral diseases in history, including SARS, the pandemic influenza of 1918 and the pandemic influenza of 2009. Recent mutated variants of COVID-19 have emerged, some with potentially higher transmissibility rates.

**Large Patient Population**

Globally, there were approximately 129 million total accumulated cases of COVID-19 as of March 31, 2021, including approximately 30 million cases in the United States, approximately 45 million cases in Europe and approximately 23 million cases in Central and South America according to the WHO. The 7-day average of new cases as of March 31, 2021 was approximately 580 thousand per day globally. Of the 7-day average daily case rate, approximately 66 thousand per day were in the United States, approximately 240 thousand per day were in Europe and approximately 118 thousand per day were in Central and South America.

**Significant Socioeconomic Impact**

The socioeconomic fall out of the COVID-19 outbreak continues to unfold. According to World Bank, the global economy suffered $3.8 trillion in losses, equivalent to 3.3% of the global GDP in 2020, as a result of the COVID-19 pandemic. This economic shock is anticipated to push 40-60 million people into extreme poverty. The mental health fallout from the pandemic is also likely to grow.

**Neutralizing Antibodies for Treatment of COVID-19 Market**

Despite several COVID-19 vaccines coming into market in 2021, treatment may still be needed to combat COVID-19. Taking into account the mass vaccination campaigns that were underway in many countries, the estimated market size for these neutralizing antibodies was US$1.6 billion for 2020, US$5.3 billion for 2021 and will likely decrease thereafter, according to Frost and Sullivan. However, such estimates continue to fluctuate.

**Current Treatment Options for Treatment of COVID-19**

There are very few treatment options currently available for COVID-19. In the United States, only one medicine, remdesivir, has been approved for the treatment of COVID-19 and five other drug and biological therapeutic products have been granted emergency use authorization (EUA) by the FDA.

***Neutralizing Antibodies and Vaccines***

Vaccination campaigns are ongoing around the world but reaching 100% efficacy remains doubtful. None of the approved vaccines have been proven to achieve 100% effectiveness. Furthermore, the duration of protection offered by vaccines that have received authorization or are in development is unclear and viral mutations may challenge COVID-19 vaccines' efficacy, as shown in the latest studies.

Neutralizing antibodies will be an important tool to treat infected patients and for prevention in healthy subjects recently exposed to COVID-19 who have not yet tested positive or others who are at high risk for infection. Neutralizing antibodies are clinically promising among antiviral therapy treatments for COVID-19 because of (i) their potential favorable safety and efficacy in treating viral and bacterial diseases, (ii) their use as a prophylaxis due to their mechanism of binding the pathogen and debilitating its ability to enter host cells and (iii) better target specificity. In addition, for people who are poorly responsive to the COVID-19 vaccine, neutralizing antibodies may provide effective treatment in the event that they are infected with or exposed to SARS-CoV-2.

The recent observed broad mutation spectrum of SARS-CoV-2 has highlighted the importance of using a combination of several neutralizing antibodies to combat potential escape mutants. Antibodies in cocktails can target distinct epitopes, enabling an additive effect in potency, which has already been observed against emerging variants. If approved, a neutralizing antibody treatment has the potential to be the standard of care.

***Global Competitive Landscape of COVID-19 Neutralizing Antibodies***

We are one of the few biotechnology companies globally and in China that are developing an antibody cocktail for COVID-19. Each of Regeneron, Eli Lily and AstraZeneca have also introduced cocktail neutralizing antibody into Phase II clinical trials or later. Regeneron and Eli Lily, specifically, have received EUAs for their combination nAb cocktails, REGEN-COV and the combination of Bamlanivimab and Etesevimab, respectively. The FDA has recently granted EUA for GSK-Vir COVID-19 antibody sotrovimab and revoked the EUA for Eli Lilly's Bamlanivimab (when administered alone). However, the take up rates have been low, in large part due to barriers associated with administering IV treatment in an out-patient setting.

**Commercialization Opportunities**

The market for COVID-19 drugs is unique for its public health emergency characteristics. The initial customers in the market are more likely to be governments rather than individuals. As a result, national stockpiling represents the main channel for manufacturers to supply their COVID-19 treatments. Governments around the world, most notably in the United States, the U.K., and the E.U., are working to secure supplies for COVID-19 vaccines and treatments.

## THE CENTRAL NERVOUS SYSTEM DISEASE DRUG MARKET

**Overview of CNS Market**

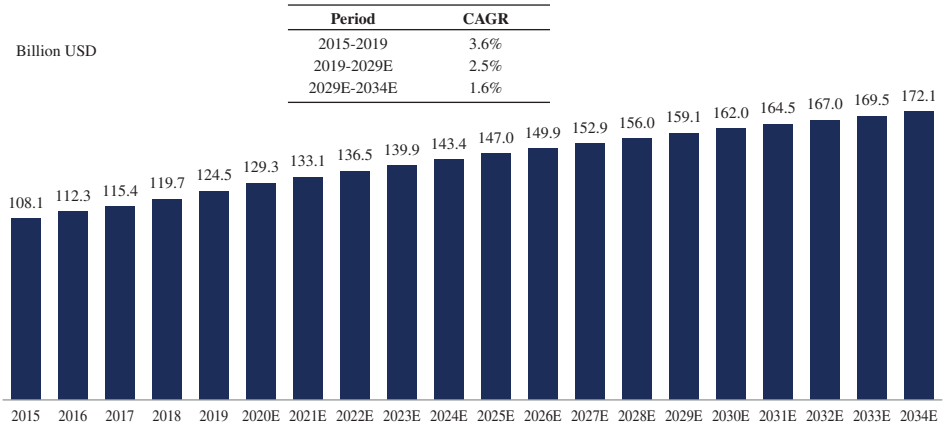
The central nervous system (CNS) is the part of the nervous system consisting of the brain and spinal cord and controls thought processes, guides movement and registers sensations throughout the body. CNS diseases are the group of psychiatric and neurological disorders that affect the structure or function of the CNS. A CNS disease may be an inherited metabolic disorder; the result of damage from an infection, the result of emotional or physical trauma, a degenerative condition, stroke, a brain tumor or other problem. A CNS disease may also arise

from unknown or multiple factors. Some examples of major CNS diseases globally include neuropathy or pain, psychiatric disorders (such as depression), cerebrovascular disease, epilepsy, dementia, movement disorders and demylelinating diseases.

***Global CNS Drug Market***

In 2019, the market size of the global CNS drug market was US$124.5 billion, representing the fourth largest drug market. In the next 15 years, the global CNS drug market is expected to continue a steady growth and reach US$172.1 billion in 2034 as illustrated in the chart below. Due to high awareness of neurological diseases and major developmental efforts in the CNS disease area, the United States currently dominates the global CNS drug market, with the most novel CNS therapeutics approved between 2015 and 2019 (for a total of 15 drugs approved).

**Global CNS Drug Market, 2015-2034E**

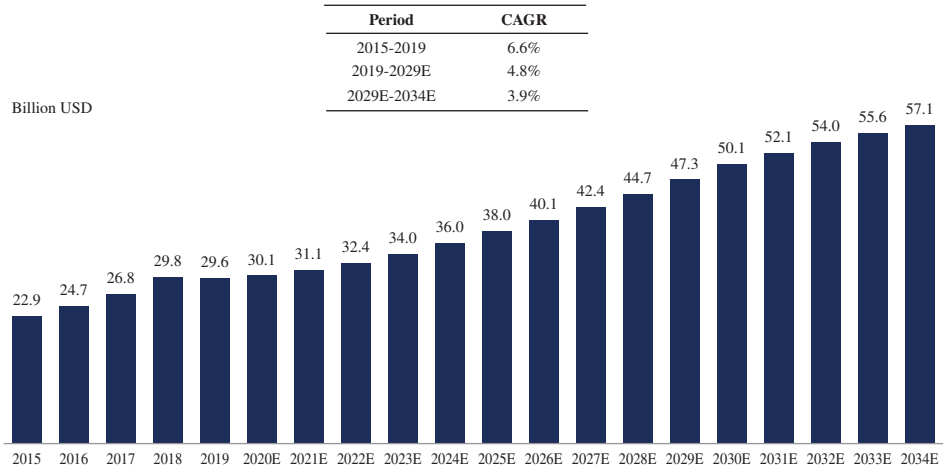



*Source: Frost & Sullivan analysis*

***China CNS Drug Market***

China's CNS disease treatment market is considered to be under development but has been growing rapidly in recent years due to factors such as improved awareness, gradual reduction in the stigma associated with psychiatric disorders, government policy led development of healthcare delivery systems, aging population and increased risk of developing psychiatric disorders, including due to changing social structures. In 2019, the market size of the CNS drug market in China was US$29.6 billion. Over the next 15 years, the CNS drug market in China is expected to continue to grow rapidly and reach US$57.1 billion in 2034, as illustrated in the chart below.

**China CNS Drug Market, 2015-2034E**




*Source: Frost & Sullivan analysis*

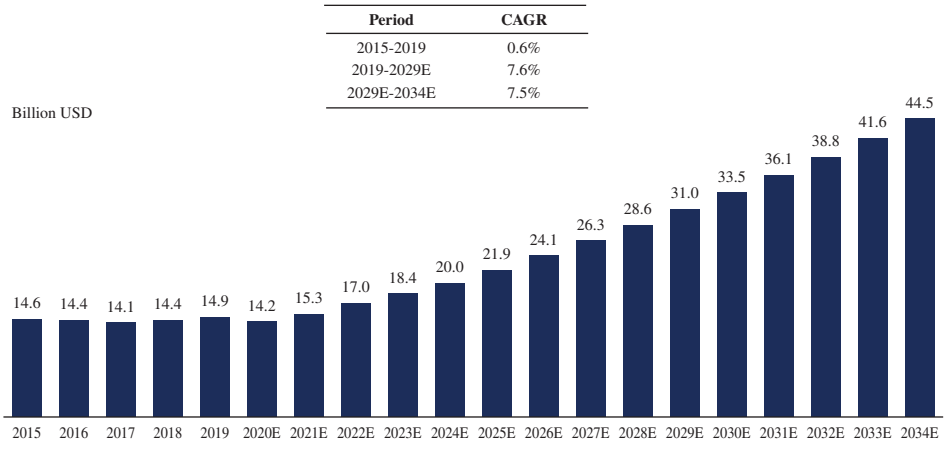
## Overview of Depression Market

One of the major types of CNS diseases is depression. An estimated 264 million people suffer from general depression globally. Common symptoms of depression include deep feelings of sadness, dark moods, feelings of worthlessness and lack of energy. Although depression is often viewed as a prolonged feeling of sadness, there are actually different types of depression with different causes and different severities that therefore require different forms of treatment. For example, depression is one of the most common complications of chronic illness. It is estimated that up to one-third of individuals with a serious medical condition have symptoms of depression. The more serious and severe forms of depression include major depressive disorder (MDD), postpartum depression (PPD), bipoloar depression, psychotic depression, menopausal depression, secondary depression such as post-stroke depression (PSD) and others such as treatment resistant depression (TRD).

### *Global MDD Drug Market*

In 2019, the market size of the global MDD drug market was US$14.9 billion. In the next 10 years, the global MDD drug market is expected to grow rapidly and reach US$31.0 billion in 2029, representing a CAGR of 7.6% during 2019 to 2029.

**Global MDD Drug Market, 2015-2034E**



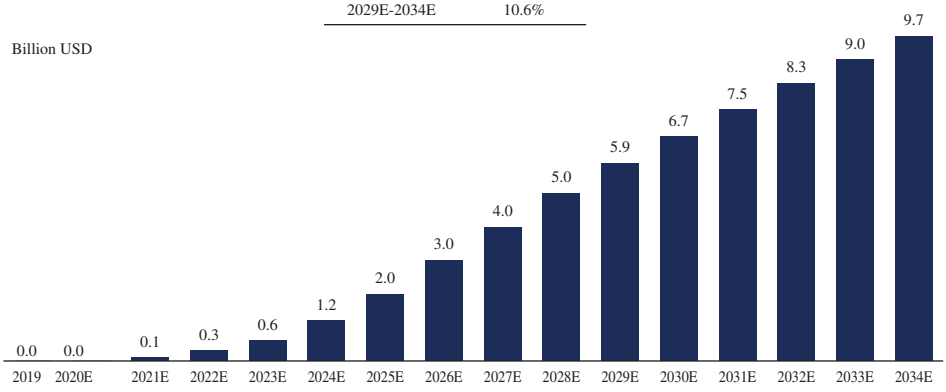

*Source: Frost & Sullivan analysis*

### *Global PPD Drug Market*

Most new mothers experience postpartum "baby blues" within a few days of giving birth, with feelings of insomnia, loss of appetite, irritability and mood swings. For many women, the baby blues go away within three to five days. If the baby blues do not go away after two weeks or increase in severity, causing difficulty bonding with the baby, the mother may be experiencing PPD. Certain risk factors such as prenatal depression, history of previous depression, stressful life events, hormonal changes, genetics and inadequate social support, may contribute to the development of PPD.

In the next 10 years, the PPD drug market globally is expected to grow significantly, following the introduction of innovative therapies, to reach US$5.9 billion in 2029, representing a CAGR of 107.3% during that period. Through its approval of Zulresso® in 2019, the United States became the first country to recognize PPD as a specific disease area distinct from common MDD. As of March 2021, the United States remained the only country that has approved Zulresso® for treating PPD.

**Global PPD Drug Market, 2019-2034E**




*Source: Frost & Sullivan analysis*

## Treatment Options for Depression

### *Major Depressive Disorder*

The main treatments of depression are antidepressants, psychotherapy and electroconvulsive therapy. SSRIs and SNRIs are frequently used in the United States and China to treat depression by increasing the neurotransmitters level of serotonin and norepinephrine.

Other common therapies include (i) tricyclic antidepressants (TCAs), which primarily affect the levels of two chemical messengers (neurotransmitters), norepinephrine and serotonin, (ii) norepinephrine dopamine reuptake inhibitors (NDRIs), which inhibit the reuptake of the neurotransmitters norepinephrine and dopamine, and (iii) noradrenergic and specific serotonergic antidepressants (NaSSAs), which act by antagonizing the α2-adrenergic receptor and certain serotonin receptors.

However, for up to 40% of MDD patient, antidepressants are not effective, with patients not responding to the therapy. As a result, patients need to switch in-between antidepressant classes or increase the dose of their current treatment. If patients fail to respond to two or more various antidepressant therapies, then the patient may develop treatment resistant depression (TRD). For TRD, treatment options are very limited.

***Postpartum Depression***

PPD is often treated with psychotherapy (also called mental health counseling), medication or both. For patients with mild and moderate PPD, it is usually recommended to first consult with a psychologist or a psychiatrist, or other mental health professionals. Through therapy, patients may find better ways to cope with their feelings, solve problems, set realistic goals and respond to situations in a positive way. Patients with severe PPD or patients for whom psychotherapy is not effective may be prescribed antidepressants, generally a SSRI, as an off-label use, often in accordance with patient preference. Off-label use of SSRIs such as sertraline, fluoxetine and paroxetine have safety concerns to infants.

The first and only FDA-approved PPD drug, brexanolone (brand name Zulresso®) was launched in 2019. Zulresso® is a synthetic version of the naturally occurring hormone allopregnanolone. Zulresso® is administered as a continuous IV infusion over a total of 60 hours (2.5 days). Because of the risk of serious harm due to the sudden loss of consciousness, patients must be monitored for excessive sedation and sudden loss of consciousness and have continuous pulse oximetry monitoring. Therefore, Zulresso® is available only through a restricted program called the Zulresso® REMS. As a result, new mothers cannot be alone with their child during treatment.

**Major Market Drivers of PPD Treatment Market**

Major growth drivers of the PPD drug market include:

- *Increasing diagnosis and treatment rates*. Although PPD is a serious disease that affects many women. In many areas, PPD is often undiagnosed due to lack of standardized screening programs and well-developed treatment systems. In addition, social stigma surrounding mental health issues often prevents patients from seeking help. For example, in a study in the United States, 60% of women surveyed who reported having PPD did not seek help. However, increased awareness of PPD and established postpartum screening practices, especially for those with previous history of depression, are leading to an increase in diagnostic and treatment rates.

- *Innovative therapies*. The increased recognition of PPD as a different condition from other depressive disorders has prompted innovative biotechnology and pharmaceutical companies around the world to dedicate resources to developing effective therapies for the disease, the most recent success being the approval of Zulresso® despite its limitations. Many developmental efforts are currently underway to discover more effective and convenient treatments for PPD, which is likely to increase the rate of medical treatment and drive up the PPD drug market in the future.

**Commercial Opportunities for New PPD Treatment**

We believe that a desirable CNS agent will offer healthcare professionals a simpler and more rapid administration procedure that will be more convenient, safer and better tolerated for patients and result in a more cost-effective solution for treating PPD, thereby potentially reaching more patients in need of care than are currently treated. The huge, current unmet need for an innovative therapeutic in the treatment of PPD are due in part to the following factors:

- *Large and growing PPD patient base for both treatment and prevention*. The debilitating complication of PPD affects over 13% of women globally within a year of childbirth, amounting to approximately 18.9 million women worldwide in 2019, according to Frost & Sullivan. This number is expected to continue to grow due to increasing diagnosis and treatment rate.

- *Limitations of off-label treatment*. The most commonly used off-label medications for treating PPD are SSRIs, which are antidepressants that are approved for treating MDD. Such off-label use of antidepressants for PPD could pose unidentified safety risks and the therapeutic efficacy of antidepressants for treating PPD has not been adequately demonstrated. In addition, potential drug transfer through breastfeeding may affect the mother-infant bonding.

- *Limited treatment options*. PPD is prevalent among pregnant women, but current treatment options are limited. Apart from seeking psychological help, only one drug, Zulresso®, has been specifically approved for treating moderate and severe PPD. The price of the drug is as high as US$34,000 without insurance, which can be hard to afford for most families. Furthermore, patients taking Zulresso® are at risk of serious side effect, making Zulresso® available only through an onerous program called the Zulresso® REMS. In addition to safety concerns, the requirement for a continuous 60-hour-long infusion creates a great inconvenience and could possibly deter patients from getting the treatment.

**REPORT COMMISSIONED BY FROST & SULLIVAN**

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the worldwide and China market. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries. The contract sum to Frost & Sullivan is USD80,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the biologics market for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent

third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

## OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal laws and regulations in the PRC that are relevant to our business.

## DRUG REGULATORY REGIME

### Major Regulatory Authorities

The drug industry in the PRC is mainly administered by three governmental agencies: the National Medical Product Administration (國家藥品監督管理局) (the "**NMPA**"), a department under the State Administration for Market Regulation (國家市場監督管理總局), the National Health Commission (國家衛生健康委員會) (the "**NHC**") and the National Healthcare Security Administration (國家醫療保障局) (the "**NHSA**").

The NMPA, which inherits the drug supervision function from its predecessor the China Food and Drug Administration, or the CFDA (before March 2018), is the primary drug regulator responsible for almost all of the key stages of the life-cycle of pharmaceutical products, including non-clinical researches, clinical trials, marketing approvals, manufacturing, advertising and promotion, distribution and pharmacovigilance.

The NHC, formerly known as the National Health and Family Planning Commission, is China's chief healthcare regulator. It is primarily responsible for drafting national healthcare policy and regulating public health, medical services, and health contingency system, coordinating the healthcare reform, and overseeing the operation of medical institutions and practicing of medical personnel.

The NHSA, a new authority established in May 2018, is responsible for drafting and implementing policies, plans and standards on medical insurance, maternity insurance and medical assistance; administering healthcare fund; formulating a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; formulating and administering the bidding and tendering policies for drugs and medical disposables.

### Reform of the Drug Approval System

On August 9, 2015, the State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) (the "**Reform Opinions**"), which established a framework for reforming the evaluation and approval system for drugs and medical devices and equipment. The Reform Opinions indicated enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs.

On March 4, 2016, the General Office of the State Council promulgated the Guiding Opinions on Promoting the Sound Development of the Medical Industry (《關於促進醫藥產業健康發展的指導意見》), which aims to accelerate the development of innovative drugs and biological products with major clinical needs, to speed up the promotion of green and intelligent pharmaceutical production technologies, to strengthen scientific and efficient supervision, and to promote the development of industrial internationalization.

On May 26, 2016, the General Office of the State Council promulgated the Pilot Plan for the Drug Marketing Authorization Holder Mechanism (《藥品上市許可持有人制度試點方案》), which provides a detailed pilot plan for the drug marketing authorization holder mechanism (the "**MAH System**"). Under the MAH System, drug research and development institutions or scientific research personnel in the pilot regions may serve as drug applicants for registration and submit applications for drugs clinical trials and marketing.

On October 8, 2017, the General Office of Chinese Communist Party's Central Committee and the General Office of the State Council jointly issued the Opinion on Strengthening the Reform of the Drug and Medical Device Review and Approval Process to Encourage Drug and Medical Device Innovation (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "**Innovation Opinion**"), which seek to streamline the clinical trial process and shorten the time line. The Innovation Opinion provided for special fast-track approval for new drugs and devices in urgent clinical need, and drugs and devices for rare diseases.

On December 21, 2017, the CFDA promulgated the Opinions on Implementing Priority Review and Approval to Encourage Drug Innovation (《關於鼓勵藥品創新實行優先審評審批的意見》), which further clarified that a fast track clinical trial approval or drug registration pathway will be available to innovative drugs. The Opinions on Implementing Priority Review and Approval to Encourage Drug Innovation was replaced by the Announcement of NMPA on Issuing Three Documents including Working Procedures for Review of Breakthrough Therapeutics (Trial) (《國家藥監局關於發佈<突破性治療藥物審評工作程序(試行)>等三個文件的公告》), which was issued on July 7, 2020 and implemented on July 7, 2020, refined the requirements and scope of the fast track.

On May 17, 2018, the NMPA and NHC jointly promulgated the Circular on Issues Concerning Optimizing Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》), which further simplified and accelerated the clinical trial approval process.

On July 24, 2018, the NMPA promulgated the Circular on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》), which provides that if a clinical trial applicant does not receive any negative or questioned opinions from the CDE within 60 business days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the Center for Drug Evaluation under the NMPA (the "**CDE**").

**Regulations in relation to the Registration of New Drugs**

***Non-Clinical Research and Animal Testing***

The non-clinical safety evaluation study for drugs for the purpose of applying for marketing approval shall be conducted in accordance with the Administrative Measures for Good Laboratories Practice (《藥物非臨床研究質量管理規範》), which was promulgated on August 6, 2003 and revised on July 27, 2017 by the CFDA. On April 16, 2007, the SFDA issued the Circular on Measures for Certification of Good Laboratory Practice (《藥物非臨床研究質量管理規範認證管理辦法》), which sets forth the requirements for an institution to apply for a Certification of Good Laboratory Practice to undertake drug non-clinical research.

The State Science and Technology Commission, now known as the Ministry of Science and Technology, promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) on November 14, 1988, which were most recently amended by the State Council on March 3, 2017. The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) on December 11, 1997. The Ministry of Science and Technology Commission and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) on December 5, 2001. All of these laws and regulations require a Certificate for Use of Laboratory Animals for performing experimentation on animals.

***Clinical Trial Application***

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》) (the "**Registration Measures**"), which was promulgated on January 22, 2020 and took effect on July 1, 2020, the CDE is responsible for the application of conducting new drug clinical trials. According to Registration Measures, drug clinical trials shall be divided into Phase 1 clinical trial, Phase 2 clinical trial, Phase 3 clinical trial, Phase IV clinical trial, and bioequivalence trial.

After obtaining the clinical trial authorization from the NMPA, the applicant must register the clinical trial at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect on September 6, 2013. The applicant shall complete the initial registration within one month after obtaining the clinical trial authorization and complete follow-up registrations before the first subject's enrollment in the trial.

***Conduction of Clinical Trial and the Communication with CDE***

Clinical trials must be conducted in accordance with the Announcement on Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》), which was promulgated by the NMPA and NHC on April 23, 2020 and took effect on July 1, 2020, which also sets forth the requirements for conducting the clinical trial, including preparation of clinical trials, clinical trial protocol, duties of the sponsor and investigators and protection of the trial subjects.

The drug clinical trial institution refers to institutions that have the conditions to conduct clinical trials in accordance with the requirements of the Good Clinical Practice for Drug Trials (the "**GCP**") and relevant technical guidelines for clinical trials according to the Regulations for the Administration of Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which was promulgated by the NMPA and NHC on November 29, 2019 and came into effect on December 1, 2019.

According to the Registration Measures, applicants could communicate with the CDE the key issues before applying for drug clinical trials, through the clinical trials, before applying for marketing authorization, or during other key stages. According to the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》), promulgated by the CDE on December 10, 2020, during the research and development periods and in the registration applications of drugs, the applicants may propose to conduct the communication session with the CDE. The communication session can be classified into three types. Type 1 meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type 2 meetings are held during the key research and development periods of drugs, mainly including meetings before the Investigational New Drug (the "**IND**"), meetings upon the completion of Phase 2 trials and before the commencement of Phase 3 trials, meetings before submitting a marketing application for a new drug, and meetings for risk evaluation and control. Type 3 meetings refer to meetings not classified as Type 1 or Type 2.

***Regulations relating to Multi-Regional Clinical Trials and Acceptance of Overseas Clinical Trial Data***

On January 30, 2015, the CFDA promulgated the Notice on Issuing the Multi-Regional Clinical Trial Guidelines (Trial) (《國際多中心藥物臨床試驗指南(試行)》) (the "**MRCT Guidelines**"), which took effect on March 1, 2015, to provide guidance for the regulation of application, implementation and administration of international multi-center clinical trials in China. Pursuant to the MRCT Guidelines, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicant plans to make use of the data derived from the international multi-center clinical trials for application to the CFDA for approval of New Drug Application (the "**NDA**"), such international multi-center clinical trials shall satisfy the requirements set forth in the PRC Drug Administration Law (《中華人民共和國藥品管理法》) and its implementation regulations and relevant laws and regulations.

On July 6, 2018, the NMPA issued the Technical Guiding Principles for the Acceptance of the Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) (the "**Guiding Principles**"), which provides that overseas clinical data can be submitted for all kinds of registration applications in China, including the clinical trial authorization and NDA. The Guiding Principles clearly list the basic principles and requirements on the acceptance of overseas clinical trial data, and distinguish different levels of acceptance based on the quality of the data itself and different circumstances. The Guiding Principles require that the applicant shall ensure that the overseas clinical trial data are truthful, complete, accurate and traceable, and the generating process of the overseas clinical trial data shall comply with the relevant requirements of the Good Clinical Practice of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.

***New Drug Application***

Pursuant to Registration Measures, upon completion of clinical trials, determination of quality standards, completion of validation of commercial-scale production processes, and preparation for acceptance of verification and inspection for drug registration, the applicant may apply to the NMPA for approval of NDA. The NMPA then determines whether to approve the application according to applicable laws and regulations. The applicant must obtain approval of NDA before the drugs can be manufactured and sold in the China market. According to Registration Measures, for (1) drugs which are used for the treatment of severe life-threatening diseases currently lacking effective treatment and the data of clinical trials can confirm the efficacy and forecast the clinical value of the drugs; (2) drugs which are urgently needed for public health and data of clinical trials can reveal the efficacy and forecast the clinical value of the drugs;(3) vaccines which are urgently needed to deal with major public health emergencies or other vaccines which the NHC deems to be urgently needed, and the benefit is assessed outweigh the risk, such drugs can apply for conditional approval.

***Reclassification of Drugs***

On March 4, 2016, the CFDA issued the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) (the "**Drug Reclassification Plan**"), which outlined the reclassifications of drug applications. Under the Drug Reclassification Plan, Category 1 refers to new drugs that have not been marketed anywhere in the world. Improved new drugs that are not marketed anywhere in the world fall into Category 2. Generic drugs, that have equivalent quality and efficacy to the originator's drugs have been marketed abroad but not yet in China, fall into Category 3. Generic drugs, that have equivalent quality and efficacy to the originator's drugs and have been marketed in China, fall into Category 4. Category 5 drugs are drugs which have already been marketed abroad but are not yet approved in China. The Chemical Drug Registration Classification and Application Data Requirements (《化學藥品註冊分類及申報資料要求》) which was promulgated by NMPA on June 29, 2020, and took effect on July 1, 2020, reaffirmed the principles of the classification of chemical drugs set forth by the Reform Plan for Registration Category of Chemical Medicine, and made minor

adjustments to the subclassifications of Category 5. According to such rule, Category 5.1 are innovative chemical drugs and improved new chemical drugs while Category 5.2 are generic chemical drugs, all of which shall have been already marketed abroad but not yet approved in China.

On June 29, 2020, the NMPA issued the Registration Category of Biological Products and the Data Requirements for Declaration (《生物製品註冊分類及申報資料要求》), which took effect on July 1 2020 stipulated that the therapeutic biological products should be classified into 3 categories, in which Category 1 refers to therapeutic biological products that have not been marketed anywhere in the world; Category 2 refers to improved new therapeutic biological products; and, Category 3 refers to therapeutic biological products that have been marketed in China or abroad.

***Prioritized Examination and Approval for Registration of Certain Drugs***

On November 11, 2015, the CFDA promulgated the Circular Concerning Several Policies on Drug Registration Review and Approval (《關於藥品註冊審評審批若干政策的公告》), which provides that a fast track clinical trial approval or drug registration pathway can be available for the applications for certain drugs, including the registration of innovative new drugs treating HIV, cancer, serious infectious diseases and orphan diseases; and registration of pediatric drugs, etc.

On July 7, 2020, the NMPA promulgated the Announcement on Promulgating Three Documents Including the Working Procedures for the Evaluation of Breakthrough Therapy Designation Drugs (for Trial Implementation) (《國家藥監局關於發佈<突破性治療藥物審評工作程序(試行)>等三個文件的公告》), which stipulates that during clinical trial period, innovative drugs or modified new drugs that are used to prevent and treat the disease that is serious life-threatening or severely affecting the quality of life and there is no effective prevention and treatment method, or compared with existing treatment methods that have sufficient evidence to show that they have obvious clinical advantages, then any applicant can apply for breakthrough therapeutic drug programs during Phase 1 and 2 clinical trials, but usually no later than the commencement of Phase 3 clinical trials.

In addition, on May 23, 2018, the NMPA and NHC jointly promulgated the Circular on Issues Concerning Optimizing Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》), which further simplified and accelerated the drug approval process.

***Special Examination and Approval Procedures***

On November 18, 2005, the SFDA promulgated the Procedures of the SFDA for the Special Examination and Approval of Drugs (《國家食品藥品監督管理局藥品特別審批程序》), which stipulates that in the case of any threatening or actual public health emergency, the SFDA shall take a series of measures to facilitate the approval procedures so that the drugs needed in responding to the public health emergency can be approved as soon as possible.

***Marketing Authorization Holder System***

Pursuant to the PRC Drug Administration Law, which was promulgated on September 20, 1984 by the Standing Committee of the National People's Congress and recently revised on December 1, 2019, the MAH system will be applicable throughout the country. Under the MAH System, domestic drug research and development institutions and enterprises eligible to be holders of drug registrations. The legal representative and the key person-in-charge of a drug marketing authorization holder shall be fully responsible for the quality of drugs. And holders of drug registrations shall establish a pharmaceutical quality assurance system, equipped with specialized staff solely responsible for the quality of medicines management.

***Sampling and Collecting Human Genetic Resources Filing***

On June 10, 1998, the Ministry of Science and Technology and the Ministry of Health promulgated the Interim Administrative Measures on Human Genetic Resources (《人類遺傳資源管理暫行辦法》), which established the rules for protecting and utilizing human genetic resources in the PRC. According to the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) issued by the Ministry of Science and Technology on July 2, 2015 and the Circular on Implementing the Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) issued by the Ministry of Science and Technology on 24 August 2015, the sampling and collection of human genetic resources though clinical trials by a foreign-invested sponsor shall be required to be filed with the China Human Genetic Resources Management Office through the online system. On October 26, 2017, the Ministry of Science and Technology promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) simplifying the approval of sampling and collecting human genetic resources for the purpose of marketing a drug in the PRC.

The Regulations of the PRC on the Administration of Human Genetic Resources promulgated by the State Council on 28 May 2019 (《中華人民共和國人類遺傳資源管理條例》) and implemented on July 1, 2019, stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without exporting of human genetic resource materials. However, the two parties shall file the type, quantity and usage of the human genetic resource to be used with the administrative department of science and technology under the State Council before clinical trials.

The Bio-security Law of the PRC (《中華人民共和國生物安全法》) promulgated by the Standing Committee of the National People's Congress on October 17, 2020, and will implement on April 15, 2021, provides that the State shall have sovereignty over the human genetic resources and biological resources of China. The Bio-security Law of the PRC further stipulates that the department of science and technology under the State Council shall be the competent authority for the approval or filing of using China's human genetic resources.

***Administrative Protection and Monitoring Periods for New Drugs***

According to the Implementing Rules for PRC Drug Administration Law (《中華人民共和國藥品管理法實施條例》) issued on March 2, 2019 and the Drug Reclassification Plan, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new Category 1 drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not accept other applications for new drugs containing the same active ingredient.

**Regulations in relation to the Manufacturing of Drugs**

***Drug Manufacturing Permit***

Pursuant to the PRC Drug Administration Law, a drug manufacturer must obtain a Drug Manufacturing Permit from the NMPA before it starts to manufacture drug products. Prior to granting such permit, the relevant government authority will inspect the applicant's production facilities, and decide whether the sanitary conditions, quality assurance system, management structure and equipment within the facilities have met the required standards. Each Drug Manufacturing Permit is valid for a period of five years and the manufacturer is required to apply for renewal of the permit within six months prior to its expiration date and will be subject to reassessment by the authority in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

***Good Manufacturing Practice***

Pursuant to the Certification Measures for Good Manufacturing Practice for Drugs (《藥品生產質量管理規範認證管理辦法》) issued by the CFDA on August 2, 2011, when establishing a pharmaceutical manufacturer or a new factory or expanding the production scope, the drug manufacturer must apply for Good Manufacturing Practice certification (the "**GMP certification**"). The drug manufacturer that has obtained the GMP certificate should reapply for the GMP certificate 6 months prior to its expiration data. Pursuant to the PRC Drug Administration Law, the GMP certification is canceled but drug manufacturers are still required to comply with the GMP rules.

The drug manufacturer must conduct the manufacturing process according to the Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) (2010 version) issued by the Ministry of Health on January 17, 2011, which sets forth the requirements on the manufacturer's organization and staff qualifications, manufacture premises and facilities, equipment, hygiene conditions, manufacture management, product management, maintenance of sales records and the procedure of handling customer complaints and adverse reaction reports.

***Contract Manufacturing of Drugs***

Pursuant to the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) issued by the CFDA on August 14, 2014 (the "**Contract Manufacturing Regulations**"), in the event a drug manufacturer in China that has obtained a drug marketing authorization temporarily lacks manufacturing conditions as a result of technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, it can entrust the manufacturing of that drug to another domestic drug manufacturer. Such contract manufacturing arrangements needs to be approved by the provincial branch of the CFDA. The Contract Manufacturing Regulations prohibit the contract manufacturing arrangement of certain special drugs, including narcotic drugs, psychoactive drugs, biochemical drugs and active pharmaceutical ingredients.

According to the PRC Drug Administration Law, a drug manufacturer can entrust the manufacturing of its drug to another qualified drug manufacturer. Entrusted manufacturing of blood products, narcotic drugs, psychotropic drugs, medical toxic drugs, and pharmaceutical precursor chemicals is prohibited, unless otherwise stipulated by the drug administrative department of the State Council.

The PRC Drug Administration Law specifies that drug marketing authorization holders may produce drugs by themselves or entrust drug manufacturers with the production of such drugs. A drug marketing authorization holder that intends to manufacture drugs on its own shall obtain a drug manufacturing permit; if it intends to manufacture drugs on a commissioned basis, it shall entrust a qualified drug manufacturer. Drug marketing authorization holders and the commissioned manufacturers shall enter into an entrustment agreement and a quality agreement, and strictly perform the obligations under such agreements. Blood products, anesthetics, psychotropic pharmaceuticals, toxic pharmaceuticals for medical treatment, and pharmaceutical precursor chemicals may not be produced through entrustment, except as otherwise prescribed by the department of drug supervision and administration of the State Council.

**Regulations in relation to the Medical Insurance Program**

***Coverage of the national medical insurance program***

The national medical insurance program was first adopted according to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), further enlarged the coverage of the basic medical insurance program, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In addition, on January 3, 2016, the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

***Medical Insurance Catalogue***

The Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》), which promulgated by the National Healthcare Security Administration, or the NHSA, on July 30, 2020 and took effect on September 1, 2020, the scope of drugs covered by the basic medical insurance shall be administered through a reimbursement drug list.

The National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), or the National Reimbursement Drug List, or the NRDL, sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. The NHSA or provincial healthcare security authorities, together with other government authorities, has the power to determine which medicines are listed in the NRDL. Medicines listed in the NRDL are divided into two parts, List A and List B. List A drugs are widely used clinical treatments with good efficacy and lower prices compared to similar drugs, while List B drugs are clinical treatments with good efficacy and slightly higher prices compared to List A drugs.

According to the Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance, a Provincial Reimbursement Drug List ("PRDL") must be made by the provincial healthcare security authorities. The provincial healthcare security authorities have the right to add ethnic drugs and preparations of medical institutions as List B drugs in the PRDL in accordance with relevant rules.

According to the Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance, patients purchasing List A drugs can directly obtain reimbursement under the basic medical insurance program. Patients purchasing List B drugs shall pay a certain percentage of the purchase price first and then obtain reimbursement under the basic medical insurance program.

**Regulations in relation to the Price Control and Two-invoice System**

Instead of direct price controls which were historically used in China, the government regulates prices mainly by establishing a consolidated procurement mechanism, revising medical insurance reimbursement standards, and strengthening regulation of medical and pricing practices.

According to the Notice on Issuing Certain Regulations on the Trial Implementation of Centralized Tender Procurement of Drugs by Medical Institutions (《醫療機構藥品集中招標採購試點工作若干規定》) promulgated on July 7, 2000 and the Notice on Further Improvement on the Implementation of Centralized Tender Procurement of Drugs by Medical Institutions (《國家藥品監督管理局關於進一步做好醫療機構藥品集中招標採購工作的通知》) promulgated on July 23, 2001, not-for-profit medical institutions established by county or higher level government are required to implement centralized tender procurement of drugs.

The Ministry of Health promulgated the Working Regulations of Medical Institutions for Procurement of Drugs by Centralized Tender and Price Negotiations (for Trial Implementation) (《醫療機構藥品集中招標採購和集中議價採購工作規範(試行)》) on March 13, 2002, which provides rules for the tender process and negotiations of the prices of drugs, operational procedures, a code of conduct and standards or measures of evaluating bids and negotiating prices. According to the Notice of the Financial Planning Department of Ministry of Health on Issue of Opinions on Further Regulating Centralized Procurement of Drugs by Medical Institutions (《衛生部財務規劃司關於印發<進一步規範醫療機構藥品集中採購工作的意見>的通知》) promulgated on January 17, 2009, not-for-profit medical institutions owned by the government at the county level or higher or owned by state-owned enterprises (including state-controlled enterprises) shall purchase pharmaceutical products by online centralized procurement. Each provincial government shall formulate its catalogue of drugs subject to centralized procurement. Except for drugs in the National List of Essential Drugs (the procurement of which shall comply with the relevant rules on National List of Essential Drugs), certain pharmaceutical products which are under the national government's special control, such as toxic, radioactive and narcotic drugs and traditional Chinese medicines, in principle, all drugs used by not-for-profit medical institutions shall be covered by the catalogue of drugs subject to centralized procurement. The Opinions of the General Office of the State

Council on Improvement of the Policy of Production, Circulation and Use of Drugs (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》) promulgated on January 24, 2017 by the General Office of the State Council aims to deepen the reform of medicine health system, improve the quality of the drug and regulate the distribution and use of the drug. The Notice of the General Office of the State Council on Issuing Pilot Plan of Centralized Procurement and Use of the Drug Organized by the State (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》) promulgated on January 1, 2019 aims to improve the pricing mechanism of the drug, which also further regulates the scope and mode of centralized procurement.

The centralized tender process takes the form of public tender operated and organized by provincial or municipal government agencies. The centralized tender process is in principle conducted once every year in the relevant province or city in China. The bids are assessed by a committee composed of pharmaceutical and medical experts who will be randomly selected from a database of experts approved by the relevant government authorities. The committee members assess the bids based on a number of factors, including but not limited to, bid price, product quality, clinical effectiveness, product safety, qualifications and reputation of the manufacturer, after-sale services and innovation. Only pharmaceuticals that have won in the centralized tender process may be purchased by public medical institutions funded by the governmental or state-owned enterprise (including state-controlled enterprises) in the relevant region.

In order to further optimize the order of purchasing and selling pharmaceutical products and reduce circulation steps, under the 2016 List of Major Tasks in Furtherance of the Healthcare and Pharmaceutical Reforms (《深化醫藥衛生體制改革2016年重點工作任務》) issued by the General Office of the State Council on April 21, 2016, the "two-invoice System" (兩票制) will be fully implemented in the PRC. According to the Circular on Issuing the Implementing Opinions on Carrying out the Two-invoice System for Drug Procurement among Public Medical Institutions (for Trial Implementation) (《印發關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)的通知》), which came into effect on December 26, 2016, the two-invoice system means one invoice between the pharmaceutical manufacturer and the pharmaceutical distributor, and one invoice between the pharmaceutical distributor and the hospital, and thereby only allows a single level of distributor for the sale of pharmaceutical products from the pharmaceutical manufacturer to the hospital.

**Regulations in relation to Intellectual Properties**

***Patent***

Patents in the PRC are mainly protected under the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the Standing Committee of the National People's Congress on March 12, 1984 and most recently amended on December 27, 2008, and its Implementation Rules (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on June 15, 2001 and most recently amended on January 9, 2010. The Patent Law and its Implementation Rules provide for three types of patents, "invention", "utility model"

and "design." "Invention" refers to any new technical solution relating to a product, a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and "design" refers to any new design of the shape, pattern, their combination, or the combination of color and shape or pattern, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for "invention" is 20 years, and the duration of a patent right for "utility model" or "design" is 10 years, from the date of application.

On October 17, 2020, the Standing Committee of the National People's Congress promulgated the Decision on Revising the Patent Law of the PRC (《關於修改<中華人民共和國專利法>的決定》) and the revised Patent Law took effect on June 1, 2021. The new Patent Law of the PRC provides that the duration of a patent right for "design" is 15 years, from the date of application. Besides, the new Patent Law of the PRC provides a patent term extension for new drugs, according to which, new drugs may enjoy a patent term extension which is up to 5 years, and the total patent term after the extension may not exceed more than 14 years from the date of marketing approval of the new drugs.

***Trademark***

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**"), promulgated by the Standing Committee of the National People's Congress on August 23, 1982 and most recently amended on April 23, 2019 and took effect on November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be cancelled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offence, the case shall be timely referred to a judicial authority and decided according to law.

***Trade Secrets***

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the Standing Committee of the National People's Congress in September 1993, most recently amended on April 23, 2019, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, businesses are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (2)

disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

**Domain Names**

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 and took effect on November 1, 2017. MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

The Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and will take effect on September 1, 2021, provides that China shall establish a data classification and grading protection system, formulate the important data catalogs to enhance the protection of important data. Processors of important data should specify the person responsible for data security and management agencies to implement data security protection responsibilities. Relevant authorities will establish the measures for the cross-border transfer of import data. If any company violates the Data Security Law of the PRC to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines, and/or may suspension of relevant business or revocation of the business license.

**Regulations in relation to Foreign Investment**

***Company Establishment***

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993 and came into effect on July 1, 1994. It was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. Pursuant to the Company Law, companies are classified into categories, namely limited liability

companies and limited companies by shares. The Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares. According to the Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

The Company Law is the principal law governing dividend distributions of PRC companies. PRC companies may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting principles. In addition, PRC companies are required to set aside each year at least 10% of their after-tax profit based on PRC accounting principles to their statutory general reserves funds until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves or funds are not distributable as dividends. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. Upon approval of the competent governmental authorities, foreign investors may utilize RMB dividends to invest or re-invest in enterprises established in China.

***Foreign Direct Investment***

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**FIL**"), which was promulgated by the Standing Committee of the National People's Congress on March 15, 2019 and came into effect on January 1, 2020, provides that the foreign investment refers to the investment activities in China carried out directly or indirectly by foreign natural persons, enterprises or other organizations, including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors;(2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to Foreign Investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will grant national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval of the State Council.

Foreign investment in China is subject to the Catalogue for the Encouraged Investment Industries (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) issued on December 28, 2020 and took effect on January 27, 2021, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2020 Edition) (《外商投資准入特別管理措施(負面清單)》) (2020年版) issued on June 23, 2020 and took effect on July 23, 2020, which together comprise the encouraged foreign-invested industries catalogue and the special administrative measures for the access of foreign investments to the restricted or the prohibited foreign- invested industries. The latter sets out restrictions such as percentage of shareholding

and qualifications of senior management. According to the Measures for the Reporting of Foreign Investment Information(《外商投資信息報告辦法》) which took effective on 1 January 2020, foreign investments that are not subject to special access administrative measures and are only required to complete an online filing to the commerce departments. According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) issued on December 19, 2020 and took effect on January 18, 2021, where a foreign investment made: (1) in the military industry and military-supporting industry that concern state defense and security, or at areas surrounding military facilities or industrial-military facilities; or (2) in any important agricultural product, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technologies and internet products and services, important financial services, key technologies and other important fields that concern state security while obtaining the actual controlling rights, the foreign investor or relevant domestic entities must submit an application to the Foreign Investment Security Review office jointly led by the PRC National Development and Reform Commission and the Ministry of Commerce for security review.

***Foreign Exchange Administration***

The principal law governing foreign currency exchange in the PRC is the PRC Administrative Regulations on Foreign Exchange (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**"), which was promulgated by the State Council on January 29, 1996 and most recently revised on August 5, 2008. According to the Foreign Exchange Regulations, international payments in foreign currencies and transfer of foreign currencies under current items shall not be restricted Foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the State Administration of Foreign Exchange of the PRC (外匯管理局) (the "**SAFE**") or its local counterpart and other relevant PRC governmental authorities.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which came into effect on 1 June 2015 and replaced the Notice of the General Affairs Department of the SAFE on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) promulgated by the SAFE on August 29, 2008. Under Circular 19, a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account, i.e., a bank account opened by a foreign-invested enterprise where the foreign shareholder(s) are required to remit and deposit the amount of respective capital contributions, for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). Meanwhile, the use of such RMB should still comply with the restrictions set in the Circular 19 that it cannot be directly or indirectly used for making payments beyond the business scope of the enterprise

or payments prohibited by national laws and regulations, investing in securities unless otherwise provided by laws and regulations, granting the entrust loans in RMB (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) repaying the bank loans in RMB that have been lent to a third party, and paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises.

On June 9, 2016, the SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**"). According to the Circular 16, enterprises registered in China could settle the external debts in foreign currencies to RMB at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital and external debts), which is applicable to all enterprises registered in China. It reiterated that the RMB funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such RMB funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which took effective on the same date (except for Article 8.2, which became effective on January 1, 2020). The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

***Circular 37***

The Circular on Related Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and in Round-trip Investment via Special Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**"), was promulgated by the SAFE and came into effect on July 4, 2014. Under Circular 37, PRC residents, individuals or institutions are required to register with the bureau of foreign exchange administration before they invest

in a special purpose vehicle (the "**SPV**") with legitimate assets or equity interests inside and outside the PRC. In addition, any PRC resident that is a shareholder of an offshore SPV is required to amend its SAFE registration in a timely manner after any major changes of the offshore SPV being made, such as any increase or decrease of capital, stock right assignment or exchange, or merger or division. Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the subsequent foreign exchange activities of the relevant PRC residents, including the remitting back of dividends and profits. PRC residents who invest in an SPV with legitimate assets or equity interests inside and outside the PRC prior to the implementation of the Circular 37, but fail to conduct the foreign exchange registration of overseas investments, must submit an explanatory statement and state the reasons for doing so to the SAFE. The SAFE may allow complementary registration under the principles of legality and legitimacy. In the event of any violation of foreign exchange regulations by the PRC resident that applies for complementary registration, administrative penalties could be imposed in accordance with relevant laws.

According to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, registrations under Circular 37 will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and that has opened the capital account information system at the local foreign exchange regulatory authority. Foreign exchange regulatory authorities will perform indirect regulation over the direct investment-related foreign exchange registration via the banks.

**Other Regulations in relation to Our Business**

***Enterprise Income Tax***

According to the PRC Enterprise Income Law (《中華人民共和國企業所得税法》) (the "**EIT Law**"), which was promulgated on 16 March 2007 and latest amended on December 29, 2018, the income tax for both domestic and foreign-invested enterprises is at a uniform rate of 25% and the income tax for non-resident enterprise is at the rate of 20%. The Regulation on the Implementation of Enterprise Income Tax Law (《中華人民共和國企業所得税法實施條例》) (the "**EIT Rules**"), was promulgated on December 6, 2007, came into effect on January 1, 2008, and amended on April 23, 2019. Pursuant to the PRC EIT Law and the EIT Rules, a PRC resident enterprise is subject to enterprise income tax for the income derived from both inside and outside the PRC. A non-resident enterprise having offices or establishments inside the PRC is subject to enterprise income tax for the income derived in the PRC and the income derived from outside the PRC but with actual connection with such offices or establishments in the PRC. A non-resident enterprise without offices or establishments in the PRC or a non-resident enterprise whose earning income is not connected with its offices or establishments in the PRC will only be subject to tax on its PRC-sourced income. The income for such enterprise will be taxed at the reduced rate of 10%.

Pursuant to the EIT Law and the EIT Rules, income from equity investment between qualified resident enterprises such as dividends and bonuses, which refers to investment income derived by a resident enterprise from direct investment in another resident enterprise, is tax-exempt income. Moreover, pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which were issued by the State Taxation administration (the "**SAT**") on August 21, 2006 and came into effect on December 8, 2006, a PRC resident enterprise which distributes dividends to its Hong Kong shareholders should pay income tax according to PRC law; however, if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds no less than 25% equity interests of the aforementioned enterprise (i.e. the dividend distributor), the tax levied shall be 5% of the distributed dividends. If the beneficiary is a Hong Kong resident enterprise, which directly holds less than 25% equity interests of the aforementioned enterprise, the tax levied shall be 10% of the distributed dividends. Meanwhile, the Announcement of the State Administration of Taxation on Certain Issues Concerning the "Beneficial Owners" in the Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》), promulgated by the SAT on February 3, 2018 and came into effect on April 1, 2018, has stipulated some factors that are unfavorable to the determination of "beneficial owner".

In addition, under the Circular of the SAT on Relevant Issues concerning the implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated by the SAT and came into effect on February 20, 2009, all of the following requirements should be satisfied where a tax resident of the counterparty to the tax treaty needs to be entitled to such tax treatment specified in the tax treaty for the dividends paid to it by a PRC resident enterprise: (i) such tax resident who obtains dividends should be a company as provided in the tax treaty; (ii) the equity interests and voting shares of the PRC resident enterprise directly owned by such a tax resident reach a specified percentage; and (iii) the capital ratio of the PRC resident enterprise directly owned by such a tax resident reaches the percentage specified in the tax treaty at any time within 12 consecutive months prior to acquiring the dividends.

***Regulations on PRC enterprise income tax on indirect transfer of non-resident enterprises***

On February 3, 2015, the SAT issued the Announcement of the State Administration of Taxation on Certain Issues Concerning the Enterprise Income Tax on the Indirect Transfer of Properties by Non-resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**Circular 7**"). Circular 7 stipulates that when a non-resident enterprise transfers the assets (including equity interests) in an overseas holding company which directly or indirectly owns PRC taxable properties, including shares in a PRC company (or PRC Taxable Assets), for the purposes of avoiding PRC enterprise income taxes through an arrangement without reasonable commercial purpose, such indirect transfer should be reclassified and recognized to be a direct transfer of the assets (including equity interests) of

a PRC resident enterprise in accordance with the Enterprise Income Tax Law, unless the overall arrangements relating to an indirect transfer of PRC Taxable Assets fulfil one of the conditions as stipulated under the Circular 7.

Further according to the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《關於非居民企業所得税源泉扣繳有關問題的公告》) issued by the SAT on October 17, 2017 and revised on June 15, 2018, the "income from property transfer" shall include the income from the transfer of equity interests and equity investment assets (hereinafter referred to as "equities"). The balance after deducting the net value of equities from the income from equity transfer is the taxable income from equity transfer. When calculating the income from equity transfer, an enterprise shall not deduct the amount that may be distributed from the shareholders' retained proceeds that are attributable to such equities, such as the undistributed profits of the invested enterprise.

***Environmental Protection***

The PRC Environmental Protection Law (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**"), which was promulgated by the Standing Committee of the National People's Congress on December 26, 1989, whose amendments was made on April 24, 2014 and came into effect on January 1, 2015, provides a regulatory framework to protect and develop the environment, prevent and reduce pollution and other public hazards, and safeguard human health. The environmental protection department of the State Council is in charge of promulgating national standards for environmental protection. The Environmental Protection Law requires any facility that produces pollutants or other hazards to adopt environmental protection measures in its operations and establish an environmental protection responsibility system. Enterprises that are in violation of the Environmental Protection Law may be subject to a warning, payment of damages, imposition of a fine, or limitation or suspension of production depending on the seriousness of the case. If a criminal offense is committed, the offender may be subject to criminal penalties.

The PRC Law on Environment Impact Assessment (《中華人民共和國環境影響評價法》), which was promulgated by the Standing Committee of the National People's Congress on October 28, 2002 and latest amended on December 29, 2018, the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998 and amended on July 16, 2017 and other relevant environmental laws and regulations, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

***Employee Stock Option Plans***

On February 15, 2012, the SAFE issued the Circular on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Share Option Rules**"). Under the Share Option Rules, the PRC citizens or residents habitually residing in the PRC continuously for over one year, with a few exceptions, and who have been granted, restricted shares or share options by an overseas listed company according to its employee share option or share incentive plan, are required to appoint a qualified PRC agent, register with the SAFE or its local counterparts and complete certain other procedures related to the shareholding plan, share option plan or other similar share incentive plans. Concurrent with registration with the SAFE or its local counterparts, the qualified PRC agent is required to obtain an approval from the SAFE for an annual allowance for the foreign exchanges in connection with shareholding or the exercise of a share option, and an approval for opening a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with share purchases or share option exercises, returned principals or profits upon sale of shares, dividends issued on the stock and any other income or expenditures approved by the SAFE. Currently, foreign exchange income of the participating PRC residents received from the sale of share and dividends distributed by the overseas listed company are required to be fully remitted into such special domestic foreign currency account before distribution to such participants. In addition, the PRC agents are required to amend or deregister the registrations with the SAFE or its local counterparts in case of any material change in, or termination of, the share incentive plans within the time periods provided by the Share Option Rules.

***Labor and Social Insurance***

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and took effect on January 1, 1995, and most recently amended on December 29, 2018. The PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**"), which was promulgated by the Standing Committee of the National People's Congress on June 29, 2007 and took effect on January 1, 2008, whose amendments was made on December 28, 2012 and took effect on July 1, 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employment contract. The Labor Contract Law stipulates that employment contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

Under applicable PRC laws and regulations, including the PRC Social Insurance Law(《中華人民共和國社會保險法》), which was promulgated by the Standing Committee of the National People's Congress on October 28, 2010, took effect on July 1, 2011 and amended on December 29, 2018, and the Regulations on the Administration of Housing Accumulation Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and most recently amended on 24 March 2019, employers and/or employees (as the case

may be) are required to contribute to a number of social security funds, including funds for basic pension insurance, employment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and housing provident funds. These payments are made to local administrative authorities and employers who fail to contribute may be fined and ordered to rectify within a stipulated time limit.

## OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

## DRUG REGULATORY REGIME

### U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the FDCA, its implementing regulations and biologics under the FDCA and the Public Health Service Act (the "**PHSA**") and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Once a product candidate is identified for development, it enters pre-clinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Pre-clinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor must submit an IND to the FDA before human clinical trials may begin. The IND must contain the results of the pre-clinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance. Some long term pre-clinical testing may continue after the IND is submitted.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board ("**IRB**") must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. The IRB is charged with protecting the welfare and rights of trial participants, and it considers questions like whether the risks to individuals participating in the clinical trial are minimized and whether these risks are reasonable in relation to anticipated benefits. The IRB also generally reviews and approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. IRBs must possess the professional competence to review the specific research activities involved in a given trial, and they must include persons with an understanding of the acceptability of the proposed research in in terms of institutional commitments and regulations, applicable law, and standards of professional conduct and practice. Specifically, each IRB must have at least five members with varying backgrounds. These members must include at least one person whose primary concerns are in the scientific area and at least one person whose primary concerns are in nonscientific areas. Further, every IRB must include at least one member who is not otherwise affiliated with the institution and who is not part of the immediate family of a person who is affiliated with the institution. Finally, no IRB may have a member participate in the IRB's initial or continuing review of any project in which the member has a conflicting interest, except to provide information requested by the IRB. In addition to IRBs, there are other requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries.

Written study protocols detail, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters for monitoring subject safety and assess efficacy. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap.

- Phase 1 clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase 2 clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

- Phase 3 clinical trials generally involve a large number of patients at multiple geographically dispersed sites and may include comparisons with placebo and/or comparator treatments. These trials are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product's approval and labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov.

Additionally, some clinical trials may be overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated checkpoints based on access to certain data from the trial.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP, requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, cGMPs impose extensive procedural, substantive and recordkeeping requirements to ensure the long-term stability and quality of the final drug product. Appropriate packaging must also be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

**U.S. Review and Approval Processes**

The results of product development, pre-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of an NDA or BLA. Generally, NDAs or BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications to support dosing and administration. The submission of an NDA or a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing, and informs the sponsor by the 74th day whether the application is sufficiently complete to permit substantive review. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. Under the Prescription Drug User Fee Act of 1992, as amended ("**PDUFA**"), the FDA has ten months from the filing date to complete its initial review of a standard NDA and response to the applicant, and six months from the filing date of a "priority review" NDA. However, the FDA does not always meets it PDUFA review goal dates, and the review process may be extended by FDA requests for additional information or clarification.

The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions, typically in connection with applications for novel drugs or drug candidates that present difficult questions of safety and efficacy. The FDA is not bound by the recommendations of the committee. The FDA may also audit the pre-clinical and/or clinical trial sites that generated the data in support of the NDA. A re-analyzes of the clinical trial data by the FDA can result in extensive discussions during the review process.

After the FDA evaluates the application, manufacturing process and manufacturing facilities where the drug product will be produced, it may issue an approval letter authorizing commercial marketing of the drug with specific prescribing information for specific indications.

However, the FDA may refuse to approve the NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the NDA/BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response

letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the NDA/BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

**Expedited Development and Review Programs**

The FDA has various programs, including priority review, accelerated approval, breakthrough therapy designation and fast track designation, intended to expedite or simplify the process for the development and review of certain drugs. In addition, the FDA released the *Antibacterial Therapies for Patients With an Unmet Medical Need for the Treatment of Serious Bacterial diseases Guidance for Industry* in August 2017 intended to streamline development programs and clinical trial designs for antibacterial drugs to treat serious bacterial diseases in patients with an unmet medical need.

***Priority Review***

The FDA may give a priority review designation to drugs that offer significant improvements in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under current PDUFA guidelines. These six and ten month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission.

***Accelerated Approval***

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("**IMM**"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical

benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

***Breakthrough Designation***

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather pre-clinical and clinical data is as efficient as practicable.

***Fast Track***

To be eligible for a fast track designation, the FDA must determine that a drug is intended to treat a serious or life threatening disease or condition and demonstrates the potential to address an unmet medical need for the disease or condition. Under the fast track program, the sponsor of a drug candidate may request that the FDA designate the product for a specific indication as a fast track product concurrent with or after the filing of the IND for the drug candidate. The FDA must make a fast track designation determination within 60 days after receipt of the sponsor's request.

In addition to other benefits, such as the ability to use surrogate endpoints and have greater interactions with the FDA. The FDA may initiate review of sections of a fast track product's NDA before the application is complete. This rolling review is available if the applicant provides, and FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, the FDA time period goal for reviewing a fast track application does not begin until the last section of the NDA is submitted. In addition, the fast track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

***Accelerating COVID-19 Therapeutic Interventions and Vaccines***

On April 17, 2020, the National Institutes of Health announced the Accelerating COVID-19 Therapeutic Interventions and Vaccines ("**ACTIV**") public-private partnership to develop a coordinated research strategy for prioritizing and speeding development of the most promising treatments and vaccines. ACTIV involves a collaboration among government and industry partners, including the FDA, to prioritize vaccine and therapeutic candidates, streamline clinical trials, and rapidly expand the clinical research resources focused on developing therapies for the COVID-19 pandemic. Among other things, ACTIV government and industry partners provide subject matter expertise and/or funding to identify, prioritize and facilitate the entry of some of the most promising candidates into clinical trials.

ACTIV has four fast-track focus areas, each of which is led by a highly motivated working group of senior scientists representing government, industry and academia.

The first aim is to standardize and share preclinical evaluation methods in an open forum that allows for comparison and validation by establishing a centralized process and repository for harmonizing and sharing methods and evaluating models, extending access to high-throughput screening facilities, especially in biosafety level-3 laboratories, with a goal of testing all compounds that have been in human clinical trials to identify the potential to apply these compounds to COVID-19, increasing access to validated animal models, and enhancing comparison of approaches to identify informative assays.

The second aim is to prioritize and accelerate clinical evaluation of therapeutic candidates with near-term potential by establishing a steering committee with relevant expertise and objectivity to set criteria for and rank potential candidates submitted by industry partners for first wave and subsequent evaluation, developing a complete inventory of potential candidates with different mechanisms of action and acceptable safety profiles, designing, launching and openly sharing master protocols with agreed upon endpoints, sampling and analysis for evaluating candidates, and using a single control arm to enhance trial efficiency.

The third aim is to maximize clinical trial capacity and effectiveness by connecting existing networks of clinical trials to build capacity and capabilities, including specialization in different populations and disease stages, and establishing a coordination mechanism across networks to expedite trials, track incidence across sites and project future capacity.

The final aim is to advance vaccine development by creating a collaborative framework to share insights into natural immunity and vaccine candidate-induced immune response by mapping epitopes and developing assays, establishing protocols for sampling and immunological analyses and reagents, collecting clinical data on immunological responses and endpoints, to enable meta-analysis of correlates of protection, and engaging with regulators on surrogate endpoints for clinical evaluation

***Coronavirus Treatment Acceleration Program***

The FDA has created a special emergency program for possible coronavirus therapies, the Coronavirus Treatment Acceleration Program ("**CTAP**"). The program uses every available method to move new treatments to patients as quickly as possible, while at the same time finding out whether they are helpful or harmful.

CTAP plays an important role in these efforts by providing the FDA subject matter expertise for ACTIV initiatives, including for clinical trial design and conduct and relevant FDA regulatory standards for therapeutics. Under the CTAP program, the FDA can better ensure that critical focus is placed on reviewing those therapies prioritized by the ACTIV partnership. The involvement of the FDA in the ACTIV partnership will also help ensure these reviews are more efficient, particularly in evaluating proposed pre-clinical and clinical studies that received ACTIV input. This more comprehensive and cooperative approach involving key partners can help ensure that safe and effective therapies for COVID are available more quickly for patients. However, it should be noted that the FDA's regulatory functions are distinct from its contribution of technical advice to other U.S. government programs. The FDA will evaluate each product submitted for authorization or approval based on the applicable legal and regulatory requirements and on the bases of the best available scientific and clinical evidence.

***Emergency Use Authorizations***

Another abbreviated regulatory pathway to seek FDA authorization to market a product is an Emergency Use Authorization (an "**EUA**"). Under an EUA, the FDA may authorize the emergency use of an unapproved medical product (drug, device, or biologic) or an unapproved use of an approved product for certain emergency circumstances after the Secretary of the Department of Health and Human Services has issued a declaration of emergency or threat justifying emergency use. EUAs are intended to address serious or life threatening diseases or conditions caused by a chemical, biological, radiological, or nuclear agent, including emerging infectious disease threats, such as the COVID-19 pandemic. To receive an EUA, the product sponsor must demonstrate that the product "may be effective" in the prevention, diagnosis, or treatment of an applicable disease or condition based on the totality of scientific evidence available, including data from adequate and well-controlled trials, if available. Additionally the known and potential product benefits must outweigh the risks and there must be no adequate, approved, and available alternative product. The FDA may also establish conditions on an EUA that are necessary to protect public health. EUAs are only effective for the duration of the applicable EUA declaration. EUAs may also be revised or revoked by the FDA. In the absence of an EUA, the FDA is also empowered to take certain actions to establish mechanisms to facilitate medical counter measure preparedness and responses. This may include, for example, extension of certain product expiration dates or the waiver of GMP or other FDA regulatory requirements.

**Post-Marketing Requirements**

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or pre-clinical studies and clinical trials. The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy ("**REMS**"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS.

The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. NDA holders, such as ourselves, using third party contract manufacturers, laboratories or packagers are responsible for the selection and monitoring of qualified firms, and in certain circumstances, qualified suppliers to these firms. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in

enforcement actions. including, but not limited to, costly corrective actions, rejection of study results as a basis for approval of marketing applications or supplements, restrictions on operations, including the discontinuation of services or closing of facilities, clinical holds, discontinuations or suspension of studies, warning letters, untitled letters, cyber letters, regulatory authority issuance of adverse public statements or alerts, product recalls, fines, restitution, disgorgement of profits or revenue, product seizure or detention, the FDA debarment or suspension, the FDA disqualification of testing facilities and investigators, consent decrees or other settlement agreements, injunctions, and civil and criminal penalties. Enforcement actions against us may include, but are not limited to the above actions, as well as recalls, withdrawal of product approval, and refusal to approve applications and supplements.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;

- fines, warning letters or holds on post-approval clinical trials;

- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or

- injunctions or the imposition of civil or criminal penalties.

**Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("**MMA**"), established the Medicare Part D program to provide a voluntary prescription drug benefit to Medicare beneficiaries. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities that provide coverage of outpatient prescription drugs. Unlike Medicare Part A and B, Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee.

**Patient Protection and Affordable Health Care Act**

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively the "**ACA**") became law in the United States March 2010, and have driven healthcare reform in the United States by extending health insurance coverage and substantially changing the way healthcare financed by both governmental and private insurers in the United States. With regard to pharmaceutical products specifically, the ACA, among other things, expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit. Among other things, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, and mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and there may be additional challenges and amendments to the ACA in the future. Since January 2017, President Trump has signed Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed, for example, the Tax Act enacted by the Congress in 2017 which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. There may be other efforts to challenge, repeal or replace the ACA.

**Patent Term Restoration and Marketing Exclusivity**

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension under the FDCA to restore a portion of patent term lost during product development and FDA review of an NDA or a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and NDA/BLA submission, and all of the review phase, which is the time between NDA/BLA submission and approval, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The USPTO, in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the product candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a product candidate for which an NDA or a BLA has not been submitted.

The FDCA provides five years of marketing exclusivity to the first applicant to obtain approval of a new chemical entity. The FDCA also provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

**The Public Readiness and Emergency Preparedness Act**

The Public Readiness and Emergency Preparedness Act (the "**PREP Act**") was enacted primarily to protect manufacturers, distributors, and medical professionals from products-liability claims based on conduct during a public health emergency. To encourage responsiveness and facilitate innovation, the PREP Act provides immunity from most of the liabilities for claims for loss sounding in tort or contract, as well as claims for loss relating to compliance with local, state, or federal laws, regulations, or other legal requirements, that relate to the administration of qualified medical countermeasures used to fight a public health emergency.

On January 31, 2020, effective as of January 27, 2020, the Secretary of HHS issued a Public Health Emergency declaration. On March 10, 2020, the Secretary of HHS issued a Declaration under the PREP Act, effective February 4, 2020, that authorized certain medical products to be used against COVID-19 as qualified countermeasures, specifically, antivirals, other drugs, biologics, diagnostics, other devices, and vaccines, as well as devices that are used in the administration of these products, and these product's components and constituent materials. Therefore, certain manufacturers and distributors of these qualified countermeasures, as well as certain private sector persons who supervise or administer a program with respect to the administration, dispensing, distribution, provision, or use of a qualified countermeasure (including those that establish requirements, provide policy guidance, or supply technical or scientific advice or assistance or provide a facility to administer or use the countermeasure) may qualify for PREP Act immunity, pursuant to which they may be immune from liability for all claims for loss except for willful misconduct that proximately caused death or serious injury.

## OVERVIEW

We are a biotechnology company based in China and the United States committed to advancing therapies for significant infectious diseases, such as HBV, HIV, MDR/XDR gram-negative infections, and other illnesses, such as the CNS diseases, which have significant public health burdens in China and worldwide. We are achieving this vision with a business model combining internal discovery and in-licensing. Our Company was co-founded by Dr. Zhi Hong, the former Senior Vice President and Head of Infectious Diseases Therapy Area Unit of GlaxoSmithKline, and our founding investors, including Boyu, 6 Dimensions, ARCH, Sequoia China, Yunfeng and BluePool, which are all well-known healthcare and biotech funds.

## BUSINESS MILESTONES

The following sets forth certain key business development milestones of our Group:

| | |
|---|---|
| December 2017 | • Our Company was incorporated in the Cayman Islands. |
| May 2018 | • We entered into the Vir License Agreement to acquire exclusive licenses of Greater China rights for up to four infectious disease assets of Vir. |
| June 2018 | • We entered into the Share Purchase Agreement I and completed the initial closing of Series A financing and raised approximately US$30.3 million. |
| December 2018 | • We entered into the VBI License Agreement for a novel recombinant protein-based immunotherapeutic BRII-179 from VBI.<br>• We and Vir agreed to commence clinical development efforts in China for BRII-835.<br>• We completed the second closing of the Series A financing and raised approximately US$56.2 million. |
| July 2019 | • We entered into the Qpex License Agreement to develop and commercialize in Greater China a portfolio of novel antibiotics to treat infections caused by highly resistant, gram-negative pathogens. |
| November 2019 | • We initiated Phase 1b/2a clinical study of BRII-179 at multiple study sites in China, Hong Kong, New Zealand, Australia, Thailand and South Korea in patients with chronic Hepatitis B, or HBV, infection.<br>• We entered into the AN2 License Agreement for a clinical-stage antibacterial compound targeting tuberculosis. |
| December 2019 | • We completed the initial closing of the Series B financing and raised approximately US$75 million. |

| | |
|---|---|
| March 2020 | • We entered into a cooperation framework agreement with Tsinghua University and Third People's Hospital of Shenzhen to establish a joint venture to discover, develop, manufacture and commercialize fully human neutralizing monoclonal antibodies (nAb) to address the pandemic of COVID-19. |
| May 2020 | • We established TSB with entities designated by Tsinghua University and Third People's Hospital of Shenzhen to develop BRII-196, BRII-198 and other fully human neutralizing monoclonal antibodies to address the global pandemic of COVID-19. |
| June 2020 | • We exercised the option to obtain exclusive rights to develop and commercialize compounds and products arising from BRII-835 in Greater China pursuant to the Vir License Agreement. |
| July 2020 | • We initiated first patient dosing for the Phase 2 clinical study of BRII-835 in China. |
| | • We initiated dosing for the Phase 1 clinical study of BRII-196 and BRII-198 in China. |
| August 2020 | • We completed the second closing of the Series B Preferred financing and raised approximately US$97.4 million. |
| January 2021 | • First patient was dosed in the ACTIV-2 Phase 2/3 clinical study for testing BRII-196 and BRII-198 combination therapy in ambulatory patients. |
| March 2021 | • We completed the Series C financing and raised approximately US$155 million. |
| | • We initiated the Phase 1 clinical study of BRII-778 in the United States. |
| April 2021 | • We initiated the Phase 2 MRCT clinical study of BRII-179 and BRII-835 in combination in New Zealand. |
| | • We initiated the Phase 1 clinical study for BRII-296 in the United States. |
| | • Our Phase 2/3 clinical study of BRII-196 and BRII-198 combination therapy advanced into Phase 3 of the ACTIV-2 program. |
| May 2021 | • We initiated the Phase 1 clinical study of BRII-732 in the United States. |
| June 2021 | • We initiated the Phase 2 clinical study of BRII-196 and BRII-198 combination therapy in China. |

## CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR GROUP

Our business operations were primarily conducted through our major operating subsidiaries Brii Shanghai, Brii Beijing and Brii US. The following sets forth the corporate history and shareholding changes of our Company, Brii Shanghai, Brii Beijing and Brii US:

### Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on December 8, 2017, our business operations have been primarily funded through preferred share financings. Our initial investors committed in June 2018 to provide an aggregate funding of approximately US$258.9 million over time through their purchase, on a pro rata basis, of approximately US$86.5 million worth of Series A Preferred Shares and approximately US$172.4 million worth of Series B Preferred Shares in multiple closings at predetermined prices without milestone conditions for any closing.

Upon its incorporation, the authorized share capital of our Company was US$50,000 divided into 50,000 shares of par value of US$1.00 each, which was subsequently subdivided into 5,000,000,000 shares of par value of US$0.00001 each. As of the Latest Practicable Date, the authorized share capital of our Company was changed to US$6,000 divided into 600,000,000 shares, consisting of (i) 358,090,909 Class A Ordinary Shares, (ii) 50,000,000 Class B Ordinary Shares, (iii) 86,513,192 Series A Preferred Shares, (iv) 68,592,199 Series B Preferred Shares and (v) 36,803,700 Series C Preferred Shares.

#### *(i) Initial Issuances of Ordinary Shares*

Upon the Company's incorporation on December 8, 2017, its initial subscriber Vistra (Cayman) Limited transferred one share of the Company, being the entire issued and outstanding share of the Company at the time, to Chung Sau Yin, an Independent Third Party. On May 22, 2018, after the share subdivision of one share to 100,000 shares (with the initial per share par value of US$1.00 being changed to US$0.00001 per share) on May 2, 2018, Chung Sau Yin transferred 100,000 shares of the Company, being the entire issued and outstanding shares of the Company at the time, to Dr. Zhi Hong. Such 100,000 shares were re-designated to be 100,000 Class A Ordinary Shares of the Company on May 29, 2018.

On June 19, 2018, our Company issued a total of 16,100,000 Class A Ordinary Shares and a total of 6,525,000 Class B Ordinary Shares to the following members of the management at a purchase price of US$0.00001 per share for a total consideration of US$226.25 as follows:

| Name of Shareholder | Number and Class of Ordinary Shares | Purchase Price *(US$)* |
|---|---|---|
| Zhi Hong[(1)] | 16,100,000 Class A | 161.00 |
| Other management[(2)] | 6,525,000 Class B | 65.25 |
| **Total** | 22,625,000 | 226.25 |

*Notes:*

(1) Together with the 100,000 Class A Ordinary Shares previously transferred to Dr. Zhi Hong in connection with the incorporation of the Company, Dr. Zhi Hong held 16,200,000 Class A Ordinary Shares as at June 19, 2018. On September 24, 2020, for estate planning purpose, Dr. Zhi Hong transferred 8,000,000 Class A Ordinary Shares, 6,000,000 Class A Ordinary Shares and 2,200,000 Class A Ordinary Shares to the Hong Family 2020 Irrevocable Trust, the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust, respectively, each at nil consideration. The Hong Family 2020 Irrevocable Trust is a family trust governed by the laws of North Carolina State set up by Dr. Zhi Hong as the grantor. The Jingfan Huang 2020 Revocable Trust is a family trust governed by the laws of North Carolina State set up by Dr. Jingfan Huang as the grantor. The Zhi Hong 2020 Revocable Trust is a family trust governed by the laws of North Carolina State set up by Dr. Zhi Hong as the grantor. Dr. Zhi Hong is the trustee of the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust, and Dr. Hong's children are the co-trustees of the Hong Family 2020 Irrevocable Trust. Therefore, Dr. Zhi Hong is deemed to be interested in the Shares held by the Hong Family 2020 Irrevocable Trust, the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust in aggregate.

(2) Other management comprises Li Yan (who subsequently transferred a portion of his shares to his family trust), Lianhong Xu (who subsequently transferred a portion of her shares to her family members), Qing Zhu, Jean-Luc Girardet, Lisa Beck, Robert Hamatake and Michael Wang (who subsequently transferred a portion of his shares to his family members).

On June 22, 2018, our Company issued a total of 66,399,999 Class A Ordinary Shares to the following founding investors at a purchase price of US$0.00001 per share for a total consideration of US$664.01 as follows:

| Name of Shareholder | Number and Class of Ordinary Shares | Purchase Price *(US$)* |
|---|---|---|
| 6 Dimensions Affiliates Fund, L.P.[(1)] | 1,106,666 Class A | 11.07 |
| 6 Dimensions Capital, L.P. | 21,026,667 Class A | 210.27 |
| ARCH Venture Fund IX, L.P. | 11,066,667 Class A | 110.67 |
| ARCH Venture Fund IX Overage, L.P.[(2)] | 11,066,666 Class A | 110.67 |
| Booming Passion Limited | 22,133,333 Class A | 221.33 |
| **Total** | 66,399,999 | 664.01 |

*Notes:*

(1) 6 Dimensions Affiliates Fund, L.P. is an affiliate of 6 Dimensions Capital, L.P.

(2) ARCH Venture Fund IX Overage, L.P. is an affiliate of ARCH Venture Fund IX, L.P.

### *(ii) Series A Financing*

On June 21, 2018, our Company entered into the Share Purchase Agreement I with funds of 6 Dimensions, ARCH, Blue Pool, Boyu, Yunfeng, Sequoia China and other investors, pursuant to which such investors purchased a total of 86,513,192 Series A Preferred Shares and 68,592,199 Series B Preferred Shares for an aggregate purchase price of approximately US$258.9 million.

*Initial closing*

At the initial closing of the Series A financing on June 22, 2018, our Company issued a total of 30,300,002 Series A Preferred Shares to the following investors at a purchase price of US$1.00 per share for a total consideration of US$30,300,002.00 as follows:

| **Name of Shareholder** | **Number of Series A Preferred Shares** | **Purchase Price** *(US$)* |
|---|---|---|
| 6 Dimensions Affiliates Fund, L.P. | 298,218 | 298,218.00 |
| 6 Dimensions Capital, L.P. | 5,666,153 | 5,666,153.00 |
| ARCH Venture Fund IX, L.P. | 2,982,186 | 2,982,186.00 |
| ARCH Venture Fund IX Overage, L.P. | 2,982,185 | 2,982,185.00 |
| Booming Passion Limited | 5,964,371 | 5,964,371.00 |
| SCC Venture VI Holdco, Ltd. | 5,183,508 | 5,183,508.00 |
| YF Bright Insight Limited | 5,183,508 | 5,183,508.00 |
| PS Strategic Investment Limited | 1,739,873 | 1,739,873.00 |
| Kurt Berney, Esq. | 250,000 | 250,000.00 |
| John Maraganore | 50,000 | 50,000.00 |
| **Total** | 30,300,002 | 30,300,002.00 |

*Second closing*

At the second closing of the Series A financing on December 20, 2018, our Company issued a total of 56,213,190 Series A Preferred Shares to the following investors at a purchase price of US$1.00 per share for a total consideration of US$56,213,190.00 as follows:

| **Name of Shareholder** | **Number of Series A Preferred Shares** | **Purchase Price** *(US$)* |
|---|---|---|
| 6 Dimensions Affiliates Fund, L.P. | 558,793 | 558,793.00 |
| 6 Dimensions Capital, L.P. | 10,617,083 | 10,617,083.00 |
| ARCH Venture Fund IX, L.P. | 5,587,938 | 5,587,938.00 |
| ARCH Venture Fund IX Overage, L.P. | 5,587,939 | 5,587,939.00 |
| Booming Passion Limited | 11,175,876 | 11,175,876.00 |
| SCC Venture VI Holdco, Ltd. | 9,712,717 | 9,712,717.00 |
| YF Bright Insight Limited | 9,712,717 | 9,712,717.00 |
| PS Strategic Investment Limited | 3,260,127 | 3,260,127.00 |
| **Total** | 56,213,190 | 56,213,190.00 |

The consideration for the Series A financing was fully settled by December 20, 2018.

***(iii) Share Issuances to Vir and Share Transfer by Vir to Alnylam***

In connection with the Vir collaboration and the Vir License Agreement, Vir was entitled to receive an agreed number of ordinary shares of our Company based on our Company's expected capitalization after the closing of the Series A financing. As partial consideration for Vir's entry into the Vir License Agreement, at our Series A financing closings, our Company issued a total of 19,298,758 Class A Ordinary Shares to Brii Cayman Sub which were transferred to Vir, at a purchase price of US$0.00001 per share for a total consideration of US$193.0, pursuant to the Vir Share Purchase Agreement.

On February 19, 2020, Vir transferred 2,412,345 Class A Ordinary Shares to its collaboration partner, Alnylam, pursuant to the Vir-Alnylam License Agreement and the share transfer agreement dated February 19, 2020 entered into by Alnylam, Vir and the Company.

***(iv) Series B Financing***

The Series B financing was closed in two tranches on December 27, 2019 and August 31, 2020.

*Initial closing*

At the initial closing of the Series B financing on December 27, 2019, our Company issued a total of 29,835,309 Series B Preferred Shares to the following investors at a purchase price of US$2.5138 per share for a total consideration of US$74,999,999.76 as follows:

| **Name of Shareholder** | **Number of Series B Preferred Shares** | **Purchase Price** *(US$)* |
|---|---|---|
| 6 Dimensions Affiliates Fund, L.P. | 296,581 | 745,545.32 |
| 6 Dimensions Capital, L.P. | 5,635,046 | 14,165,378.63 |
| ARCH Venture Fund IX, L.P. | 2,965,814 | 7,455,463.23 |
| ARCH Venture Fund IX Overage, L.P. | 2,965,814 | 7,455,463.23 |
| Booming Passion Limited | 5,931,628 | 14,910,926.47 |
| SCC Growth V Holdco Q, Ltd.(1) | 5,155,052 | 12,958,769.72 |
| YF Bright Insight Limited | 5,155,052 | 12,958,769.72 |
| PS Strategic Investment Limited | 1,730,322 | 4,349,683.44 |
| **Total** | 29,835,309 | 74,999,999.76 |

*Note:*

(1) SCC Growth V Holdco Q, Ltd. is an affiliate of SCC Venture VI Holdco, Ltd.

*Second closing*

At the second closing of the Series B financing on August 31, 2020, our Company issued a total of 38,756,890 Series B Preferred Shares to the following investors at a purchase price of US$2.5138 per share for a total consideration of US$97,427,070.08 as follows:

| Name of Shareholder | Number of Series B Preferred Shares | Purchase Price *(US$)* |
|---|---|---|
| 6 Dimensions Affiliates Fund, L.P. | 385,268 | 968,486.70 |
| 6 Dimensions Capital, L.P. | 7,320,081 | 18,401,219.62 |
| ARCH Venture Fund X Overage, L.P.(1) | 7,705,348 | 19,369,703.80 |
| Booming Passion Limited | 7,705,348 | 19,369,703.80 |
| SCC Growth V Holdco Q, Ltd. | 6,696,555 | 16,833,799.96 |
| YF Bright Insight Limited | 6,696,555 | 16,833,799.96 |
| PS Strategic Investment Limited | 2,247,735 | 5,650,356.24 |
| **Total** | 38,756,890 | 97,427,070.08 |

*Note:*

(1) ARCH Venture Fund X Overage, L.P. is an affiliate of ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P.

The consideration for the Series B financing was fully settled by August 31, 2020.

### *(v) Series C Financing*

On February 26, 2021, our Company entered into the Share Purchase Agreement II with the following Series C Preferred Shareholders, pursuant to which such investors purchased a total of 33,556,314 Series C Preferred Shares at a purchase price of US$4.6191 per share for an aggregate purchase price of approximately US$155 million.

*Initial closing*

At the initial closing of the Series C financing on March 4, 2021, our Company issued a total of 30,308,930 Series C Preferred Shares to the following investors at a purchase price of US$4.6191 per share for a total consideration of US$139,999,978.57 as follows:

| Name of Shareholder | Number of Series C Preferred Shares | Purchase Price *(US$)* |
|---|---|---|
| Invesco Developing Markets Fund | 10,824,619 | 49,999,997.62 |
| Highbury Investment Pte Ltd | 6,494,771 | 29,999,996.73 |
| SMALLCAP World Fund, Inc. | 6,494,771 | 29,999,996.73 |
| Aqua Ocean Limited(2) | 2,164,923 | 9,999,995.83 |
| SCC Growth V Holdco Q, Ltd. | 2,164,923 | 9,999,995.83 |
| Youyu Global Limited(1) | 2,164,923 | 9,999,995.83 |
| **Total** | 30,308,930 | 139,999,978.57 |

*Notes:*

(1) Youyu Global Limited is an affiliate of YF Bright Insight Limited.

(2) Aqua Ocean Limited is an affiliate of Booming Passion Limited.

*Second closing*

At the second closing of the Series C financing on March 8, 2021, our Company issued a total of 3,247,384 Series C Preferred Shares to the following investors at a purchase price of US$4.6191 per share for a total consideration of US$14,999,991.44 as follows:

| Name of Shareholder | Number of Series C Preferred Shares | Purchase Price *(US$)* |
|---|---|---|
| LBC Sunshine Healthcare Fund II L.P. | 2,164,923 | 9,999,995.83 |
| FBRY VII Holdings Limited | 1,082,461 | 4,999,995.61 |
| **Total** | 3,247,384 | 14,999,991.44 |

The consideration for the Series C financing was fully settled by March 8, 2021.

For further details of the share subscriptions above, please see the paragraph headed "Pre-IPO Investments" in this section.

**Brii Shanghai**

On April 19, 2018, Brii Shanghai was established in the PRC as a wholly-foreign owned limited liability company, and it has since been wholly owned by Brii HK which has been a wholly owned subsidiary of our Company since incorporation and during the Track Record Period. The principal business of Brii Shanghai is the research, development of new drugs and medical technology, the transfer of self-owned technology, and the provision of relevant technology consulting and service.

**Brii Beijing**

On August 21, 2018, Brii Beijing was established in the PRC as a wholly-foreign owned limited liability company, and it has since been wholly owned by Brii HK. The principal business of Brii Beijing is the research, development of new drugs and medical technology, the transfer of self-owned technology, and the provision of relevant technology consulting and service.

**Brii US**

On December 5, 2017, Brii US was established in Delaware, United States and was initially wholly owned by Dr. Zhi Hong. On March 28, 2018, Dr. Zhi Hong transferred all of the issued and outstanding shares of Brii US to the Company, and Brii US has since been wholly owned by the Company.

## PRE-IPO INVESTMENTS

### 1. Overview

Our Company underwent three rounds of Pre-IPO Investments, including Series A, Series B and Series C financings as described above.

The basis of determining the consideration for the Pre-IPO Investments was from the arm's length negotiations between our Company and the Pre-IPO Investors after taking into consideration the timing of the investments and the business, operations and status of our business and operating entities.

In connection with the Pre-IPO Investments, the Pre-IPO Investors entered into, among others, the share subscription agreement and shareholders agreement at the time of their relevant investments.

The below table is a summary of the capitalization of the Company as at the Latest Practicable Date and immediately upon the completion of the Global Offering.

| Name | Class A Ordinary Shares | Class B Ordinary Shares | Series A Preferred Shares | Series B Preferred Shares | Series C Preferred Shares | Aggregate Number of Shares | Aggregate Shareholding Percentage as at the Latest Practicable Date[1] | Aggregate Shareholding Percentage immediately upon completion of the Share Subdivision and the Global Offering[2] |
|---|---|---|---|---|---|---|---|---|
| Booming Passion Limited | 22,133,333 | – | 17,140,247 | 13,636,976 | – | 52,910,556 | 17.80% | 14.98%[5] |
| Aqua Ocean Limited | – | – | – | – | 2,164,923 | 2,164,923 | 0.73% | 0.61%[5] |
| 6 Dimensions Capital, L.P. | 21,026,667 | – | 16,283,236 | 12,955,127 | – | 50,265,030 | 16.91% | 14.24% |
| 6 Dimensions Affiliates Fund, L.P. | 1,106,666 | – | 857,011 | 681,849 | – | 2,645,526 | 0.89% | 0.75% |
| ARCH Venture Fund IX, L.P. | 11,066,667 | – | 8,570,124 | 2,965,814 | – | 22,602,605 | 7.60% | 6.40% |
| ARCH Venture Fund IX Overage, L.P. | 11,066,666 | – | 8,570,124 | 2,965,814 | – | 22,602,604 | 7.60% | 6.40% |
| ARCH Venture Fund X Overage, L.P. | – | – | – | 7,705,348 | – | 7,705,348 | 2.59% | 2.18% |
| SCC Venture VI Holdco, Ltd. | – | – | 14,896,225 | – | – | 14,896,225 | 5.01% | 4.22%[5] |
| SCC Growth V Holdco Q, Ltd. | – | – | – | 11,851,607 | 2,164,923 | 14,016,530 | 4.71% | 3.97%[5] |
| YF Bright Insight Limited | – | – | 14,896,225 | 11,851,607 | – | 26,747,832 | 9.00% | 7.58%[5] |
| Youyu Global Limited | – | – | – | – | 2,164,923 | 2,164,923 | 0.73% | 0.61% |
| Vir Biotechnology, Inc. | 16,886,413 | – | – | – | – | 16,886,413 | 5.68% | 4.78% |
| Zhi Hong[3] | 16,200,000 | – | – | – | – | 16,200,000 | 5.45% | 4.59% |
| AIM Investment Funds (Invesco Investment Funds) on behalf of its series portfolio Invesco Developing Markets Fund | – | – | – | – | 10,824,619 | 10,824,619 | 3.64% | 3.07%[5] |
| PS Strategic Investment Limited | – | – | 5,000,000 | 3,978,057 | – | 8,978,057 | 3.02% | 2.54% |
| Highbury Investment Pte Ltd | – | – | – | – | 6,494,771 | 6,494,771 | 2.18% | 1.84% |
| SMALLCAP World Fund, Inc. | – | – | – | – | 6,494,771 | 6,494,771 | 2.18% | 1.84% |
| Alnylam Pharmaceuticals, Inc. | 2,412,345 | – | – | – | – | 2,412,345 | 0.81% | 0.68% |
| LBC Sunshine Healthcare Fund II L.P. | – | – | – | – | 2,164,923 | 2,164,923 | 0.73% | 0.61% |
| FBRY VII Holdings Limited | – | – | – | – | 1,082,461 | 1,082,461 | 0.36% | 0.31% |
| Kurt Berney, Esq. | – | – | 250,000 | – | – | 250,000 | 0.08% | 0.07% |
| John Maraganore | – | – | 50,000 | – | – | 50,000 | 0.02% | 0.01% |
| Senior Management, Employees and Other Shareholders[4] | – | 6,750,001 | – | – | – | 6,750,001 | 2.27% | 1.91% |
| **Total** | 101,898,757 | 6,750,001 | 86,513,192 | 68,592,199 | 33,556,314 | 297,310,463 | 100.00% | 84.20% |

*Notes:*

(1) Based on the assumption that each of the Class A Ordinary Shares, Class B Ordinary Shares and Preferred Shares will be redesignated and/or automatically converted into one Share upon the completion of the Global Offering.

(2) Based on the assumption that Over-allotment Option and the options granted under the Pre-IPO Share Incentive Plan are not exercised.

(3) Held by the Hong Family 2020 Irrevocable Trust, the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust. Dr. Zhi Hong is the trustee of the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust, and Dr. Zhi Hong's children are the co-trustees of the Hong Family 2020 Irrevocable Trust.

(4) Comprising Li Yan and his family trust, Lianhong Xu and her family members, Qing Zhu, Jean-Luc Girardet, Lisa Beck, Robert Hamatake, Michael Wang and his family members, Moncef Slaoui, John Kraus and Ji Ma.

(5) Not taking into account the Shares being subscribed for as cornerstone investments. For details, please refer to the section headed "Cornerstone Placing".

## 2. Principal terms of the Pre-IPO Investments and Pre-IPO Investors' Rights

The below table summarizes the principal terms of the Pre-IPO Investments:

| | **Series A Preferred Shareholders** | **Series B Preferred Shareholders** | **Series C Preferred Shareholders** |
|---|---|---|---|
| Date of the agreement | June 21, 2018 | June 21, 2018 | February 26, 2021 |
| Date on which investment was fully settled[(1)] | December 20, 2018 | August 31, 2020 | March 8, 2021 |
| Cost per Preferred Share paid (on a post-Share Subdivision basis) | US$0.50 | US$1.2569 | US$2.30955 |
| Discount to the Offer Price[(2)] | 82.1% | 54.9% | 17.1% |
| Post-money valuation (approximation)[(3)] | US$198 million | US$700 million | US$1.455 billion |
| Aggregate investment proceeds (approximation) | US$86.5 million | US$172.4 million | US$155 million |
| Lock-Up Period | Any equity securities of the Company held by the Pre-IPO Investors will be subject to a lock-up period of 180 days from the Listing Date. | | |
| Use of Proceeds from the Pre-IPO Investments | We utilized the proceeds for the development and operation of the business of the members of the Group, including but not limited to, clinical trials, product development, personnel recruitment, office utilities and general working capital purposes. As of the Latest Practicable Date, approximately 49% of the net proceeds from the Pre-IPO Investments by the Pre-IPO Investors were utilized. | | |
| Strategic benefits of the Pre-IPO Investors brought to our Company | At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital provided by the Pre-IPO Investors' through their investments in our Company and the Pre-IPO Investors' knowledge and experience. | | |

*Notes:*

(1) In June 2018, our Series A Preferred Shareholders and Series B Preferred Shareholders executed a single Share Purchase Agreement I pursuant to which they agreed to provide committed financings to the Company (funded as and when called by the Company's board of directors to meet the Company's cash needs) on a pro rata basis in an amount totaling US$258.9 million at a pre-determined per share price. In total, these investors committed to purchase US$86.5 million of Series A preferred shares at US$0.50 per share (on a post-Share Subdivision basis) and US$172.4 million of Series B preferred shares at US$1.2569 per share (on a post-Share Subdivision basis). The last call of the Series B preferred shares occurred on August 31, 2020.

(2) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$21.63 per Share, being the mid-point of the indicative Offer Price range of HK$21.00 to HK$22.25, on the basis that 706,200,926 Shares are expected to be in issue immediately upon completion of the Share Subdivision and the Global Offering (including completion of the conversion of the Preferred Shares into ordinary Shares to be effected prior to Listing), and without taking into account any Shares which may be allotted and issued under the Over-allotment Option or the Share Incentive Scheme.

(3) The post-money valuation figures equal the total consideration paid by the Pre-IPO Investors in each round divided by the shareholding percentage of them (on a fully-diluted basis) immediately following their investment. The valuations of Series A financing and Series B financing were pre-determined by the investors in connection with execution of the Share Purchase Agreement I. The increase in valuation from Series B financing to Series C financing was mainly due to (i) the clinical trial and development progress of our pipeline products, particularly our Core Product, (ii) the successful recruitment of senior executives including our President and General Manager of Greater China and our Chief Financial Officer, and (iii) the development of our R&D capabilities and achievement of various collaborations with strategic partners. Calculated on the basis of the Offer Price of HK$21.63, being the mid-point of the offer price range, the valuation of the Company upon Listing will be approximately HK$15.271.1 million (the "Proposed IPO Valuation"). The increase of valuation from Series C financing to the Proposed IPO valuation is due to (i) the clinical trial and development progress of our pipeline products, including commencement after the Series C financing of (a) the Phase 1 clinical studies for BRII-296 (PPD), BRII-778 (HIV) and BRII-732 (HIV); (b) the Phase 2 BRII-179/BRII-185 combination (HBV) clinical study; (c) the Phase 3 portion of the BRII-196 and BRII-198 (COVID-19) ACTIV-2 clinical study and the Phase 2 BRII-196 and BRII-198 (COVID-19) clinical study in China; and (d) our collaboration partner, Qpex, commenced Phase 1 clinical studies for BRII-672 and BRII-693 (MDR/XDR); and (ii) the premium attached to the Shares as they become freely tradeable when our Company becomes a public company.

In addition to the terms described above, the holders of the Preferred Shares have been granted the certain customary special rights and preferences, including liquidation preferences, dividend preferences, protective provisions, redemption rights, information and inspection rights, drag-along rights, pre-emptive rights, and first refusal and co-sale rights. Except for the redemption rights granted to the holders of Preferred Shares as described below, each of the other special rights shall automatically terminate immediately prior to the completion of the Global Offering when all of the Preferred Shares shall be converted into Shares of our Company on a ratio of 1:1.

Each Preferred Shareholder is given the right to, upon the occurrence of specified redemption events, request that our Company redeem the Preferred Shares it then holds. Pursuant to the third amended and restated articles of association of the Company, the abovementioned redemption rights shall be terminated immediately before the date of the first submission of the listing application to the Stock Exchange. The redemption rights shall be automatically restored if the Listing does not take place within nine (9) months after such initial submission of the listing application to the Stock Exchange.

### 3. Information about the Pre-IPO Investors

Our Pre-IPO Investors include certain sophisticated investors. The background information of our Pre-IPO Investors is set out below.

(i) Booming Passion Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, is wholly owned by Boyu Capital Fund III, L.P., which is managed by Boyu Capital General Partner III, L.P., which is in turn managed by Boyu Capital General Partner III, Ltd.. Boyu Capital Fund III, L.P. is held by 64 limited partners and the largest limited partner holds approximately 7.58% partnership interest. Aqua Ocean Limited (collectively with Booming Passion Limited, "**Boyu**"), a business company incorporated under the laws of the British Virgin Islands, is wholly owned by Boyu Capital Opportunities Master Fund, which is managed by Boyu Capital Investment Management Limited. As of June 1, 2021, Boyu Capital Opportunities Master Fund was held by 74 limited partners and the largest limited partner held approximately 11.05% partnership interest. Both Boyu Capital General Partner III, Ltd. and Boyu Capital Investment Management Limited are wholly owned by Boyu Capital Group Holdings Ltd. XYXY Holdings Ltd. is the majority shareholder of Boyu Capital Group Holdings Ltd. Mr. Xiaomeng Tong holds 100% of the outstanding shares of XYXY Holdings Ltd.. Boyu Capital Group Holdings Ltd. is a leading China-focused investment firm providing growth and transformational capital for high-quality business franchises in Greater China region across four main sectors including healthcare, consumer, TMT and financial services. Boyu is a sophisticated investor as it has over HK$1 billion assets under management in biotech and healthcare industries.

(ii) 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. (collectively, "**6 Dimensions**") are venture capital funds with an in-depth focus on healthcare and extensive coverage across China and the United States. 6 Dimensions Capital, L.P. is held by 37 limited partners with the largest limited partner holding approximately 19.72% partnership interest. 6 Dimensions Affiliates Fund, L.P. is held by 14 limited partners with the largest limited partner holding approximately 33.96% partnership interest. The general partner of 6 Dimensions is 6 Dimensions Capital GP, LLC. Dr. Qingsheng Zhu, Dr. Wei Li, Dr. Ge Li, Mr. Edward Hu and our non-executive Director as of the Latest Practicable Date, Dr. Lian Yong Chen, share the voting power of 6 Dimensions Capital GP, LLC equally as managers of 6 Dimensions Capital GP, LLC. Each of Dr. Qingsheng Zhu, Dr. Wei Li, Dr. Ge Li and Mr. Edward Hu is an Independent Third Party. The portfolio companies of 6 Dimensions include, among others, 111, Inc., CStone Pharmaceuticals, GRAIL, Inc., Hua Medicine, Ocumension Therapeutics, Viela Bio, Inc. IDEAYA Biosciences, Inc., TCR$^2$ Therapeutics, Inc., iTeos Therapeutics, Inc., Fulcrum Therapeutics and Kymera Therapeutics, Inc., all of which are biotech or pharmaceutical companies. 6 Dimensions is a sophisticated investor as it has over HK$1 billion assets under management in biotech and healthcare industries.

(iii) Each of ARCH Venture Fund IX, L.P., ARCH Venture Fund IX Overage, L.P. and ARCH Venture Fund X Overage, L.P. (collectively "**ARCH**") is a venture capital fund that primarily invests in seed and early-stage technology companies with a focus on biotechnology and instrumentation. ARCH Venture Fund IX, L.P., ARCH Venture Fund IX Overage, L.P. and ARCH Venture Fund X Overage, L.P. are limited partnerships registered in Delaware, United States with aggregate limited partner commitments of US$1.04 billion. ARCH Venture Fund IX, L.P. is held by 40 limited partners with the largest limited partner holding approximately 17% partnership interest. ARCH Venture Fund IX Overage, L.P. is held by 35 limited partners with the largest limited partner holding approximately 20% partnership interest. ARCH Venture Fund X Overage, L.P. is held by 80 limited partners with the largest limited partner holding approximately 14% partnership interest. The limited partners of these partnerships are primarily institutional investors such as university endowments, foundations, sovereign wealth funds and family offices. ARCH Venture Partners IX, L.P. is the sole general partner of ARCH Venture Fund IX, L.P. and ARCH Venture Partners IX Overage, L.P. is the sole general partner of ARCH Venture Fund IX Overage, L.P. ARCH Venture Partners IX, LLC is the sole general partner of ARCH Venture Partners IX, L.P. and ARCH Venture Partners IX Overage, L.P. ARCH Venture Partners X Overage, L.P. is the sole general partner of ARCH Venture Fund X Overage, L.P. ARCH Venture Partners X, LLC is the sole general partner of ARCH Venture Partners X Overage, L.P. Each of Kristina Burow, Keith Crandell and our Director, Robert Taylor Nelsen, is a managing director of and shares the voting power of ARCH Venture Partners IX, LLC equally. Each of Kristina Burow, Keith Crandell, Steven Gillis and our Director, Robert Taylor Nelsen, is a managing director of and shares the voting power of ARCH Venture Partners X, LLC equally. Save for being a managing director of ARCH as described above, each of Kristina Burrow Keith Crandell, Steven Gillis is an Independent Third Party. The portfolio companies of ARCH include, among others, VBI, Vir, Arbor Biotechnologies, Autobahn Therapeutics, Boundless Bio, KSQ Therapeutics, Sana Biotechnology, Vividion Therapeutics and Walden BioSciences, all of which are biotech or pharmaceutical companies. ARCH is a sophisticated investor as it has over HK$1 billion assets under management in biotech and healthcare industries.

(iv) Each of SCC Venture VI Holdco, Ltd. and SCC Growth V Holdco Q, Ltd. (collectively, "**Sequoia China**") is an exempted company with limited liability incorporated under the laws of the Cayman Islands. SCC Venture VI Holdco, Ltd. is wholly owned by Sequoia Capital China Venture Fund VI, L.P., whose general partner is SC China Venture VI Management, L.P., whose general partner is SC China Holding Limited. SCC Growth V Holdco Q, Ltd. is wholly owned by Sequoia Capital China Growth Fund V, L.P., whose general partner is SC China Growth V Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen.

(v) YF Bright Insight Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands ("**Yunfeng**"), is owned by Yunfeng Fund III, L.P., its parallel fund and certain co-investment fund. Yunfeng is sponsored by Yunfeng Capital Limited, a private equity firm with a primary focus on investments in telecommunications, media and technology, healthcare, financial and logistics industries. The general partner of each of Yunfeng Fund III, L.P., its parallel fund and certain co-investment fund is Yunfeng Investment III, Ltd., an exempted company with limited liability incorporated in the Cayman Islands and is wholly-owned by Mr. Feng Yu. Youyu Global Limited is an investment holding company registered in Hong Kong. It is a wholly owned subsidiary of Yunfeng Financial Group Limited, an innovative financial technology company listed on the Stock Exchange (HKSE: 376 HK). Yunfeng Financial Group Ltd. is controlled by Jade Passion Limited, which is in turn controlled by Key Imagination Limited. Key Imagination Limited is controlled by Yunfeng Financial Holdings Limited, which is in turn controlled by Mr. Feng Yu.

(vi) Invesco Developing Markets Fund ("**Invesco**") is an investment company registered with the U.S. Securities and Exchange Commission and advised by Invesco Advisers, Inc. Its investment objective is to seek capital appreciation by investing in emerging and developing markets throughout the world.

(vii) PS Strategic Investment Limited is an investment vehicle established in the Cayman Islands and is wholly owned by and managed by Blue Pool Capital Limited, a multi-strategy investment firm based in Hong Kong and a licensed corporation under the SFO to conduct Type 9 (asset management) regulated activities as defined under the SFO. Blue Pool Capital Limited is wholly owned by Blue Pool Management Ltd., which is in turn wholly owned by Mr. Oliver P. Weisberg.

(viii) Highbury Investment Pte Ltd ("**GIC**") is a private limited company incorporated in Singapore and wholly owned by GIC (Ventures) Private Limited and managed by GIC Special Investments Private Limited, which in turn is wholly owned by GIC Private Limited, a global investment management company investing in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity.

(ix) SMALLCAP World Fund, Inc. ("**Capital**") is an open-end, diversified investment company registered under the U.S. Investment Company Act of 1940 managed and advised by Capital Research and Management Company, an experienced investment management organization serving as the investment adviser to Capital and a wholly-owned subsidiary of The Capital Group Companies, Inc.

(x) LBC Sunshine Healthcare Fund II L.P. is an exempted limited partnership registered in the Cayman Islands managed by Lake Bleu Capital (Hong Kong) Limited, a licensed corporation under the SFO to conduct Type 9 (asset management) regulated activities as defined under the SFO. It specializes in investing in late-stage pharmaceuticals, biotech, medical devices, and healthcare services companies in Greater China and Asia. Its general partner is LBC GP II Limited, an exempted company incorporated in the Cayman Islands. LBC GP II Limited is wholly owned by Bright Healthcare Investment Limited, which is in turn wholly owned and controlled by Mr. Li Bin.

(xi) FBRY VII Holdings Limited is an exempted company with limited liability incorporated under the laws of Cayman Islands and is engaged in investment holding. FBRY VII Holdings Limited is ultimately managed and controlled by Hillhouse Capital Management, Ltd. ("**Hillhouse Capital**"), an exempted company incorporated under the laws of Cayman Islands. Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of global institutional clients.

(xii) Kurt Berney, Esq., an Independent Third Party, is a partner of O'Melveny & Myers, the legal advisers of the Company as to Hong Kong and United States laws in respect of the Global Offering.

(xiii) John Maraganore, an Independent Third Party, is the chief executive officer and a director of Alnylam.

Save for Booming Passion Limited, 6 Dimensions and ARCH who will become our substantial shareholders upon Listing, each of the Pre-IPO Investors is an lndependent Third Party.

### 4. Public Float

Upon completion of the Global Offering (assuming that no Shares will be allotted and issued under the Over-allotment Option and or the Share Incentive Schemes), the Shares held by our core connected persons will not count towards the public float.

Upon Listing, Dr. Zhi Hong, our executive Director, will control approximately 4.59% of the total issued shares, therefore, the Shares held by him will not count towards the public float.

In addition, the approximately 14.98%, 0.61% and 0.26% Shares held by Booming Passion Limited, Aqua Ocean Limited and Boyu Capital Opportunities Master Fund (taking into account its subscription for Offer Shares and based on an Offer Price of HK$21.00, being the low-end of the indicative Offer Price range) respectively, all of which are controlled by Boyu Capital Group Holdings Ltd., will not count towards the public float. Also, the approximately 14.24% and 0.75% Shares held by 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. respectively, both of which are controlled by 6 Dimensions Capital GP, LLC, will not count towards the public float. Further, the approximately 6.40% and 6.40% Shares held by ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P. respectively, both of which are controlled by ARCH Venture Partners IX, LLC, will not count towards the public float.

Save as disclosed above, to the best of our Directors' knowledge, all other Shareholders are not core connected persons of our Company. As a result, our other existing Shareholders will aggregately hold a total of approximately 35.97% of the Shares (upon completion of the Global Offering without taking into account the Shares which may be allotted and issued under the Over-allotment Option or the Share Incentive Schemes and taking into account the Shares acquired by existing shareholders in Cornerstone Placing based on an Offer Price of HK$21.00, being the low-end of the indicative Offer Price range) with a market capitalization of approximately HK$5,493.81 million (based on the Offer Price of HK$21.63, being the mid-point of the offer price range), which will count towards the public float. Assuming the Offer Shares are allotted and issued to public shareholders, over 25% of our Company's total issued Shares and our issued Shares with a market capitalization of at least HK$375 million will be held by the public upon completion of the Global Offering in accordance with 8.08(1)(a) and 18A.07, respectively, of the Listing Rules.

## COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

The Joint Sponsors confirm that the investments by the Pre-IPO Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

## PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that the establishment of Brii Shanghai, Brii Beijing and TSB and the increase or transfer of equity interests in respect of TSB as described above in this section have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

### M&A Rules

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**") require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Article 11 of the M&A Rules stipulates that an offshore special purpose vehicle, or a SPV, established or controlled by a PRC company or individual shall obtain approval from MOFCOM prior to the acquisition of any domestic enterprise related to such company or individual. The M&A Rules, among others, also require that an offshore SPV formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

As advised by our PRC Legal Adviser, the MOFCOM approvals or CSRC approvals under the M&A rules are not applicable because Brii Shanghai and Brii Beijing were established at the beginning as foreign-invested enterprises in the PRC, not become foreign-invested enterprises through merger or acquisition under the M&A Rules.

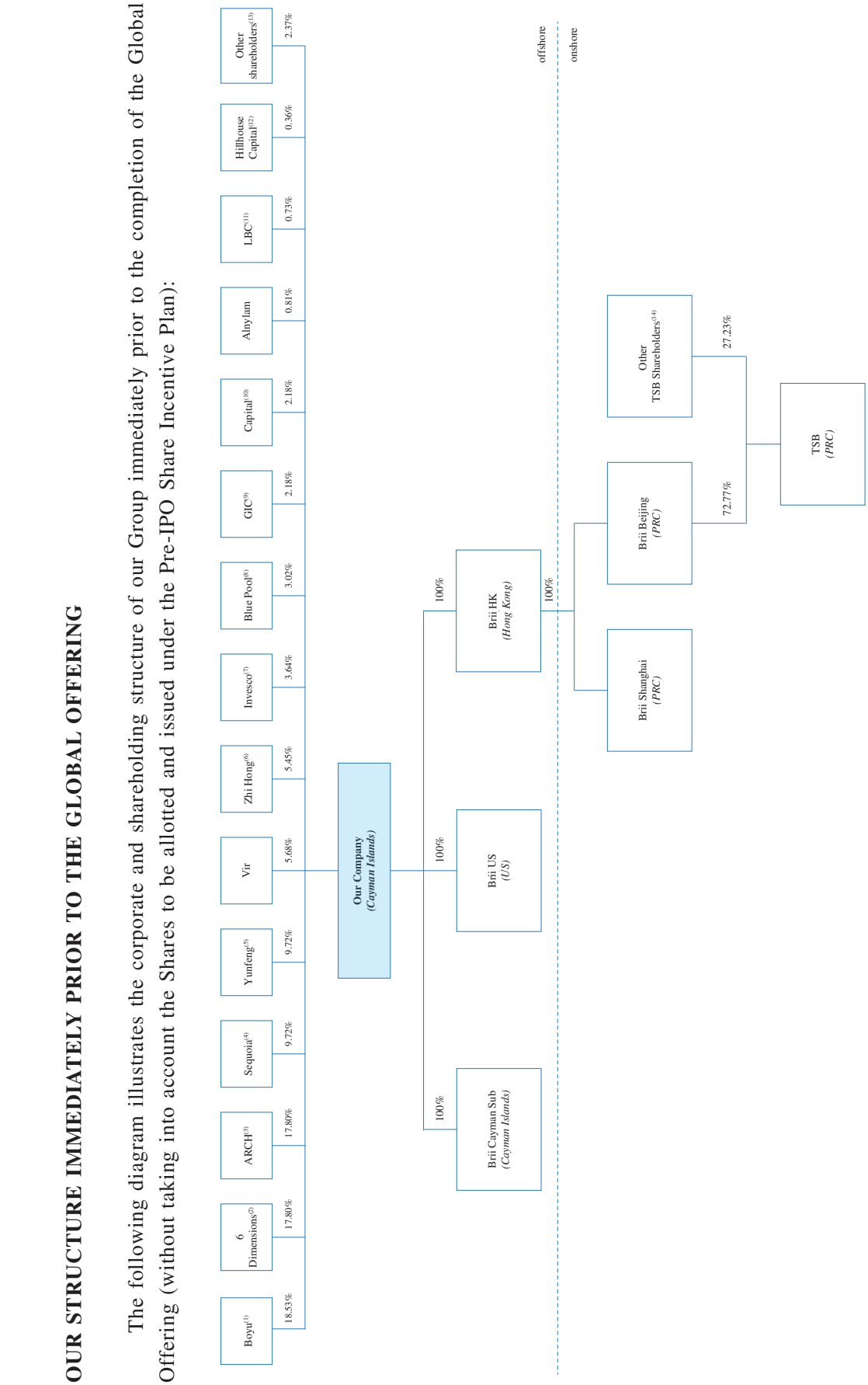
### SAFE Circular 37 and Related Rules

As disclosed in the section headed "Regulatory Overview – Circular 37" in this prospectus, SAFE Circular 37 requires PRC residents to register with local branches of SAFE with regards to their direct establishment or indirect control of an offshore entity established for the purpose of overseas investment and financing and hold such PRC residents' legally owned assets or equity investments in domestic enterprises or offshore assets or interests (referred to as a "special purpose vehicle" in SAFE Circular 37). SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. The Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知), effective from June 1, 2015, further simplifies the registration procedure under SAFE Circular 37 and delegates a qualified local bank to conduct the relevant registration of PRC residents.

Our PRC Legal Adviser is of the view that, as of the Latest Practicable Date, none of the direct shareholder of the Company was PRC citizen or was subject to the SAFE Circular 37.

## OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the Global Offering (without taking into account the Shares to be allotted and issued under the Pre-IPO Share Incentive Plan):



*Notes:*

(1) Boyu entities include Booming Passion Limited and Aqua Ocean Limited.

(2) 6 Dimensions entities include 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P.

(3) ARCH entities include ARCH Venture Fund IX, L.P., ARCH Venture Fund IX Overage, L.P. and ARCH Venture Fund X Overage, L.P.

(4) Sequoia entities include SCC Venture VI Holdco, Ltd. and SCC Growth V Holdco Q, Ltd.

(5) Yunfeng entities include YF Bright Insight Limited and Youyu Global Limited.

(6) Held by the Hong Family 2020 Irrevocable Trust, the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust. Dr. Zhi Hong is the trustee of the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust, and Dr. Zhi Hong's children are the co-trustees of the Hong Family 2020 Irrevocable Trust. Therefore, Dr. Zhi Hong is deemed to be interested in the Shares held by the Hong Family 2020 Irrevocable Trust, the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust in aggregate.

(7) Invesco refers to Invesco Developing Markets Fund.

(8) Blue Pool refers to PS Strategic Investment Limited.

(9) GIC refers to Highbury Investment Pte Ltd.

(10) Capital refers to SMALLCAP World Fund, Inc.

(11) LBC refers to LBC Sunshine Healthcare Fund II L.P.

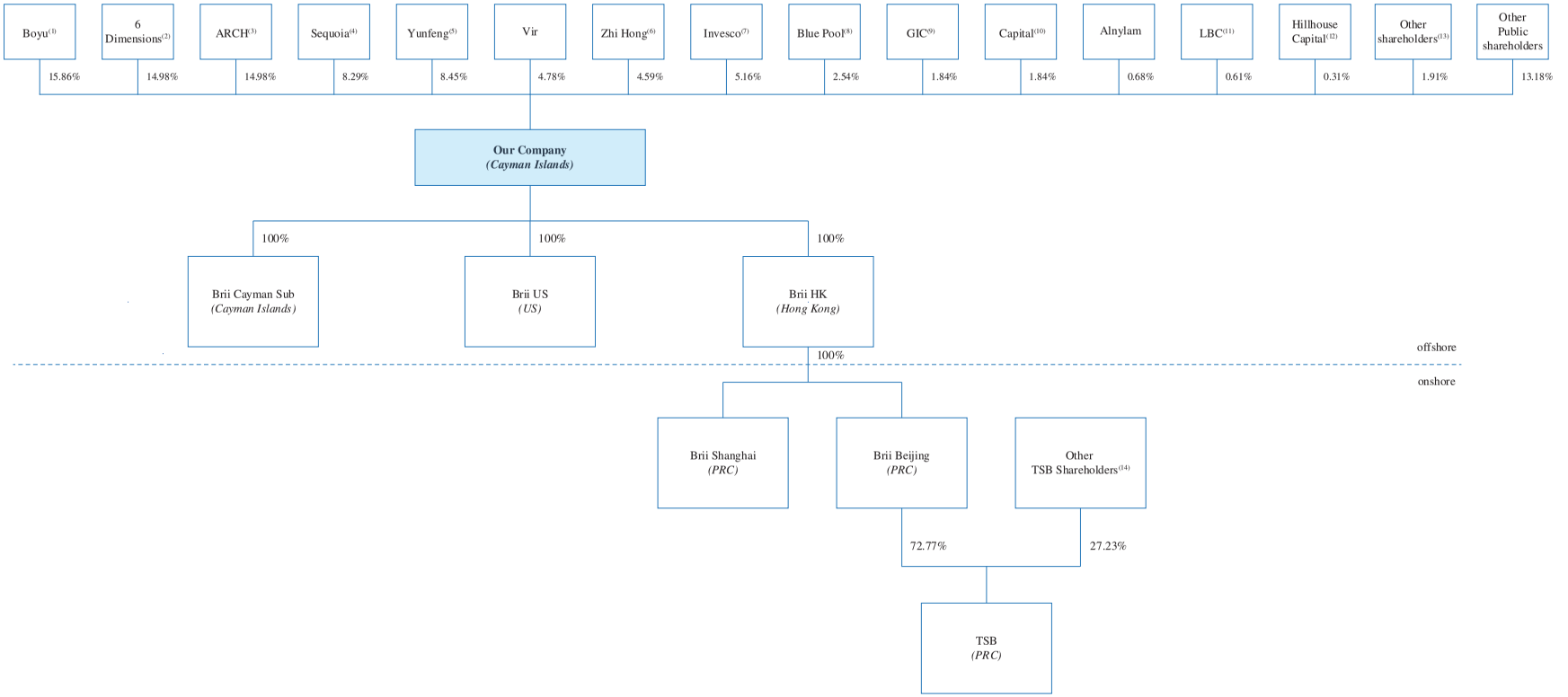
(12) Hillhouse Capital refers to FBRY VII Holdings Limited.

(13) Other shareholders are Li Yan and his family trust, Lianhong Xu and her family members, Qing Zhu, Jean-Luc Girardet, Lisa Beck, Robert Hamatake, Michael Wang and his family members, Moncef Slaoui, John Kraus, Ji Ma, Kurt Berney, Esq. and John Maraganore.

(14) TSB is held as to 13.34%, 6.80%, 4.17%, 1.94% and 0.97% by Shenzhen National Infectious Disease Clinical Medicine Research Center (深圳國家感染性疾病臨床醫學研究中心) ("SZ Center"), Dr. Lin Qi Zhang (張林琦), (a director of TSB) and Tsinghua Holding Technology Transfer Co., Ltd. (華控技術轉移有限公司), Dr. Qi Zhang (張綺) and Dr. Xuan Ling Shi (史宣玲), respectively. Save for SZ Center which is a substantial shareholder of TSB, each of the other shareholders is an Independent Third Party.

## OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be allotted and issued under the Share Incentive Schemes), assuming the Offer Price will be fixed at the low-end of the indicative Offer Price range (i.e., HK$21.00 per Offer Share) and taking into account the subscription of Offer Shares by certain existing Shareholders or their close associates as further described in the section headed "Cornerstone Placing" in this Prospectus:




*Note:* Please refer to the notes to "Our Structure Immediately Prior to the Global Offering" in this section.

## OVERVIEW OF OUR COMPANY

We are a biotechnology company based in China and the United States committed to advancing therapies for significant infectious diseases, such as HBV, HIV, MDR/XDR gram-negative infections, and other illnesses, such as the CNS diseases, which have significant public health burdens in China and worldwide. We are achieving this vision with a business model combining internal discovery and in-licensing.

Infectious diseases are a leading cause of death worldwide. However, for many infectious diseases with significant public health burdens there are a limited number of available therapeutics and companies dedicated to developing these therapeutics, resulting in a significant unmet need. HBV-related diseases, the global HIV pandemic and the unprecedented outbreak of the COVID-19 pandemic each underscore the threat posed by infectious diseases to society and economies and the need for companies dedicated to developing therapeutics that cure, prevent or treat such diseases as well as the need to respond to both anticipated and unanticipated public health crises. For example, approximately 73 million people in China were HBV infected as of 2019, which accounted for about one-third of the total HBV patient population worldwide, translating into a total healthcare cost of RMB80 billion to RMB120 billion per year in China for HBV-related diseases, according to Frost & Sullivan. In 2019, HIV infection affected 39.1 million people globally, of which 1.7 million people became newly infected. Similarly, over the past 15 years, gram-negative bacteria related infections have accounted for about 70% of all clinical infections in China, according to Frost & Sullivan. It is also estimated by the World Bank that MDR gram-negative bacterial infections will cause a global GDP loss of US$1 trillion to US$3.4 trillion by 2030. As of the end of March 2021, the COVID-19 pandemic had resulted in over 2.7 million related deaths globally, with a significant impact on society and a global GDP loss of US$3.8 trillion in 2020, according to the World Bank.

We are currently developing a functional cure for chronic HBV infections, which has a disproportional health impact in China. In response to the global HIV pandemic, we discovered and are developing a long-acting, once-weekly (QW) single tablet regimen (STR) for HIV patients with an initial focus in the United States. We are also developing broad spectrum antibiotics to treat MDR/XDR gram-negative bacterial infections, both of which have a disproportional health impact in China. In response to the unprecedented global COVID-19 pandemic, and consistent with our commitment to public health matters, we are developing our neutralizing antibody cocktail therapy for the treatment of COVID-19.

Furthermore, we are developing innovative therapies to address CNS disorders, such as postpartum depression (PPD) and major depressive disorder (MDD). Depression is frequently observed not only in patients with CNS diseases but also with other chronic diseases. Furthermore, the COVID-19 pandemic, accompanied with resulting societal disruption and economic uncertainties, has exacerbated the prevalence of mood disorders globally. The global incidence of PPD reached 18.9 million in 2019. We believe that there is a significant unmet need for new therapies that can provide rapid relief and profound and sustained therapeutic effect against these disorders.

Our focus on significant infectious diseases and CNS diseases is reflected in how we have built our portfolio of development programs. As shown in our product pipeline below, we have built a pipeline of more than 10 innovative product candidates that focus on infectious diseases and CNS diseases and range from preclinical to clinical stage programs, and we have options to in-license up to five additional innovative programs from our license partners. We developed our product pipeline through (i) utilizing our in-house research and development (R&D) capabilities to discover and develop our own innovative products and (ii) establishing collaborative licensing arrangements with our carefully selected strategic partners to in-license the Greater China rights to their important assets, under which we will lead the clinical development of such assets in China and also play an integral role in the global development of such assets. The following table sets forth the status of our key product candidates as of April 30, 2021:

| Indication | Programs | Preclinical | IND Approval | Phase 1 | Phase 2 | Phase 3 | Regulatory Authority | Brii Rights | Licensing Partners/ Internally Discovered |
|---|---|---|---|---|---|---|---|---|---|
| **Infectious Disease Programs** | | | | | | | | | |
| HBV | BRII-179★[1] (VBI-2601) | | | | | | NMPA | Greater China | VBI |
| | BRII-835[2] (VIR-2218) | | | | | | NMPA | Greater China | VIR |
| | BRII-179★/BRII-835 Combination | | | | | | NMPA[5] | Greater China | VBI VIR |
| HIV | BRII-778 | | | | | | FDA | Global | internally discovered |
| | BRII-732 | | | | | | FDA | Global | internally discovered |
| MDR/XDR gram-negative infections | BRII-636[3] (QPX-7728) | | | | | | FDA | Greater China | QPEX |
| | BRII-672[3] (QPX-7831) | | | | | | FDA | Greater China | QPEX |
| | BRII-693[3] (QPX-9003) | | | | | | FDA | Greater China | QPEX |
| MDR/XDR TB Mycobacteria | BRII-658[3] (AN2-501971) | | | | | | FDA | Greater China | AN2Therapeutics |
| COVID-19 | BRII-196[4] | | | | | | FDA/NMPA | Global | [6] |
| | BRII-198[4] | | | | | | FDA/NMPA | Global | [6] |
| **Central Nervous System Disease Programs** | | | | | | | | | |
| PPD | BRII-296 | | | | | | FDA | Global | internally discovered |
| MDD | BRII-296 | | | | | | FDA | Global | internally discovered |

★ Core Product

*Notes:*

(1) The preclinical development of BRII-179 was partially conducted by VBI.

(2) The preclinical development and a Phase 1/2 clinical trial of BRII-835 have been conducted by Vir.

(3) The development and clinical trials have been conducted by our collaboration partners.

(4) We were notified by NIAID on April 26, 2021 that BRII-196 and BRII-198 were progressing into Phase 3 of the ACTIV-2 program, and we were notified by NIAID on March 3, 2021 that BRII-196 and BRII-198 were not progressing into Phase 3 of the ACTIV-3 program. We initiated a Phase 2 clinical study for BRII-196 and BRII-198 combination therapy in China in June 2021.

(5) As of the Latest Practicable Date, we had submitted applications for the Phase 2 BRII-179/BRII-835 MRCT combination study with the relevant regulatory authorities in Hong Kong, New Zealand, Australia, Taiwan, Singapore, Thailand and South Korea, and had obtained the necessary approvals from such relevant regulatory authorities to conduct the study in the relevant jurisdictions (except for such approval in Thailand which is expected to be obtained in the third quarter of 2021). In February 2021, we submitted an IND application for the Phase 2 BRII-179/BRII-835 MRCT combination study with the CDE in China and expect to obtain an approval for such study in the third quarter of 2021.

(6) Discovered in collaboration with Tsinghua University and Third People's Hospital of Shenzhen through our non-wholly owned subsidiary, TSB, established with affiliates of Tsinghua University and Third People's Hospital of Shenzhen. Brii Beijing holds 72.77% of the total equity interests in TSB, and affiliates of Tsinghua University and Third People's Hospital of Shenzhen acquired minority equity interest in TSB in exchange for transfer by Tsinghua University and Third People's Hospital of Shenzhen of antibodies and related technologies to TSB to advance BRII-196 and BRII-198 and potentially other candidates for treatment of and prophylactic use against SARs-CoV-2 infection (including COVID-19).

- HBV (licensed from VBI and Vir) – We are currently developing BRII-179 (our Core Product), an HBV-specific B cell and T cell therapeutic vaccine and BRII-835, an HBV-targeting siRNA, a highly innovative and emerging class of therapy for reduction of HBV antigens.

  - For BRII-179, we have completed a Phase 1b/2a clinical study of BRII-179 in China, Hong Kong, New Zealand, Australia, Thailand and South Korea with the final clinical study report issued on May 24, 2021.

  - For BRII-835, we are conducting a Phase 2 clinical study in China. The development of BRII-179 will include several programs including BRII-179/BRII-835 combination.

  - BRII-179/BRII-835 combination represents a significant advance in our efforts to develop a functional cure for HBV infection. As of the Latest Practicable Date, we had initiated the Phase 2 multi-regional clinical trial (MRCT) combination study for BRII-179/BRII-835 in New Zealand, Australia and Hong Kong and expect to also initiate this MRCT study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021. Our proposed combination of BRII-179 and BRII-835 to achieve functional cure of HBV is still at an early stage and is subject to the successful completion of our ongoing clinical trials and regulatory approval.

  - We will continue to explore further options to develop an HBV functional cure such as BRII-179 and/or BRII-835 in combination with other agents.

- HIV (internally discovered) – We are developing BRII-778 and BRII-732 as a once-weekly single-tablet combination therapy that will offer a more discreet, convenient and non-invasive maintenance therapy for HIV patients. As of the Latest Practicable Date, we had dosed BRII-778 in the first five cohorts of the Phase 1 study in the United States. We submitted an IND application for BRII-732 with the FDA in March 2021 and received a safe to proceed notice from the FDA to proceed with the planned Phase 1 study for BRII-732 in April 2021. We initiated dosing for the Phase 1 study of BRII-732 in the United States in May 2021.

- MDR/XDR gram-negative (licensed from Qpex) – We are collaborating with Qpex to progress OMNIvance® (BRII-636, a broad spectrum BLI, in combination with an IV β-lactam antibiotic), ORAvance® (BRII-672, a broad spectrum BLI in combination with an oral β-lactam antibiotic) as IV and oral formulation antibiotics, respectively, and BRII-693 (a next generation polymyxin) for the treatment of bacterial infections for which there are critical needs for new antibiotics. Qpex initiated a Phase 1 study for OMNIvance®, ORAvance® and BRII-693 in Australia in November 2020, April 2021 and June 2021, respectively. We anticipate to file IND applications for OMNIvance®, ORAvance® and BRII-693 with the NMPA as early as the first quarter of 2022, the first quarter of 2023 and the fourth quarter of 2022, respectively. We then intend to join Qpex's global Phase 3 studies to conduct studies in China to support the registration of OMNIvance®, ORAvance® and BRII-693 in China.

- MDR/XDR TB (licensed from AN2) – Under the AN2 License Agreement, we have exclusive rights to develop and commercialize BRII-658 against MDR/XDR TB in Greater China once BRII-658 meets the pre-defined clinical criteria against its targeted mycobacterial infections such as MDR and XDR TB.

- COVID-19 (discovered in collaboration with Tsinghua University and Third People's Hospital of Shenzhen through our subsidiary, TSB) – Consistent with our commitment to public health matters, we are rapidly advancing our cocktail of two fully human non-competing neutralizing antibodies (BRII-196 and BRII-198) for approval for the treatment of COVID-19 patients globally. Our BRII-196 and BRII-198 cocktail therapy has the potential to be a SARS-CoV-2 antibody therapy for the treatment of COVID-19 with broader coverage of emerging variants and protection for up to six months. Our Phase 1 human safety and pharmacokinetic (PK) studies demonstrate that these antibodies are safe and well tolerated at dose levels up to three times their intended treatment dose level. We were notified by NIAID on April 26, 2021 that BRII-196 and BRII-198 were progressing into Phase 3 of the ACTIV-2 program based on meeting pre-specified safety and efficacy data in ambulatory patients with trials being conducted in United States, Puerto Rico, Argentina and South Africa and potentially other countries, and we were notified by NIAID on March 3, 2021 that BRII-196 and BRII-198 were not progressing into Phase 3 of the ACTIV-3 program when BRII-196 and BRII-198 failed to meet pre-specified efficacy criteria in hospitalized patients receiving the standard of care.

- PPD/MDD (internally discovered) – We are also developing BRII-296 to address the challenges associated with current treatments for PPD and MDD. We do so leveraging insight gained from, and applied drug formulation know-how utilized in, developing long-acting therapies for HIV where convenience of drug administration and patient compliance are critical to potential treatment success. Chronic illnesses, including infectious diseases such as HIV infection and AIDS are documented to cause depression. We filed an IND application with the FDA for PPD in February 2021 and received a safe to proceed notice from the FDA to proceed with our planned Phase 1 study, and we commenced dosing in the United States in early April 2021.

As of the Latest Practicable Date, our in-house R&D team consisted of 67 full-time employees in China and the United States, over half of whom have advanced degrees such as an M.D. or Ph.D. Our Company is led by our senior management team comprising Dr. Zhi Hong (Chief Executive Officer), Mr. Yongqing Luo (President and General Manager of Greater China), Dr. Li Yan (Chief Medical Officer), Dr. Ankang Li (Chief Financial Officer), Dr. Lianhong Xu (Senior Vice President, Head of Medicinal Chemistry), Dr. Jean-Luc Girardet (Senior Vice President, Head of Pharmaceutical Sciences), Dr. Qing Zhu (Senior Vice President, Head of Pharmaceutical Research), and Ms. Lisa Beck (Senior Vice President, Head of Business Development and Portfolio Strategy). We believe our experienced R&D team, under the leadership of our senior management, positions us well to engage in productive in-house R&D activity and extensive R&D collaborations with pharmaceutical and biotech companies, leading CROs, CMOs, CDMOs, research institutions and other strategic partners. We have also built a strong scientific advisory board consisting of leading scientists, physicians and industry veterans, which advises our Board and senior management on scientific and strategic matters.

**Our Strengths**

***A biotechnology company with R&D capabilities in China and the United States, focusing on innovative therapies for infectious diseases and other diseases with significant unmet medical needs.***

We believe that our multi-regional R&D expertise and capabilities position us well to effectively respond to public health issues in China and globally. By leveraging our operations in both China and the United States, our highly regarded senior management as well as our experience of conducting MRCTs, we have benefited from our invaluable market insights, extensive industry experience and long-standing industry relationships in these and other key markets that allow us to develop promising candidates in-house or through in-licensing from collaboration partners. We have worked closely with regulatory authorities in China, the United States, and other countries and/or regions where we have successfully earned their trust relying on the strength of our expertise in infectious diseases. We believe such trust and relationships we have built up provide us with the edge in executing our clinical program development strategically differentiated from our peers. We also have strong relationships with various renowned academic institutions and hospitals, such as Tsinghua University, Third People's Hospital of Shenzhen and Columbia University, which provide us with additional scientific insight.

We have also demonstrated our capability to not only respond effectively but also rapidly to evolving public health emergencies. In response to the COVID-19 pandemic crisis and in line with our shared commitment to improving public health, we worked closely with governments and government agencies in the United States and China. In less than one year, we have taken BRII-196 and BRII-198, our COVID-19 cocktail antibody therapy, from discovery to late-stage development in global government sponsored Phase 2/3 master protocol clinical studies. We believe our COVID-19 program highlights our ability to rapidly identify and develop potential infectious disease therapies, the strength of our global connectivity with governments and public health organisations, and our focus on addressing some of the world's most significant unmet medical needs.

We aim to develop innovative therapies against infectious diseases and other illnesses such as CNS diseases, that represent significant public health burdens and unmet medical needs in China and globally. We focus on truly transformative approaches with the potential for a cure, a prevention or a significant therapeutic benefit, rather than incremental improvements, over the standard of care. Our R&D expertise and extensive knowledge of infectious diseases enable us to focus on the treatment of patients in markets with significant needs. We believe our innovative approach is epitomised by our functional cure for HBV infections in China, a combination of BRII-179 and BRII-835, which has the potential to be the first functional cure of chronic HBV infection, and our in-house development of a completely new treatment option for HIV patients to improve their quality of life.

Leveraging these and our other innovation capabilities, we believe we are uniquely positioned in our disease areas of focus to develop internally discovered or in-licensed innovative therapies that target critical unmet health needs presenting significant market opportunities in regional and global markets.

***Targeting a functional cure for chronic HBV infection with a scientifically differentiated combination therapy combining a siRNA treatment and an immunostimulatory therapeutic vaccine.***

Unlike other antiviral therapies that only suppress HBV replication, our HBV program is strategically focused on a curative therapy designed to restore patients' immunological control of HBV infection and achieve sustained viral remission, or functional cure, without the need for ongoing HBV therapies. There is a significant health and socioeconomic benefit to delivering a functional cure for HBV infection in China. Approximately 73 million people in China were HBV infected as of 2019 which accounted for about one-third of the total HBV patient population worldwide, translating into a total healthcare cost of RMB80 billion to RMB120 billion per year in China for HBV-related diseases according to Frost & Sullivan. Existing therapies have very low cure rates of approximately three to seven percent and often demonstrate poor tolerability among patients. Patients with functional cures will avoid lifelong treatment, prevent the development of end-stage liver diseases and HCC, and be able to live a normal life potentially free from social stigma.

BRII-179 and BRII-835 combined have the potential to be the first functional cure for chronic HBV infection via a scientifically differentiated combination therapy which combines an immunostimulatory therapeutic vaccine that we licensed from VBI with a siRNA therapy that we licensed from Vir. They could potentially provide a much higher cure rate to those patients in China living with HBV.

Our Core Product, BRII-179, induces HBV-specific B cell and T cell immune responses that establish and sustain immunological control, while BRII-835 targets the production of immunosuppressive HBV antigens that suppress the immune system. The mechanisms of action of BRII-179 and BRII-835 are complementary and provide several advantages over other currently available therapeutic approaches. BRII-179 contains the same recombinant protein components used in VBI's Sci-B-Vac® vaccine, the only approved and currently marketed third generation prophylactic vaccine that consists of all three HBV surface antigens with a strong adjuvant system designed to induce and boost host immune responses. BRII-835 is a GalNAc-conjugated siRNA that silences all HBV antigens (i.e., HBV S, PreS1, PreS2, Core, e and X antigens), resulting in a direct antiviral effect or knockdown. This viral knockdown reduces and eliminates secreted viral antigens thought to prevent proper functioning of the body's own immune system. Used in combination, BRII-179 and BRII-835 have a strong and differentiated scientific rationale and we believe have the potential to break immune tolerance and achieve a much higher cure rate than other therapies currently achieve against HBV infections.

For BRII-179, as of the Latest Practicable Date, we had completed the combined Phase 1b/2a MRCT study of BRII-179 at sites in China, Hong Kong, New Zealand, Australia, Thailand and South Korea with the final clinical study report issued on May 24, 2021. This study was designed to evaluate the safety, tolerability and antiviral activity of multiple doses (4 doses) of BRII-179 in non-cirrhotic patients with chronic HBV. BRII-179 demonstrated a favorable safety profile with no patients experiencing serious adverse events (SAE). The immunogenicity data showed notable restimulation of cellular immune response and antibody response to HBV surface antigens in a proportion of subjects with chronic HBV infection who received four monthly injections of 20 μg or 40 μg of BRII-179 administered with or without low dose IFN-α. The acceptable safety profile-observed and vaccine-induced adaptive immune responses from the emerging clinical data support continued development of BRII-179 with or without IFN-α for the treatment of chronic HBV infection.

For BRII-835, Vir has completed a Phase 1b/2a study in certain Asia-Pacific (APAC) countries in patients with chronic HBV infection. At the International Liver Congress held in August 2020, Vir reviewed the safety and antiviral data from this study. Findings included that (i) BRII-835 (referred to by Vir as VIR-2218) was well tolerated with no safety signals observed; (ii) BRII-835 demonstrated dose dependent HBsAg reductions in both hepatitis B e antigen-negative (HBeAg-negative) and hepatitis B e antigen-positive (HBeAg-positive) patients; (iii) all patients who received two doses of 200 mg of BRII-835 achieved at least 1-log reduction in HBsAg with a mean decline in HBsAg of 1.43 log at 24 weeks; and (iv) overall results supported continued development of BRII-835 as a key to a finite treatment regime aimed at a functional cure of HBV infection.

As of the Latest Practicable Date, we had completed patient enrollment and patient dosing in a Phase 2 clinical trial of BRII-835 in China designed to evaluate and characterize the safety, tolerability, pharmacokinetics and antiviral activity of two doses of BRII-835 in Chinese patients.

As of the Latest Practicable Date, we had initiated the Phase 2 MRCT combination study for BRII-179/BRII-835 in New Zealand, Australia and Hong Kong and expect to also initiate the study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021. BRII-179/BRII-835 will be compared to BRII-835 alone in a Phase 2 study to establish proof of concept (POC) and determine the optimal dosing regimen.

In addition, we are exploring further options to develop a functional cure for chronic HBV infections such as BRII-179 and/or BRII-835 in combination with other agents. Future combination studies will depend on the outcome of initial studies and may include two- or three-agent combinations with BRII-835, BRII-179 and possibly VIR-3434, a monoclonal antibody targeting HBV that is currently in Phase 1 development by Vir to which we have an option to acquire exclusive development and commercialization rights in Greater China. As of the Latest Practicable Date, we had not exercised such option with respect to VIR-3434.

***A broad and diversified product pipeline strategically targeting transformative or potential "first-in-class" therapies targeting large unmet needs in China or global markets.***

We have quickly built a broad and diversified pipeline of innovative internally discovered and in-licensed drug candidates focused on infectious disease and CNS disease therapies with transformative potential that address significant unmet health needs across diversified geographic markets. Our risk-mitigated product pipeline includes over ten product candidates, presenting a mix of preclinical and clinical-stage candidates. We are uniquely positioned to capitalize on our capabilities and footprint in both China and the United States to maximize the commercial potential of our pipeline in these and other key markets globally.

We believe our HBV functional cure treatment, combining an HBV-specific B cell and T cell therapeutic vaccine (BRII-179) and an HBV-targeting siRNA (BRII-835), has the potential for transformative efficacy in terms of a functional cure rate and safety in treating chronic HBV infection. In contrast, existing HBV therapies have very low cure rates (approximately three to seven percent) and often demonstrate poor tolerability. A higher functional cure rate, in turn, reduces the risk of patients developing end-stage liver disease or HCC and affords patients the opportunity for a normal life without social stigma. Our proposed combination of BRII-179 and BRII-835 to achieve functional cure of HBV is still at an early stage and is subject to the successful completion of our ongoing clinical trials and regulatory approval.

Our product pipeline includes a mix of preclinical and clinical-stage candidates with different development timelines. Some of our product candidates provide near-term revenue potential and others will require longer to develop before commercialization. For example, we are rapidly developing our BRII-179 and BRII-835 HBV functional cure therapy with an NDA filing with the NMPA targeted for as early as 2024 if our Phase 2 combination studies demonstrate a meaningful functional cure rate and satisfactory safety profile. Our early-stage programs (Phase 1 or earlier) provide longer term commercial potential and include our HIV, MDR/XDR gram-negative infections and CNS product candidates. Such a staggered pipeline allows us to better manage the development risks and timing of our investment in product development.

Our product candidates are also geographically diverse. For example, our HBV and MDR/XDR gram-negative infections product candidates are targeted primarily at the China market where the prevalence is great or rapidly growing. Our HIV, COVID-19 and CNS product candidates are targeted initially at the U.S. market where there may be greater need or willingness to address the HIV and COVID-19 pandemics, depression and other mood disorders. Geographic diversity also enables us to address single country or region and related political and economic risks and provides us with an opportunity to attract needed talent and capabilities from various geographical areas.

***In-house R&D capabilities and R&D collaborations with deep insight, long-standing experience and partnerships.***

The combination of our in-house R&D capabilities and R&D collaborations have enabled us to discover, identify and develop our drug candidates in diseases and therapeutic areas that present significant public health issues, in the infectious and CNS diseases fields.

Our team's long-standing experience and expertise and R&D capabilities enable us to, on the one hand, efficiently progress our internally discovered programs and, on the other hand, gain trust from our collaboration partners and have attracted exciting in-licensing opportunities, which enable us to become the "partner of choice" for our collaboration partners in our focused areas.

By utilizing our industry insights and collaborating with our partners, we have further strengthened our overall R&D capabilities in various aspects, including:

- *Our multi-program collaboration capabilities*. Our partners sought to collaborate with us on a number of programs across a variety of modalities simultaneously, as demonstrated by our existing multi-program collaboration and license agreements with Vir and Qpex. We were also able to develop combination therapies combining different drug candidates from different collaboration partners, such as BRII-179 and BRII-835, our therapeutic vaccine and siRNA combination therapy designed to provide a functional cure for HBV infection.

- *Our multi-regional R&D capabilities*. We make use of MRCTs to access large patient pools and leverage data from our collaborations to efficiently and effectively develop and register our drug candidates in China, the United States and various other jurisdictions. For example, we designed and executed MRCTs to facilitate efficient drug development of BRII-179 and the combination study of BRII-179 and BRII-835. We were able to leverage the scientific and safety information of Sci-B-Vac®, an HBV vaccine with the same protein components as BRII-179, to expedite our development activities. Instead of starting with a traditional Phase 1 study in healthy volunteers, we went directly into a Phase 1b/2a MRCT study in chronic HBV patients and were able to successfully demonstrate pharmacodynamic activity and the safety profile of BRII-179. In addition, we have built trusted relationships with our clinical investigators, which we believe could facilitate the consistent, smooth, safe and careful conduct of our clinical trials across multiple jurisdiction simultaneously.

- *Our strong regulatory communication channels and trusted relationships with government agencies*. By leveraging our industry insights on our strategically focused areas, we are able to quickly respond to regulators' questions and have built trusted communication channels with various government agencies. For example, we were able to quickly succeed in obtaining the inclusion of our BRII-196 and BRII-198 cocktail therapy in the U.S. government sponsored global ACTIV trials, with over 100 clinical sites in various countries. Within four months of initiation of our COVID-19 project, we successfully conducted Phase 1 trials to determine safety, tolerability, and PK of BRII-196 and BRII-198 in China. Subsequently, these clinical data enabled us to advance BRII-196 and BRII-198 cocktail therapy into Phase 2/3 development in the NIH/NIAID sponsored ACTIV trials.

***Visionary leadership with proven track record and deep industry experience backed by leading industry experts and blue chip investors.***

We are led by an experienced management team with a track record of successfully developing and commercializing products across different geographies, including China, where we have particular expertise in navigating the regulatory and commercial landscape allowing us to provide unique value and insights to our global partners. Our team has deep industry experience spanning the various stages of the drug development cycle and a history of developing and commercializing highly innovative therapies, including multi-billion dollar products such as Harvoni, Tivicay, Triumeq, and Genvoya, among others.

Our senior management has substantial drug development experience at leading global pharmaceutical companies, including Alexion Pharmaceuticals, Inc., AstraZeneca PLC, Chiron Corporation, Gilead Sciences, Inc., and GlaxoSmithKline (GSK).

Our in-house R&D capabilities are led by Dr. Zhi Hong, Dr. Li Yan (Chief Medical Officer), Dr. Lianhong Xu (Senior Vice President, Head of Medicinal Chemistry), Dr. Jean-Luc Girardet (Senior Vice President, Head of Pharmaceutical Sciences) and Dr. Qing Zhu (Senior Vice President, Head of Pharmaceutical Research). Dr. Hong has over 25 years of experience in the biopharmaceutical industry and has previously led the infectious diseases business of multiple multinational pharmaceutical companies, including GSK, and he was widely credited as the key architect of GSK's comeback and success in HIV and other infectious diseases medicine discovery and development. Each of our senior R&D management team on average has 20 years or more of experience in drug discovery and development. For further details of our senior management's proven track record and industry experience, please refer to the section headed "Directors and Senior Management" in this prospectus.

We are also supported by our strong scientific advisory board consisting of leading scientists, physicians and industry veterans who have played key roles in shaping our R&D strategies and our involvement in the medical and industry communities. We are further supported by our key investors, including, among others, Boyu, 6 Dimensions, ARCH, Sequoia China, Yunfeng, Blue Pool, Invesco, Capital and GIC.

**Our Strategies**

Our mission is to tackle public health challenges with our innovation and insight.

We plan to build upon our leadership in our target areas and develop transformative and differentiated product candidates in China and globally. By focusing on significant infectious diseases and CNS diseases presenting large public burdens, we seek to honor our commitment to public health matters and align our interests with government agencies and other public entities – fostering an environment in which we can work closely with relevant partners and stakeholders.

We will continue to address significant public health burdens as our company grows. We plan to continue to build our drug product development pipeline through our in-house R&D efforts and in-licenses or collaborations involving appropriate drug candidates. To complement the growth and advancement of our drug product pipeline, we intend to expand our R&D and other capabilities.

***Advance BRII-179 and BRII-835, our therapeutic vaccine and siRNA combination therapy designed to provide a functional cure for HBV infection in Greater China.***

Our proposed functional cure treatment for HBV infection uses an HBV-specific B cell and T cell therapeutic vaccine (BRII-179) in combination with an HBV-targeting siRNA (BRII-835), a highly innovative and emerging class of therapies with potential for transformative efficacy and safety in the treatment of chronic HBV infection. We believe that, together, these offer curative potential for chronic HBV infection, thereby minimizing the risks of end-stage liver disease and HCC and allowing patients to live a normal life.

We are leading the global effort for a functional cure for HBV, according to Frost & Sullivan, with a carefully designed combination of BRII-179 and BRII-835. Additional combinations with peglyated interferon will also be considered in our development plans to achieve an HBV functional cure. Our nearest competitors are further behind, especially in China, according to Frost & Sullivan. Our focus in the next 12-18 months is to start to generate data supporting the use of the combination therapy of BRII-179 and BRII-835 in patients with HBV infection.

As of the Latest Practicable Date, we had initiated the Phase 2 MRCT combination study for BRII-179/BRII-835 in New Zealand, Australia and Hong Kong and expect to also initiate the study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021. BRII-179/BRII-835 will be compared to BRII-835 alone in a Phase 2 study to establish POC and determine the optimal dosing regimen. We intend to add separate cohorts in China with the flexibility of expansion on final therapeutic dose and treatment schedule. If we achieve positive proof of cure responses in patients from those APAC countries, we plan to accelerate development in China by increasing the number of subjects in the China cohort to support an early registration filing for a combination of BRII-179/ BRII-835 in China in 2024.

***Advance our HIV, PPD and other therapies for diseases with considerable unmet needs.***

We are addressing significant unmet medical needs in international markets such as China, the United States and other countries by developing therapies for the treatment of HIV, PPD, MDR and XDR bacterial infections and COVID-19.

For the treatment of HIV, we are developing a novel treatment option for people living with HIV, offering a once-weekly single tablet regimen, or QW STR, oral therapy. The current standard of care consists of many once-daily single tablet regimens (QD STR) that patients must take every day of their life. We hope to improve the quality of life of HIV patients by eliminating the daily reminders of their illness associated with daily treatment. In a patient survey conducted by Duke University and the University of South Carolina in the United States in 2017, a large majority of patients indicated that they would switch to a weekly STR from a daily STR if that option were available. BRII-778 and BRII-732 would offer a more discreet, non-invasive way for patients to take their medication, potentially improving HIV treatment adherence and, in turn, delaying the emergence of resistance. We submitted IND applications to support the development of BRII-778 and BRII-732 with the FDA in December 2020 and March 2021, respectively. We initiated dosing for the Phase 1 clinical trial for BRII-778 and BRII-732 in the United States in March 2021 and May 2021, respectively. We plan to start a global Phase 2b combination study testing BRII-778 and BRII-732 QW STR in the third quarter of 2022 in the United States, targeting a potential commercial launch by 2028.

For mood disorders, we discovered a novel treatment option for PPD and MDD. We believe that BRII-296 has the potential to offer rapid relief with a profound and sustained treatment effect, which together with better patient convenience and guaranteed adherence, better tolerability and reduced safety risk may completely change the way that patients with PPD are treated and cared for. PPD, is a major women's health concern and a common and often debilitating complication of pregnancy affecting approximately 13% of women within a year of childbirth. PPD is a type of major depression disorder, or MDD, with peripartum onset during pregnancy or within 4 weeks following delivery. PPD is also known to cause disruptions in the mother-child relationship and to contribute to longer-term adverse outcomes in the child. Further, women with an episode of PPD are more likely to experience PPD with subsequent pregnancies. Developed as a long-acting injectable, we believe that BRII-296 will offer healthcare professionals a simpler and more rapid administration procedure that will be more convenient, safer and better tolerated for patients, thereby potentially reaching more patients in need of care than are currently treated. We submitted an IND application for the Phase 1 study of BRII-296 with the FDA in February 2021 and commenced dosing in early April 2021.

For gram-negative bacterial infections, MDR and XDR bacteria are increasingly hard to treat and frequently result in critical ill infections in hospitals. Without effective antibiotics, the mortality rate increases significantly in a matter of days. The WHO has designated carbapenem resistant *Enterobacterales*, *Pseudomonas aeruginosa* and *Acinetobacter baumannii* as the three most critical pathogens for new antibiotic therapies. In China over-prescription of antibiotics has increased the prevalence of MDR and XDR (e.g., carbapenem-resistant) gram-negative bacterial infections reducing the effectiveness of currently available antibiotics, according to Frost & Sullivan. For example, in China the prevalence of carbapenem-resistant *Acinetobacter baumannii* infection is very high while the availability of effective antibiotics is very limited. Our in-licensed drug candidates BRII-636 and BRII-672 (broad BLIs in IV formulation and oral formation, respectively) and BRII-693 (a next generation polymyxin with an improved safety profile and increased potency compared to polymyxins currently prescribed) were discovered and developed to address these critical pathogens. Absent effective treatment, MDR and XDR gram-negative bacterial infected patients face very poor outcomes or potentially death. BRII-636, BRII-672 and BRII-693 potentially offer physicians the broadest range of treatment coverage to address these pathogens. Following completion of Phase 1 studies by our collaboration partner, Qpex, we plan to leverage these Phase 1 data, file an IND in China and then join Qpex's global Phase 3 studies to conduct studies on Chinese patients to support the development and registration of these product candidates in China.

In light of the emergent need for the treatment of SARS-CoV-2 infection, we will continue to support BRII-196 and BRII-198 in global Phase 2/3 clinical trials (via the ACTIV-2 master trial protocols) for the treatment of ambulatory COVID-19 patients. In response to the recent COVID-19 cases in Guangzhou and Shenzhen China, we initiated a Phase 2 clinical study for BRII-196 and BRII-198 combination therapy in China in June 2021. If BRII-196 and BRII-198 demonstrate efficacy in treating COVID-19 prior to the completion of these trials, we plan to seek EUAs and other similar approvals from the FDA and other regulatory agencies, respectively.

***Expand our pipeline of programs through our in-house discovery and strategic in-licensing of complementary candidates and explore value creation opportunities for our assets.***

As we mature, we plan to continue to adopt a multi-source model of internal discovery and third-party collaborations to grow our portfolio of products, focusing initially on infectious diseases and CNS diseases that present significant health burdens and unmet medical needs with sizeable potential target markets, and may further explore value creation opportunities for out-licensing our internally discovered product candidates.

These efforts may include the following, among others:

- *Internal discovery*. Through our continued investment in discovery efforts, we may add more internally discovered, innovative candidates to our pipeline initially in infectious diseases and CNS disease areas, which may include seeking to expand our existing products to new indications.

- *In-licensing*. By employing our R&D expertise and insights in infectious disease and other disease therapies, we may seek additional suitable product candidates for in-licensing arrangements, in areas such as (i) where we can add value to collaborative partners' product development efforts and introduce innovative risk-mitigated therapies to the target markets, (ii) products that target our existing disease focus areas, seeking additional therapies for infectious diseases including HBV and HIV, or (iii) the potential exercise of our option arrangements with our existing collaboration partners.

By both selectively discovering and licensing novel candidates, we believe that we can provide a broad range of solutions to patients suffering diseases with significant unmet needs in the long term.

Additionally, we may explore opportunities to expand the jurisdictional reach of our existing product candidate pipeline by out-licensing our internally discovered product candidates.

***Continue to scale up our organization in China and the United States as our business develops.***

Since our inception, we have assembled a team of employees with proven strengths and rich experience in drug R&D and business development. Through our team's coordinated efforts, we have rapidly built an impressive portfolio of both internally-developed and in-licensed drug candidates addressing infectious and CNS diseases. In the meantime, the scale of our operations in China and the United States has grown at a pace that is commensurate with the progress of our various drug development programs, and has provided adequate support to our R&D efforts for our existing drug portfolio. As we continue to advance our pre-clinical and clinical programs and to further enrich our portfolio, we will continue to expand our R&D team in both China and the United States to meet the increasing needs of our research and development activities.

In the short to medium term, we plan to continue to expand the scale of our operations in China and the United States, with a recruitment focus on a variety of expertise and experience, as appropriate, including pre-clinical R&D, clinical development and regulatory matters. We also plan to add our in-house R&D laboratory facilities to cater to the growing needs of our R&D efforts. We believe that these efforts will be essential as our IND-ready/clinical-stage programs including HBV, HIV, CNS and MDR/XDR programs enter or advance to later stage clinical trials. More specifically, our efforts will include:

- Continuing to expand our late-stage development team in China to support the progress of Phase 2 and Phase 3 clinical trials of our HBV therapies;

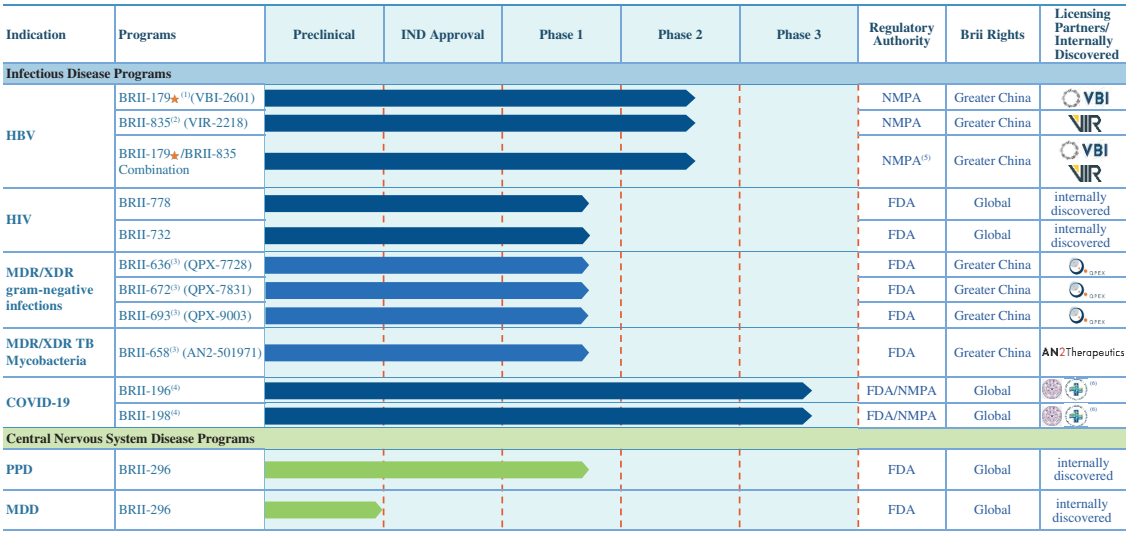
- Continuing to build our clinical team in the United States as more of our internally discovered product candidates, including our HIV and CNS product candidates, advance through clinical studies in this region; and

- Enhancing our discovery team to initiate more internally-driven innovative programs.

In the longer term, we plan to establish our own commercialization capabilities, build key medical affairs teams, and explore contract sales partnerships to further bolster the coverage of commercial capabilities. Once a critical mass of sales is reached, we will explore the possibility of building in-house manufacturing capabilities in addition to using contract manufacturing providers, particularly in China, so as to both achieve economies of scale and enhance control over our supply chain. In addition, we expect to explore new platforms, new modalities, and new technologies as we continue to expand our pipeline and pursue new first-in-class and best-in-class therapeutics.

## OUR BUSINESS MODEL AND PRODUCT DEVELOPMENT PIPELINE

To achieve our mission of tackling public health challenges with our innovation and insight, in slightly over three years we have built a pipeline of innovative product candidates as shown in the pipeline chart below, through internal discovery augmented by our collaborative licensing arrangements.




★ Core Product

*Notes:*

(1) The preclinical development of BRII-179 was partially conducted by VBI.

(2) The preclinical development and a Phase 1/2 clinical trial of BRII-835 have been conducted by Vir.

(3) The development and clinical trials have been conducted by our collaboration partners.

(4) We were notified by NIAID on April 26, 2021 that BRII-196 and BRII-198 were progressing into Phase 3 of the ACTIV-2 program, and we were notified by NIAID on March 3, 2021 that BRII-196 and BRII-198 were not progressing into Phase 3 of the ACTIV-3 program. We initiated a Phase 2 clinical study for BRII-196 and BRII-198 combination therapy in China in June 2021.

(5) As of the Latest Practicable Date, we had submitted applications for the Phase 2 BRII-179/BRII-835 MRCT combination study with the relevant regulatory authorities in Hong Kong, New Zealand, Australia, Taiwan, Singapore, Thailand and South Korea, and had obtained the necessary approvals from such relevant regulatory authorities to conduct the study in the relevant jurisdictions (except for such approval in Thailand which is expected to be obtained in the third quarter of 2021). In February 2021, we submitted an IND application for the Phase 2 BRII-179/BRII-835 MRCT combination study with the CDE in China and expect to obtain an approval for such study in the third quarter of 2021.

(6) Discovered in collaboration with Tsinghua University and Third People's Hospital of Shenzhen through our non-wholly owned subsidiary, TSB, established with affiliates of Tsinghua University and Third People's Hospital of Shenzhen. Brii Beijing holds 72.77% of the total equity interests in TSB, and affiliates of Tsinghua University and Third People's Hospital of Shenzhen acquired minority equity interest in TSB in exchange for transfer by Tsinghua University and Third People's Hospital of Shenzhen of antibodies and related technologies to TSB to advance BRII-196 and BRII-198 and potentially other candidates for treatment of and prophylactic use against SARs-CoV-2 infection (including COVID-19).

As of the Latest Practicable Date, we had over ten product candidates, presenting a mix of preclinical and clinical-stage candidates, and a mix of in-licensed and self-discovered candidates.

Our internally discovered drug candidates for which we hold global rights include:

- BRII-778 and BRII-732 for the treatment of HIV;
- BRII-196 and BRII-198 for the treatment of COVID-19 (global rights are held by us and our non-wholly owned subsidiary TSB collectively); and
- BRII-296 for the treatment of PPD and MDD.

Our in-licensed drug candidates for which we hold rights in Greater China include:

- BRII-179 (our Core Product) and BRII-835 for the development of a functional cure for HBV;
- BRII-636, BRII-672 and BRII-693 for the treatment of MDR/XDR gram-negative infections; and
- BRII-658 for the treatment of MDR/XDR tuberculosis (TB) and mycobacterial infections.

**BRII-179, our Core Product, and BRII-835 for HBV Functional Cure**

As of 2018, approximately 222 million people worldwide were infected with HBV. In China, approximately 73 million people were living with HBV infection as of 2019, including approximately 16 million diagnosed chronic HBV patients as of 2019, according to Frost & Sullivan. Although there are vaccines to prevent the spread of HBV, and despite not all infections resulting in a chronic condition, HBV is the most prevalent communicable disease in China, according to Frost & Sullivan. According to the WHO, it is expected that approximately 10 million people could die due to chronic hepatitis-related cirrhosis and HCC between 2015 and 2030 in China, most of them due to hepatitis B. Of the 73 million people in China infected with HBV, 28 million people require treatment, among which 7 million require urgent treatment because of the risk of developing advanced liver disease or cancer. Many people do not show immediate symptoms or do not know they are infected. According to Frost & Sullivan, approximately one in 20 individuals infected with HBV receive treatment, with the biggest barriers to treatment being low levels of diagnosis and awareness.

We are among the leading biotech companies that are focused on developing a functional cure for chronic HBV infection in China, according to Frost & Sullivan. While chronic HBV infection can be treated with medicines, including oral antiviral agents, most people must remain on a therapy for life. Currently, a year-long course of pegylated interferon-alpha (PEG-IFN-α) in combination with NRTIs is the best available curative therapy. It has a low functional cure rate, meaning three to seven percent of patients receiving this treatment will achieve lifelong control of the virus after a finite duration of treatment. Individuals that have achieved a functional cure (low to undetectable virus, and low to undetectable S-antigen levels, followed usually by restored immunologic control of the virus) have far lower rates of morbidity and mortality including lower rates of cirrhosis and hepatocellular carcinoma (HCC).

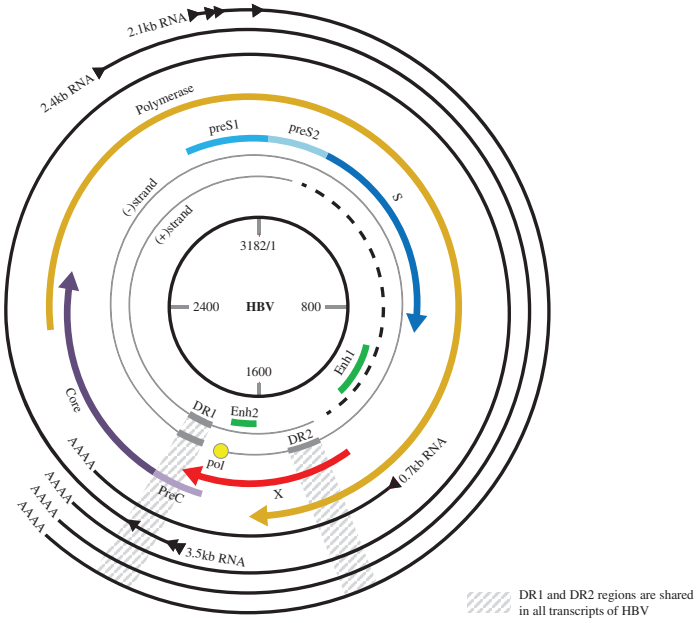
Our clinical-stage HBV functional cure treatment uses an HBV-specific B cell and T cell therapeutic vaccine (BRII-179), in combination with an HBV-targeting siRNA (BRII-835), an innovative therapy with the potential for transformative efficacy and safety in the treatment of chronic HBV infection, together representing a potential significant advancement to deliver a treatment with curative potential. We believe that this combined treatment option has the potential to achieve a higher rate of functional cure for chronic HBV infection than currently available treatments, helping reduce the risk of patients developing end-stage liver disease or HCC and affording patients a normal life without social stigma. Our proposed combination of BRII-179 and BRII-835 to achieve an HBV functional cure is still at an early stage and is subject to the successful completion of our ongoing clinical trials and regulatory approval.

For BRII-179, we have completed a Phase 1b/2a clinical study of BRII-179 in China, Hong Kong, New Zealand, Australia, Thailand and South Korea with the final clinical study report issued on May 24, 2021. For BRII-835, we are conducting a Phase 2 clinical study in China. As of the Latest Practicable Date, we had initiated the Phase 2 MRCT combination study for BRII-179/BRII-835 in New Zealand, Australia and Hong Kong and expect to also initiate the study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021.

***HBV life cycle and functional cure***

HBV is a member of the Hepadnaviridae family. It consists of a partially double-stranded relaxed circular DNA (rcDNA) genome. Upon entry into human hepatocytes, rcDNA is subsequently converted to a tightly coiled plasmid-like covalently closed circular DNA (cccDNA) in the host nucleus. As shown in the diagram below, The HBV genome contains four promoters, two enhancer regions (Enh1, Enh2), and two direct repeats (DR1, DR2). The transcripts are shown as thin black arrows. Certain regions (for example, DR1 and DR2) of the genome are shared in all transcripts of HBV.

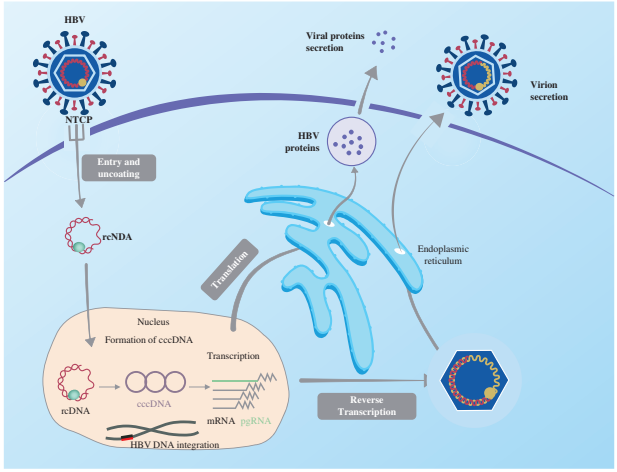
**HBV Genome Structure**




*Source: Company information*

Hepatocytes have a long half-life, part of the reason for the persistence of chronic HBV infection. HBV DNA may also be integrated into the DNA of the host, making it difficult to eliminate the virus DNA completely. The integrated DNA cannot produce infectious viral particles but can produce transcripts for HBsAg.

**HBV Life Cycle**

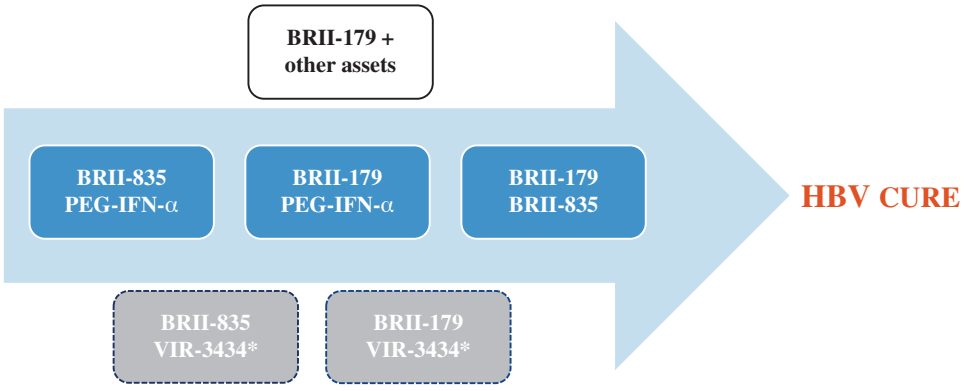



*Source: Company information*

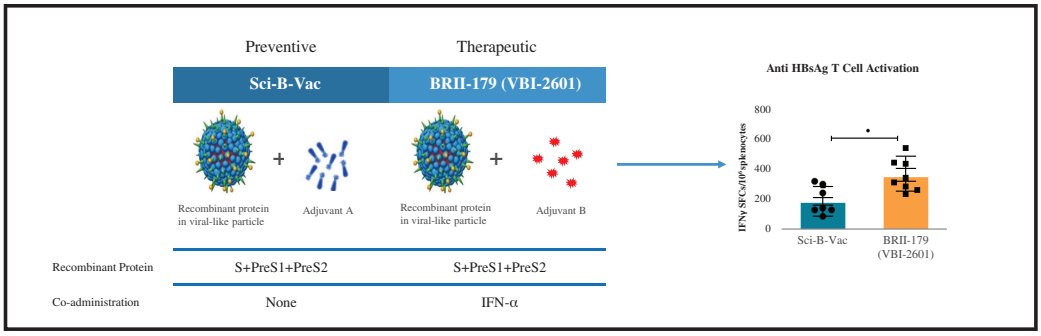
*BRII-179*

Our Core Product, BRII-179, is a therapeutic vaccine that we in-licensed to obtain Greater China rights from VBI in December 2018. Included in our BRII-179 license is a sublicense of certain intellectual property and other rights licensed by VBI with respect to the HBsAg product. At the time we licensed in BRII-179, it was a preclinical stage program. BRII-179 contains the same recombinant protein components used in VBI's Sci-B-Vac® vaccine but with a different approved aluminum adjuvant. Sci-B-Vac® is the only approved and currently marketed third generation prophylactic vaccine that consists of all three HBV surface antigens (PreS1, PreS2 and S). BRII-179 is studied to be co-administered with IFN-α. It is given as a monthly intramuscular injection. BRII-179 is formulated to induce broad immunity against HBV, including T cell immunity which plays an important role in controlling HBV infection.

Sci-B-Vac® is the only vaccine with all three viral antigens. Unlike S antigen, tolerance against Pre-S1/Pre-S2 may be easier to break. BRII-179 with a strong T cell and B cell adjuvant may lead to breakthrough of immune tolerance against HBV and could contribute to achievement of HBV functional cure. Although we believe BRII-179 as a standalone therapy may incrementally improve the cure rate resulting from the current standard of care therapies, we theorize that BRII-179 in combination with other antivirals (e.g., a siRNA such as BRII-835 and/or mAbs such as VIR-3434) may induce anti-HBV humoral and cellular responses which could lead to sustained immunological control of chronic HBV infection off treatment – thereby offering people living with chronic HBV the potential for a functional cure. As a result, while development of BRII-179 will continue, we intend to place greater focus on combination therapies (such as BRII-179/BRII-835) in seeking an HBV functional cure. This combination approach is demonstrated below and described in greater detail below under "Clinical Development Plan."




* We have an exclusive option at clinical POC under the Vir License Agreement




*Source: Company information*

BRII-179 stimulates both B cells and T cells against HBV and is our selection as an immunomodulatory agent because we believe HBV-specific adaptive immune responses may have the best chance to achieve sustained immune control leading to functional cure. BRII-179 contains the Large (L) and Middle (M) envelope proteins in addition to the Small (S) envelope protein. BRII-179 therefore contains the PreS1 and PreS2 domains that only exist in the M or L proteins. These domains are a much smaller fraction of HBsAg circulating in chronic HBV patients than S domain, and as a result, both B cells and T cells recognizing epitopes in PreS1 and PreS2 may have a less exhausted phenotype than those recognizing the epitopes in S. The clinical data from Sci-B-Vac® have demonstrated greater immunogenicity and five to eight times higher neutralizing antibody titers in healthy subjects compared to Engerix-B®, the most commonly prescribed preventive hepatitis B vaccine, as shown in the table below.

**Consistently high SPRs and anti-HBs titers for Sci-B-Vac® across all key subgroups compared to Engerix-B® at Day 196**

| Population | Engerix-B N | Sci-B-Vac N | Seroprotection Rates (SPR): % of Subjects with Anti-HBs Titers ≥ 10 mIU/mL | | | | Geometric Mean Concentration (GMC) of Anti-HBs Titers | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Engerix-B | Sci-B-Vac | Difference (95% CI) | Difference of SPRs: Sci-B-Vac – Engerix-B | Engerix-B | Sci-B-Vac | Increase of GMC Anti-HBs Titers: Sci-B-Vac/Engerix-B |
| **All Subjects** | **723** | **718** | **76.5%** | **91.4%** | **14.9% (11.2% to 18.6%)** | | **192.6** | **1148.2** | 6.0x |
| **Age** | | | | | | | | | |
| 18-44 years | 135 | 125 | 91.1% | 99.2% | 8.1% (3.4% to 14.2%) | | 720.6 | 4570.4 | 6.3x |
| 45-64 years | 322 | 325 | 80.1% | 94.8% | 14.7% (9.8% to 19.8%) | | 276.5 | 1577.3 | 5.7x |
| ≥ 65 years | 266 | 268 | 64.7% | 83.6% | 18.9% (11.6% to 26.1%) | | 63.7 | 410.2 | 6.4x |
| 18-39 years | 72 | 71 | 93.1% | 100.0% | 6.9% (1.6% to 15.3%) | | 903.3 | 5164.2 | 5.7x |
| 40-49 years | 143 | 158 | 89.5% | 98.7% | 9.2% (4.4% to 15.5%) | | 645.7 | 2869.6 | 4.4x |
| 50-59 years | 164 | 153 | 78.1% | 92.8% | 14.8% (7.2% to 22.5%) | | 211.6 | 1250.0 | 5.9x |
| 60-69 years | 229 | 221 | 72.1% | 89.1% | 17.1% (9.9% to 24.3%) | | 122.9 | 780.5 | 6.4x |
| ≥ 70 years | 115 | 115 | 56.5% | 78.3% | 21.7% (9.7% to 33.2%) | | 34.8 | 241.8 | 6.9x |
| **Gender** | | | | | | | | | |
| Men | 269 | 282 | 69.5% | 86.9% | 17.4% (10.6% to 24.2%) | | 106.6 | 761.0 | 7.1x |
| Women | 454 | 436 | 80.6% | 94.3% | 13.7% (9.5% to 18.0%) | | 273.5 | 1498.2 | 5.5x |
| **Region** | | | | | | | | | |
| US | 304 | 297 | 67.4% | 85.9% | 18.4% (11.8% to 25.0%) | | 95.7 | 544.0 | 5.7x |
| Canada | 120 | 119 | 82.5% | 97.5% | 15.0% (8.0% to 23.1%) | | 468.1 | 2204.5 | 4.7x |
| Europe | 299 | 302 | 83.3% | 94.4% | 11.1% (6.2% to 16.3%) | | 274.5 | 1851.2 | 6.7x |
| **Diabetes** | | | | | | | | | |
| Yes | 60 | 54 | 58.3% | 83.3% | 25.0% (8.4% to 40.4%) | | 41.3 | 222.3 | 5.4x |
| No | 663 | 664 | 78.1% | 92.0% | 13.9% (10.2% to 17.7%) | | 221.4 | 1312.2 | 5.9x |
| **BMI** | | | | | | | | | |
| > 30 kg/m2 | 254 | 269 | 68.1% | 89.2% | 21.1% (14.3% to 28.0%) | | 110.0 | 884.0 | 8.0x |
| ≤ 30 kg/m2 | 469 | 449 | 81.0% | 92.7% | 11.6% (7.4% to 16.0%) | | 260.9 | 1343.0 | 5.1x |
| **Daily Alcohol Consumption** | | | | | | | | | |
| 2-3 Drinks | 57 | 51 | 70.2% | 100.0% | 29.8% (19.5% to 42.7%) | | 110.6 | 2643.8 | 23.9x |
| 0-1 Drinks | 662 | 663 | 77.0% | 91.0% | 13.9% (10.1% to 17.8%) | | 202.0 | 1093.4 | 5.4x |
| **Smoking Status** | | | | | | | | | |
| Current Smoker | 95 | 92 | 70.5% | 85.9% | 15.3% (3.5% to 27.0%) | | 161.9 | 449.4 | 2.8x |
| Past Smoker | 198 | 187 | 77.3% | 89.3% | 12.0% (4.7% to 19.5%) | | 141.1 | 1162.9 | 8.2x |
| Non-Smoker | 430 | 439 | 77.4% | 93.4% | 16.0% (11.4% to 20.6%) | | 231.0 | 1390.1 | 6.0x |



*Source: Company information*

BRII-179 has a different adjuvant from that of Sci-B-Vac®, designed to enhance Th1-type T cell and antibody responses. In our Phase 1b/2a clinical study of BRII-179, we admixed BRII-179 with low dose IFN-α as a co-injection to further boost Th1-type T cell and antibody responses and result in the induction of both B cell and T cell immune response in chronic HBV patients. Monthly injections of low dose IFN-α as part of a vaccine adjuvant significantly decrease the interferon related side effects compared to daily or three times weekly (TIW) high dose injections as part of an antiviral regimen.

*BRII-835*

BRII-835 is a small interfering ribonucleic acid, or siRNA, which will be administered subcutaneously. We licensed rights in BRII-835 in Greater China from Vir. Included in our BRII-835 license is a sublicense of certain intellectual property and other rights with respect to siRNA licensed by Vir through an exclusive license from Alnylam Pharmaceuticals, Inc. (Alnylam), a NASDAQ-listed global commercial-stage biopharmaceutical company. The mechanism of action of siRNA to regulate gene expression is as follows: Intracellular double stranded RNA (dsRNA) is processed by the "dicer" complex to produce siRNAs that become integrated into a multi-subunit protein complex, the RNA-induced silencing complex (RISC) which guides the siRNAs to the target messenger RNA (mRNA) sequence. The siRNA duplex in RISC unwinds, and the antisense strand remains bound and directs site-specific cleavage of the target complementary mRNA sequence, resulting in mRNA degradation and reduced expression of the target protein.

BRII-835 targets a highly conserved DR2 region, hence all HBV RNA transcripts resulting in the clearance of all HBV proteins, including HBV surface antigens (small, medium and large S antigens), core-related proteins, X protein and polymerase. By targeting a conserved region of the HBV genome, it is designed to inhibit the production of all HBV proteins across all genotypes.

The large amount of HBV proteins that are transcribed in liver cells can suppress the host immune system. There are at least two potential mechanisms by which such suppression occurs. The first mechanism is T cell tolerance and exhaustion by the presentation of intracellular HBV antigens on hepatocytes. The second is the large quantities of HBV proteins that are released into the blood, especially HBsAg, which may saturate any neutralizing antibodies and thereby suppressing the immune system. Researchers have hypothesized that suppression of HBV proteins, particularly HBsAg, may remove the inhibition of T cell and B cell activity directed against HBV and help restore the patient's own immune response to HBV. By directly reducing the amount of HBV proteins produced, BRII-835 has the potential to decrease the ability of HBV to suppress the immune system which effectively removes a brake on the immune system. Although we believe BRII-835 as a standalone therapy may incrementally improve the cure rate resulting from the current standard of care therapies, we theorize that BRII-835 in combination with a therapeutic vaccine (e.g., BRII-179) or other antivirals (e.g. mAbs such as VIR-3434) may induce anti-HBV humoral and cellular responses thereby offering people living with chronic HBV the potential for a functional cure. As a result, while development of BRII-835 will continue, we intend to place greater focus on combination therapies (such as BRII-179/BRII-835) in seeking an HBV functional cure. This combination approach is described in greater detail below under "Clinical Development Plan."

Unmodified synthetic siRNAs can be unstable in the bloodstream. One approach that has been used successfully to deliver siRNA to liver cells is to conjugate siRNAs to a specific sugar known as N-acetylgalactosamine (GalNAc), whose receptor is exclusively expressed at high levels on hepatocytes, allowing for specific uptake of siRNA into hepatocytes. BRII-835 uses the same approach and therefore can be delivered to the liver by subcutaneous injection.

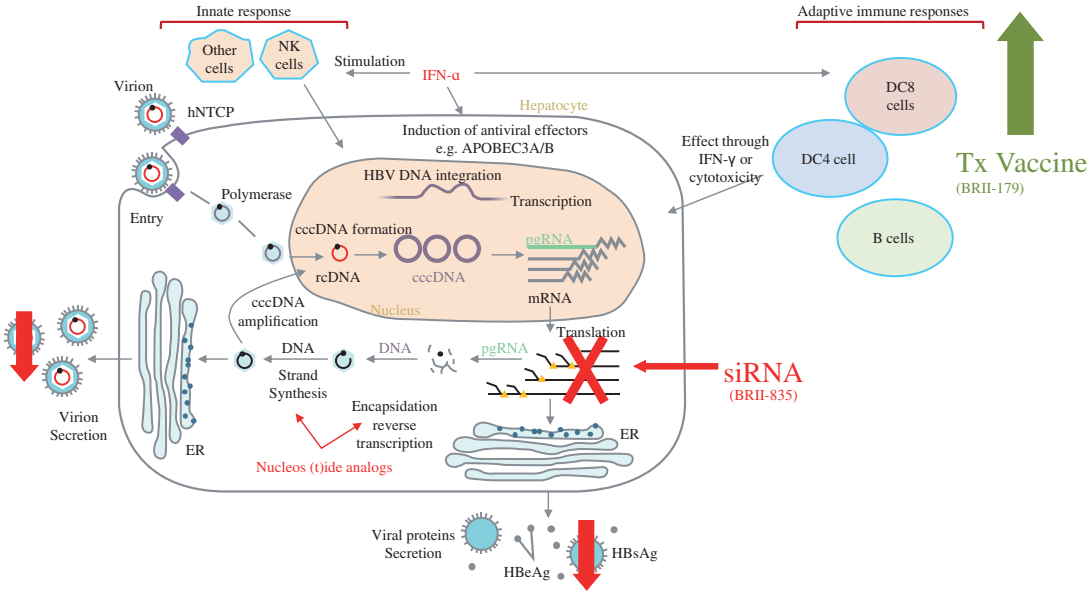
*BRII-179 and BRII-835 Combination for HBV Functional Cure*

The WHO estimates that about 10.5% of all HBV-infected patients worldwide are diagnosed, and of those diagnosed 16.7% are receiving antiviral treatment. The most commonly used therapy for chronic HBV is lifelong suppressive therapy with nucleotide/nucleoside reverse transcriptase inhibitors (NRTIs), including tenofovir or entecavir. NRTIs prevent HBV RNA from being transcribed into HBV deoxyribonucleic acid (DNA), which is a process known as RT. NRTIs therefore have little to no direct impact on covalently closed circular DNA (cccDNA), the reservoir for HBV. It has been reported that after a year of therapy with NRTIs, zero to three percent of patients experience a functional cure. Additionally, NRTIs reduce, but do not eliminate, the risk of HBV associated liver failure and HCC. Despite its low utilization rate, suppressive therapy with NRTIs for HBV represented a multi-billion dollar market in 2019, according to Frost & Sullivan.

An alternative treatment option, which is the currently best available curative therapy, for chronic HBV is a year-long course of PEG-IFN-α therapy. It results in a functional cure in approximately three to seven percent of patients. The mechanisms by which PEG-IFN-α, an immune cytokine, achieves a functional cure are not known, but there is additional evidence supporting the need for immune stimulation to achieve a functional cure.

The overall strategic objective for our HBV cure program in China is to develop a well-tolerated treatment regimen that results in a significantly higher functional cure rate than PEG-IFN-α. According to the American Association for the Study of Liver Diseases (AASLD), European Association for the Study of the Liver (EASL) and the Asian Pacific Association for the Study of the Liver (APASL), a functional cure is defined as sustained immunological control of HBV infection that allows discontinuation of NRTI therapies and will manifest as sustained HBsAg seroclearance with or without restoration of immune responses (seroconversion) to HBV.

The following diagram illustrates the mechanism of action of BRII-179 and BRII-835 as a combination therapy for a functional cure of HBV:




*Source: Company information*

A previous investigator-led clinical study showed that a combination of Sci-B-Vac® and NRTI in chronic HBV patients with low levels of HBsAg resulted in anti-HBs production suggesting that PreS1/PreS2/S vaccination may provide an optimal combination regimen to achieve functional control of HBV infection when combined with a therapy such as siRNAs targeting HBV transcripts to reduce HBsAg. The importance of low HBsAg levels was also highlighted in a preclinical study that used a mouse model of persistent HBV infection. This study showed that reducing immunosuppressive viral antigens with siRNAs allowed more effective immune restoration resulting in a functional cure after immunization with a therapeutic vaccine.

Overall, our BRII-179 and BRII-835 combination therapy may represent a novel HBV functional cure regimen that encompasses dual mechanisms of removing immunosuppressive viral antigen levels by siRNA gene silencing followed by stimulating the host HBV-specific immunity with a therapeutic vaccine.

***Potential Advantages***

The incidence of HCC and end-stage liver disease is significantly reduced in chronic HBV patients receiving NRTI therapy versus untreated chronic HBV patients. In NRTI-treated patients who experience HBsAg seroclearance (i.e., functional cure), the incidence of HCC is significantly lower than patients receiving NRTI treatment but who do not achieve functional cure. Unfortunately, NRTI treatment rarely results in functional cure. PEG-IFN-α may induce a slightly higher rate of HBsAg seroclearance but it is poorly tolerated. We believe that if our combination treatment of BRII-179 and BRII-835 is found to significantly increase the

functional cure rate, our combination treatment will be a major medical advancement in addressing the significant HBV medical needs in China. Patients functionally cured of HBV infection will not only mitigate the lifelong threat of liver diseases, but also benefit from improved social and emotional well-being, freedom to live a normal life without stigma and reduced risk of infecting others.

***Candidate Development Process for BRII-179 and BRII-835***

In December 2018 and May 2018, we entered into a license arrangement with each of VBI and Vir pursuant to which we have the exclusive rights to develop and commercialize BRII-179 and BRII-835, respectively, in Greater China. For further details, see "– Licenses, Rights and Obligations," "– Collaboration and Licensing Agreements – Collaboration with VBI Vaccines" and "– Collaboration and Licensing Agreements – Collaboration with Vir Biotechnology."

Our in-house R&D team has taken an active role in the preclinical and clinical development of BRII-179 and BRII-835 as described below:

- *BRII-179.* With respect to BRII-179, our preclinical activities included extensive initial research on the molecule including (i) reviewing and analyzing VBI's vaccine and related viral components and the underlying science to evaluate its ability to bolster the body's immune system against HBV; (ii) researching the pharmacology and chemistry in turning a prophylactic vaccine into a therapeutic vaccine (i.e., BRII-179); (iii) analyzing VBI's vaccine and hypothesizing that the use of IFN-α, a TH1 based co-adjuvant, could induce greater immune response; (iv) requesting VBI conduct an in vitro pre-clinical study supporting further study of using IFN-α as a co-adjuvant and assessing, among other things, toxicity and formulation of BRII-179 in support of the clinical trial; (v) researching potential routes to a functional cure for HBV, including using BRII-835 to suppress the production of HBV proteins, and (vi) evaluating the possible use of other siRNA drug candidates and other similar drug candidates or molecules.

  Preclinincal work in China included extensive regulatory outreach (including an extensive workshop with representatives of CDE in lieu of a pre-IND meeting) and obtaining approval for our clinical trial in November 2019 by obtaining approval from the NMPA for our clinical trial in August 2019 by (i) describing the safety profile of BRII-179, (ii) submitting the clinical trial design/framework and protocol of BRII-179-001 for the NMPA's review, and (iii) sharing the safety data from the clinical studies outside China (described below). As the sponsor for the BRII-179-001 study, our clinical activities related to BRII-179 include (i) coordinating all post-licensing clinical development activities, (ii) designing the key aspects of the BRII-179 clinical study described below under "– Summary of Clinical Trial Results"; (iii) designing and coordinating the selection process for qualified CROs to assist in engaging clinical sites and coordinating clinical studies once commenced; (iv) supervising the clinical studies; and (v) overseeing extensive regulatory outreach and coordination in China and the other jurisdictions comprising

our MRCT (including submitting CTA and IND applications in five other jurisdictions in addition to China). The IND submission process required significant and extensive scientific analysis and design with these activities constituting substantive R&D. Areas of focus for these R&D activities included generation, collection and assembly of detailed scientific information addressing: the non-clinical testing strategy (with supporting scientific data), clinical overview and clinical study protocol; a review of the molecule's chemical structure and clinical indication; pharmacology information; toxicology data and findings; and quality overall summary. As part of our supervisory activities, we also participated in regular study management team meetings with the CRO responsible for effective operation and management of the MRCT, participated in joint steering committee meetings and participated in safety review committee meetings evaluating BRII-179's safety before progressing to the next stage of the clinical study.

- *BRII-835.* With respect to BRII-835, our collaboration partner Vir conducted preclinical studies necessary to move BRII-835 into clinical development in and for Greater China. In June 2020, we exercised our option to acquire exclusive rights to develop and commercialize BRII-835 in Greater China pursuant to the Vir License Agreement, and following the exercise of our option, our clinical activities related to BRII-835 included (i) designing key aspects of the BRII-835 clinical study described below under "– Summary of Clinical Trial Results for BRII-835"; (ii) designing and coordinating of the selection process for qualified CROs to assist in engaging clinical sites and coordinate the commencement and conduct of clinical studies; (iii) supervising the ongoing clinical studies; and (iv) overseeing extensive regulatory outreach and coordination in China.

- With respect to BRII-179 and BRII-835 combination therapy, as of the Latest Practicable Date, we had submitted applications for the Phase 2 BRII-179/BRII-835 MRCT combination study with the relevant regulatory authorities in China, Hong Kong, New Zealand, Australia, Taiwan, Singapore, Thailand and South Korea, and had obtained the necessary approvals from such relevant regulatory authorities to conduct the study in the relevant jurisdictions (except for such approval in Thailand which is expected to be obtained in the third quarter of 2021). As of the Latest Practicable Date, we had initiated the Phase 2 MRCT study in New Zealand, Australia and Hong Kong and expect to also initiate the MRCT study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021.

We intend to advance our development, regulatory approval, manufacturing, supply and commercialization efforts with respect to BRII-179 and BRII-835 in Greater China, as described below under "– Clinical Development Plan." As we approach the commercialization stage, subject to the terms of our agreements with VBI and Vir, respectively, we intend to engage a local supplier and CMO/CDMO in China to provide initial commercial supplies of BRII-179 and BRII-835. To reach our intended patient population, we plan to engage with specialists serving in national, provincial and city-level tertiary hospitals in China to ensure those leading prescribers are well informed regarding the safety and efficacy of BRII-179 and BRII-835.

***Summary of Clinical Trial Results for BRII-179***

We have completed a proof of mechanism Phase 1b/2a clinical study of BRII-179, which is a MRCT sponsored by us with sites in China, Hong Kong, New Zealand, Australia, Thailand and South Korea. The last patient completed the final follow-up visit on December 15, 2020 and on May 24, 2021 we issued the clinical study report. By conducting a clinical trial in more than one region under a unified protocol, MRCTs facilitate efficient drug development and increase the possibility of submitting marketing authorization applications to multiple regulatory authorities in different regions simultaneously. The relevant regulatory authority in each study region (including the NMPA in China) conducts a holistic review of and regulates the entire MRCT trial design and protocol. Although we licensed only Greater China rights to BRII-179, the MCRT Phase 1b/2A clinical study--conducted in six different regions or countries with a unified protocol subject NMPA regulation--allowed us to reach a broad patient population (including a large component of ethnically Chinese patients) facilitating more rapid development of BRII-179 for the Greater China market.

Pursuant to the VBI License Agreement, we established a joint steering committee (JSC) with equal representation from us and VBI to govern our initial clinical trial and to oversee, review and coordinate the parties' activities with regard to development and regulatory approval of BRII-179 in Greater China. We have final decision-making authority with respect to matters relating solely to the development, marketing approval and commercialization of BRII-179 in Greater China. Our plan of commercialization of BRII-179 and BRII-179-related products in Greater China is not subject to VBI's commercialization plan outside of Greater China.

An internationally recognized full-service CRO focusing on the Asia-Pacific region acted as our CRO, while another CRO provided clinical research coordinator and recruitment services. Each of these carefully selected providers executed the labor intensive day-to-day operational functions and tasks at 13 clinical sites in six countries or regions at our specific direction and under our ongoing and careful supervision. In November 2019, we initiated enrollment in, and commenced dosing of, the Phase 1b/2a study of BRII-179 in patients with chronic HBV infection. The Phase 1b/2a clinical study of BRII-179 was a randomized, controlled study designed to assess the safety, tolerability, antiviral and immunological activity of BRII-179. We were responsible for the design, conduct and execution of the MRCT study, while our partner VBI provided the clinical drug supply.

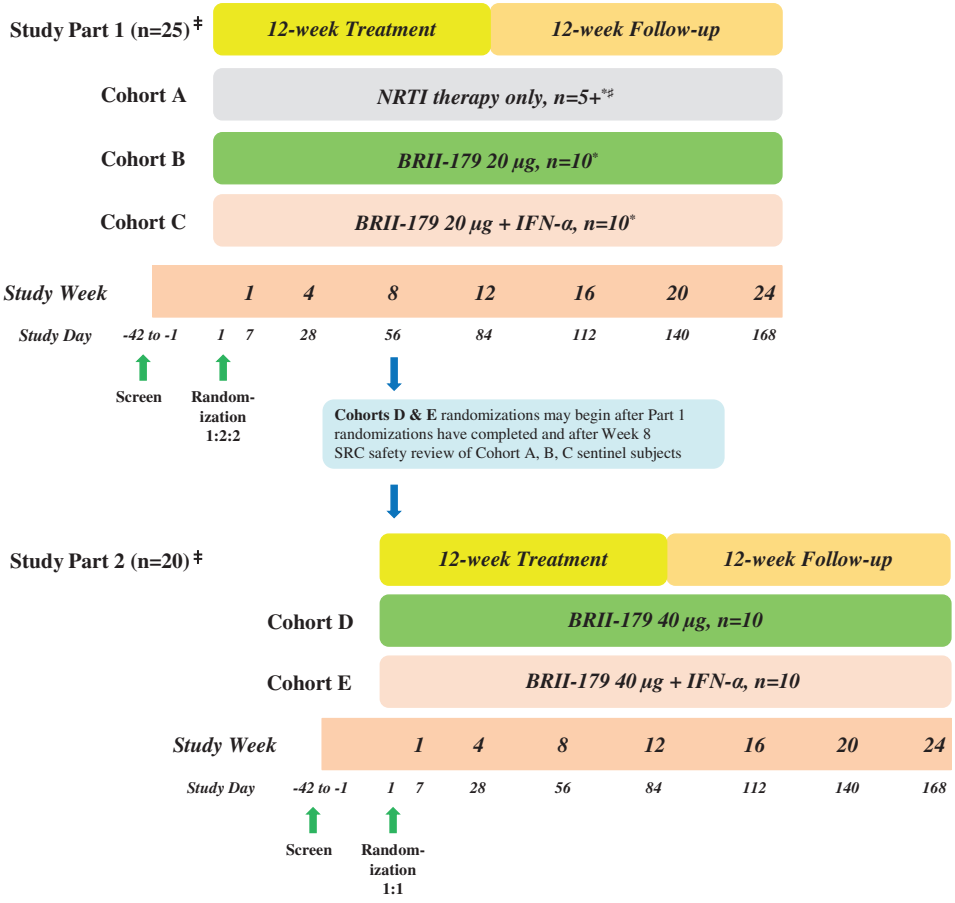
*Core Product Qualification*

The NMPA approved the BRII-179-001 CTA (including its framework) in November 2019 after BRII-179-001 was launched in the other MRCT locations. In seeking the NMPA's approval, we (i) described BRII-179's safety profile; (ii) submitted the clinical trial design/framework and protocol of BRII-179-001 for the NMPA's review; (iii) described the study's progress at the clinical sites outside of China and shared safety related data with the NMPA from these other sites (after review by the study's Safety Review Committee); and (iv) agreed to adjust the study protocol in China if any safety issue was identified. Updated safety information was provided to the NMPA and no adjustments were required by the NMPA to be made to the study protocol in China. The NMPA was satisfied with the combined trial design and did not require a standalone Phase 1 trial to be conducted in China. Requiring us to conduct a standalone Phase 1 clinical trial in China would not have been practical or in the patients' best interest. The NMPA's approval of the CTA for BRII-179-001 expressly states that we only need to seek CDE approval of the NMPA again before the initiation of a Phase 3 study.

The purpose of a typical standalone Phase 1 trial is to assess a drug candidate's safety, determine dosing, and to understand how it is metabolized and excreted. A Phase 1 study is typically conducted in a small number of healthy volunteers. BRII-179-001 is considered a Phase 1b/2a trial because the combined trial involves existing HBV patients and serves a broader purpose than a typical Phase 1 trial. For efficiency purposes, we designed BRII-179-001 as a combined Phase 1b/2a MRCT with rolling enrollment to assess both safety and anti-viral activity simultaneously with no formal separation of Phase 1b and Phase 2a. The trial is completed and we issued the clinical study report on May 24, 2021. As the BRII-179-001 activities have been completed (including the substantive R&D activities and other activities typically undertaken in a standalone Phase 1 trial for an HBV drug candidate) and given the safety profile of this combined Phase 1b/2a trial (discussed below), we consider that the progress we have made with respect to BRII-179 is at least equivalent to the completion of a Phase 1 clinical trial.

*Design*

The Phase 1b/2a clinical study was designed as a two-part study to evaluate the safety, tolerability and antiviral activity of four doses of BRII-179 (at either 20 μg or 40 μg) with and without co-administration of IFN-α in non-cirrhotic patients with chronic HBV infection on NRTI.




**Sentinel Group**: 1 subject in Cohort A; 2 subjects in Cohort B; 2 subjects in Cohort C **will be enrolled first**. The randomization of the remaining subjects in Part 1 will not be randomized until after SRC review of the Week 4 safety data of this sentinel group.

♯ **Cohort A** subjects are eligible for **Cohort D & E** after Week 16 visit has completed.

‡ **Floater Subjects**:
A total of 20 subjects may be added as an expansion of an existing cohort or cohorts if further data is required. The allocation of the floater subjects are not required to be distributed evenly.

*Source: Company information.*

*Sentinel Subjects:* A staggered "sentinel" dose design was used in the study as follows:

- A sentinel group including five subjects (one subject in Cohort A; two subjects in Cohort B; two subjects in Cohort C) was enrolled first. The randomization of the remaining subjects was not permitted to be initiated until after the study's Safety Review Committee (SRC) reviewed the Week 4 safety data of this sentinel group.

- Subjects could not be randomized to Part 2 of the study until after all subjects were randomized to Part 1 of the study; the SRC had reviewed the safety data from the Week 8 visit of the Cohort A, B, and C sentinel groups in Part 1 of the study.

*Floater Subjects:* Based on the SRC review of accumulated safety and tolerability data, up to 20 "floater" subjects were able to be added to expand any cohort to further evaluate safety and tolerability as well as efficacy. This "floater" pool was shared between Part 1 and Part 2. The allocation of floater subjects was not required to be distributed evenly.

Since BRII-179 consists of the same recombinant protein used in VBI's Sci-B-Vac® vaccine – an approved and currently marketed prophylactic vaccine, and an approved aluminum adjuvant and IFN-α, which had already been approved and used since 1993 in humans for HBV treatment, no safety issues were anticipated from the outset of the study. As BRII-179 was expected to be generally safe, CDE approved our combined Phase 1b/2a clinical study without requiring us to conduct a Phase 1 trial.

Our Phase 1b/2a clinical study started with a sentinel group of five patients to assess BRII-179's safety profile. These five patients were randomized 1:2:2 into one control and two treatment arms. Four weeks after the initial dosing, the study's SRC, comprising one representative from each of our Company, our principal investigators and our CROs, reviewed the safety data from these five patients and approved the Phase 1b/2a clinical study to continue.

The enrolled patients were treated with either NRTIs as a control or BRII-179 with or without IFN-α in addition to NRTIs for 12 weeks followed by a 12-week follow-up. It was a randomized, open label study with primary outcome measures including AEs and clinical assessment such as safety lab tests, and secondary outcome measures including mean maximum change in serum HBsAg from baseline and appearance or titer of anti-HBsAg, each up to 12 weeks following treatment.

Part 1 of the study comprised three cohorts of subjects randomized 1:2:2 to either Cohort A (continued NRTI therapy without investigational product), Cohort B (intramuscular injection (IM) of 20 μg BRII-179, or Cohort C (IM injection of 20 μg BRII-179 admixed with 3 MIU IFN-α). Dosing in Cohorts B and C occurred on Day 1, Week 4, Week 8, and Week 12.

Following completion of Part 1 randomization, subjects were randomized to Part 2 of the study. Part 2 of the study comprised two cohorts of subjects randomized 1:1 to either Cohort D (IM injection of 40 μg BRII-179 or Cohort E (IM injection of 40 μg BRII-179 admixed with 3 MIU IFN-α). Dosing in Cohorts D and E occurred on Day 1, Week 4, Week 8, and Week 12.

In addition, up to 20 "floater" subjects could be added to expand any cohort to further evaluate safety and tolerability as well as efficacy as decided by the SRC upon review of the accumulated study data.

For all cohorts, the duration of follow-up was 12 weeks after the last dose of study drug.

The study completed enrollment, treatment and follow-up phases with a total of 46 patients, randomized into Cohort A (control cohort, 5 patients), Cohorts B, C, D and E (4 treatment cohorts treated with 20 μg or 40 μg BRII-179 with or without IFN-α – 10 patients each in Cohorts B and C, 12 patients each in Cohorts D and E). Three patients in the NRTIs control cohort rolled into Cohort D and Cohort E after completing Part 1.

*Study Objectives*

The table below sets forth the study objectives and endpoints:

| **Objectives** | **Timepoint** |
|---|---|
| **Primary Outcome** | |
| Number of subjects with Adverse Events | Monitored throughout the study: during screening, Day 1, Day 2, Day 7, Day 28, Day 35, Day 56, Day 63, Day 84, Day 91, Day 112, Day 140 and Day 168. |
| **Secondary Outcome 1** | |
| Antiviral activity of BRII-179 (VBI-2601). Outcome is assessed by measurement of viral markers, e.g., HBsAg, anti-HBs, HBeAg, anti-HBe, with serum assays and it is a composite secondary outcome | Monitored changes of viral markers in serum from baseline up to Week 24. |
| **Secondary Outcome 2** | |
| Pharmacodynamic effect of BRII-179 (VBI-2601). Outcome is assessed by measurement of biomarkers of immune responses with serum and blood cellular assays, and it is a composite secondary outcome | Monitored changes of HBV specific immune responses from baseline up to Week 24. |

*Safety*

A three-person SRC was established for the study, and unanimous SRC approval was required for the study to advance from (i) a 5-patient sentinel group receiving NRTI only (n=1) or 20 μg of BRII-179 with or without IFN-α (n=4), to (ii) remaining Part 1 of the study – administering 20 μg of BRII-179 with or without IFN-α with post-dosing follow-up, to (iii) Part 2 of the study – administering 40 μg of BRII-179 with or without IFN-α with post-dosing follow-up. At the time of each such unanimous SRC approval on January 10, 2020, February 14, 2020 and May 15, 2020, no SAE had been identified.

NMPA had no objection to commencing the Phase 2 study for BRII-179 in China.

During the study, no patient experienced an SAE. Of the AEs observed, all were mild to moderate severity, with fatigue and injection site pain being identified as most frequent AEs. One subject reported flu-like illness of moderate intensity (determined to be unrelated to COVID-19) that led to discontinuation from the study. A summary of treatment emergent adverse events is provided in the table below.

| | **Part 1** | | | | **Part 2** | | |
|---|---|---|---|---|---|---|---|
| | **NRTI (N=5)** | **BRII-179 20 μg (N=10)** | **BRII-179 20 μg + IFN-α (N=10)** | **Overall (N=25)** | **BRII-179 40 μg (N=12)** | **BRII-179 40 μg + IFN-α (N=12)** | **Overall (N=24)** |
| **AE** | 1 | 7 | 10 | 18 | 7 | 11 | 18 |
| | (20.0%) | (70.0%) | (100.0%) | (72.0%) | (58.3%) | (91.7%) | (75.0%) |
| **Mild AE** | 0 | 7 | 8 | 15 | 7 | 10 | 17 |
| | | (70.0%) | (80.0%) | (60.0%) | (58.3%) | (83.3%) | (70.8%) |
| **Moderate AE** | 1 | 0 | 5 | 6 | 1 | 3 | 4 |
| | (20.0%) | | (50.0%) | (24.0%) | (8.3%) | (25.0%) | (16.7%) |
| **SAE** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Drug related TEAE** | 0 | 6 | 9 | 15 | 6 | 11 | 17 |
| | | (60.0%) | (90.0%) | (60.0%) | (50.0%) | (91.7%) | (70.8%) |
| **TEAE Leading to Study Withdrawal** | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| | | | (10.0%) | (4.0%) | | | |

*Note:* A treatment-emergent adverse event (TEAE) is defined as any AEs with an onset date of on or after the study drug start date or randomization date (NRTI therapy only) and up to the end of the study. If a subject has multiple occurrences of TEAE, the subject is presented only once.

*Source: Company information.*

*Immunogenicity*

Immunogenicity evaluations have been analyzed in terms of cellular immune response and antibody response.

A summary of HBV specific cellular immune response in 33 evaluated subjects showed restimulation of T cell immune responses to HBV surface antigens, including HBsAg, Pre-S1, and Pre-S2 was observed in ≥50% of subjects from all cohorts receiving BRII-179 with or without IFN-α, compared to no detectable response in subjects treated with NRTI only. The proportions of subjects who had a positive T cell response to HBV surface antigen were 67%, 78%, 75% and 50% in the BRII-179 20 μg or 40 μg groups without or with co-adjuvant IFN-α, respectively. There was no notable difference in the overall T cell response between 20 μg and 40 μg BRII-179 groups in response to HBV surface antigen. In addition, the T cell response rates between the groups with or without co-adjuvant IFN-α were comparable.

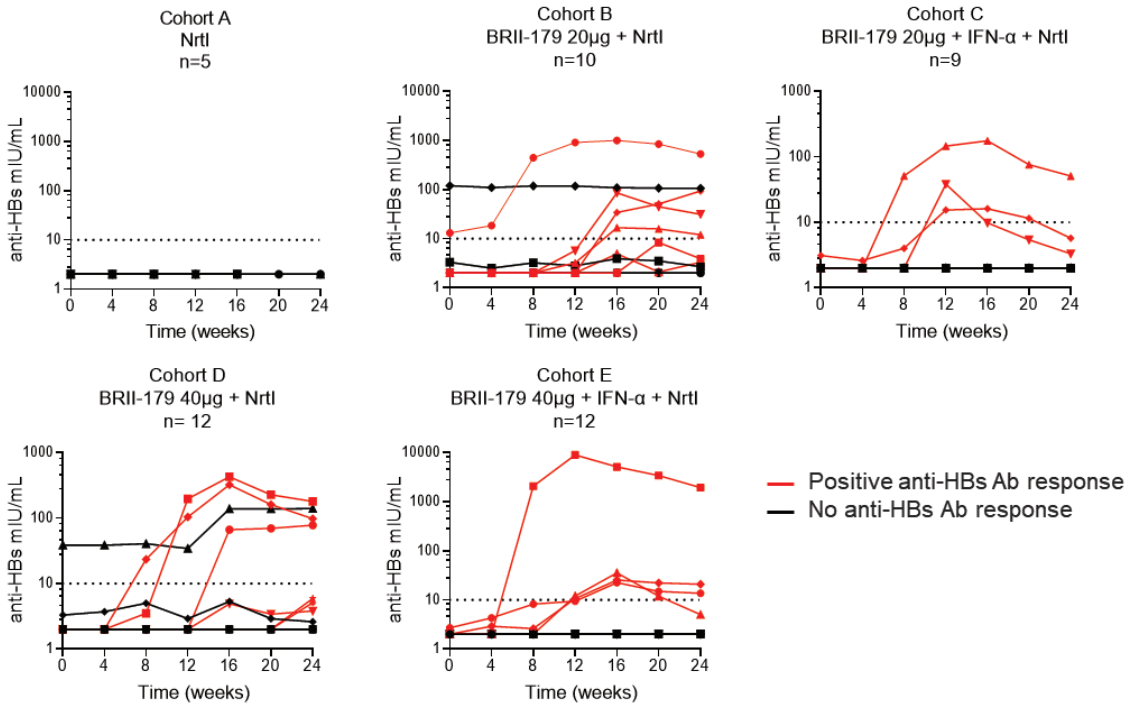
| Part | Cohort | Number of Treated | Number of Evaluated | Number of Positive Response* | Proportion of Positive Responders |
|---|---|---|---|---|---|
| **Part 1** | A (NRTI only) | 5 | 3 | 0 | 0/3 (0%) |
| | B (20 μg BRII-179) | 10 | 9 | 6 | 6/9 (66.7%) |
| | C (20 μg BRII-179 + IFN-α) | 9 | 9 | 7 | 7/9 (77.8%) |
| **Part II** | D (40 μg BRII-179) | 12 | 4 | 3 | 3/4 (75%) |
| | E (40 μg BRII-179 + IFN-α) | 12 | 8 | 4 | 4/8 (50%) |

* Positive was defined as SFU at week 16 or 20>3 times the maximum of baseline (visit screening or day 1).

*Source: Company information.*

Anti-HBs antibody responses were observed in >30% of subjects across all BRII-179 cohorts. The responses were more delayed and weaker compared to those from HBV-negative subjects in the prophylactic vaccine studies and most responses occurred after 3rd or 4th doses, consistent with the expectation that HBV infected patients were more immunosuppressed, providing insight why therapeutic vaccine alone had not been successful in achieving functional cure. These data suggest that reducing immune suppression and additional vaccine doses may be required to induce stronger and more sustainable immune responses, as shown in the chart below, supporting our planned Phase 2 combination study of BRII-179 and BRII-835.

The chart below shows kinetics of anti-HBs antibody response in 5 cohorts of HBV patients post administration of BRII-179 with or without IFN-α.




*Source: Company information.*

Dose level did not influence anti-HBs antibody response, but responses were more frequently observed without IFN-α than with IFN-α. Anti-PreS1 and anti-PreS2 antibody responses were only detected in subjects who received BRII-179 admixed with IFN-α.

**Proportion of Positive Responders by Cohort**

| Cohort | n | Anti-HBs | Anti-PreS1 | Anti-PreS2 |
|---|---|---|---|---|
| A (NRTI only) | 5 | 0 (0%) | 0 (0%) | 0 (0%) |
| B (20 μg BRII-179) | 10 | 6 (60%) | 0 (0%) | 0 (0%) |
| C (20 μg BRII-179 + IFN-α) | 9 | 3 (33%) | 5 (56%) | 4 (44%) |
| D (40 μg BRII-179) | 12 | 6 (50%) | 0 (0%) | 0 (0%) |
| E (40 μg BRII-179 + IFN-α) | 12 | 4 (33%) | 1 (8.3%) | 1 (8.3%) |

n = number of subjects in the cohort.

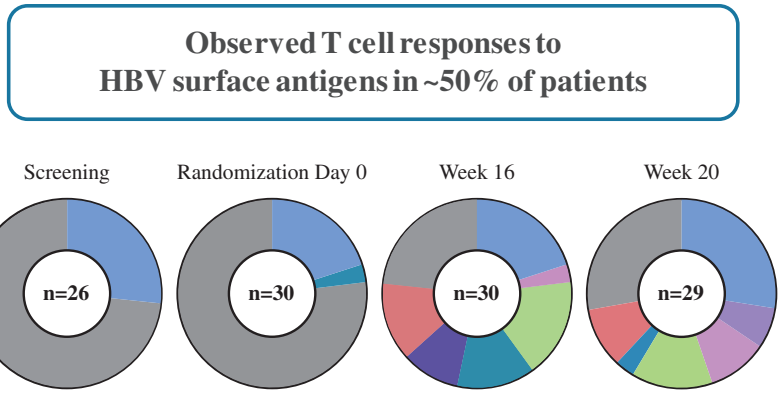
Anti-HBs positive response criteria: Postbaseline anti-HBs >= 2 IU/L, if Baseline anti-HBs < 2 IU/L; or postbaseline anti-HBs >= 5 times the Baseline anti-HBs, if Baseline anti-HBs >= 2 IU/L.

Anti-PreS1 and anti-PreS2 response criteria: Any anti-PreS1 and anti-PreS2 from the treated group (Cohort B, C, D and E) > (population mean + 3 x population standard deviations) in NRTI only treated subjects in Cohort A.

*Source: Company information.*

*T-cell responses*

A summary of evaluable data HBV specific cellular immune responses in T cell lines expanded by HBV surface antigen peptide pools for PPS subjects is presented below. The restimulation of T cell immune responses to HBV surface antigens including HBsAg, Pre-S1, and Pre-S2 was observed in ≥50% subjects from all cohorts received BRII-179 with or without IFN-α. There was no notable difference in the overall T cell response between 20μg and 40μg BRII-179 groups in response to HBV surface antigen. In addition, the T cell response rates between the groups with or without co-adjuvant IFN-α were comparable.




| | Screening | Randomization Day 0 | Week 16 | Week 20 |
|---|---|---|---|---|
| S | 7 (26.92%) | 6 (20%) | 6 (20%) | 8 (27.59%) |
| Pre-S1 | 0 (0%) | 0 (0%) | 0 (0%) | 2 (6.90%) |
| Pre-S2 | 0 (0%) | 0 (0%) | 1 (3.33%) | 3 (10.34%) |
| S+Pre-S1 | 0 (0%) | 0 (0%) | 5 (16.67%) | 4 (13.79%) |
| S+Pre-S2 | 0 (0%) | 1 (3.33%) | 4 (13.33%) | 1 (3.45%) |
| Pre-S1+Pre-S2 | 0 (0%) | 0 (0%) | 3 (10%) | 0 (0%) |
| S+Pre-S1+Pre-S2 | 0 (0%) | 0 (0%) | 4 (13.33%) | 3 (10.34%) |
| No response | 19 (73.08%) | 23 (76.67%) | 7 (23.33%) | 8 (27.59%) |

*Expansion of IFN-γ secreting T cells in cultured ELISpot assay*

*Note:* The figures above represent the T cell responses from a total of 30 evaluable patients in this study. Other patient samples were not available for testing mainly due to inherent technical difficulties associated with blood sample collection and timely transportation from clinical sites to the central lab.

*Source: Company information.*

*Conclusions*

We issued the clinical study report on May 24, 2021. The conclusions drawn from these data collected from the study showed notable restimulation of cell immune response and antibody response to HBV surface antigens in a proportion of subjects with chronic HBV infection who received four monthly injections of 20 μg or 40 μg of BRII-179 admixed with or without IFN-α. Based on the small dataset of this study, there was no significant difference in anti-HBs T cell immune responses to surface antigens in any of the treatment groups. Anti-PreS1 and anti-PreS2 antibody responses were only detected in subjects who received BRII-179 admixed with IFN-α, whereas anti-HBs antibody responses were more frequently

detected in the absence of IFN-α. The acceptable safety profile and vaccine-induced adaptive immune responses from the emerging clinical data from the BRII-179-001 study of patients with chronic HBV infection support continued development of BRII-179 with or without IFN-α for the treatment of chronic HBV infection.

***Summary of Clinical Trial Results for BRII-835***

*Our Phase 2 Clinical Trial of BRII-835*

In July 2020, shortly after formally exercising our option to acquire exclusive rights to develop and commercialize BRII-835 in Greater China pursuant to the Vir License Agreement, we commenced study preparation for our self-sponsored Phase 2 clinical trial for BRII-835 in China. A multinational CRO is acting as our CRO, allowing us to remain focused on critical trial elements, such as design, analysis, data interpretation and decision making. Pursuant to the Vir License Agreement, we established a JSC with equal representation from Brii and Vir. The JSC is responsible for coordinating the global development, manufacture and commercialization of the BRII-835 (Vir-2218) program. In June 2020, after we exercised our option to license BRII-835 the JSC subsequently established a joint development committee (JDC) to specifically discuss and guide development and regulatory matters for BRII-835 in the Greater China and Vir-2218 in the rest of the world.

This Phase 2 study in China is designed to evaluate and characterize the safety, tolerability, pharmacokinetics and antiviral activity of two doses of BRII-835 in patients with HBeAg-negative and HBeAg-positive chronic HBV infection without cirrhosis on NRTI therapy. As of the Latest Practicable Date, all patients had been enrolled in the study and patient dosing had been completed. We expect all patients to complete their Week 48 follow-up by the second half of 2021.

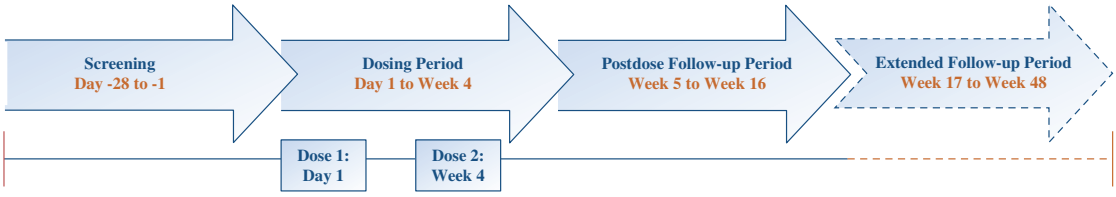
The study includes two parts:

(1) Part One: adult subjects with HBeAg-negative chronic HBV infection without cirrhosis on NRTI therapy for ≥ 6 months and HBV DNA < 90 IU/mL at screening (by central laboratory); and

(2) Part Two: adult subjects with HBeAg-positive chronic HBV infection without cirrhosis on NRTI therapy for ≥ 6 months and HBV DNA < 90 IU/mL at screening (by central laboratory).

Each cohort in Part One/Two is composed of 5 subjects randomized 4:1 to BRII-835 or placebo, respectively. There are two cohorts (50 mg dose-level and 100 mg dose-level) for each of Part One and Part Two of the study.

The estimated total duration for each subject is up to 52 weeks, including screening period (4 weeks), dosing period (4 weeks), postdose follow-up period (12 weeks) and extended follow-up period (up to 32 weeks). Additional HBsAg monitoring is required for subjects with a ≥ 1 1og10 change from baseline (Day 1 predose level) decrease in HBsAg achieved by the Week 16 visit. Extended follow-up visits will occur every 4 weeks starting at Week 20, and subjects will be followed until the HBsAg level returns to > 90% of the Day 1 predose level or Week 48, whichever comes earlier. Additional HBsAg monitoring may be discontinued at our discretion based on emerging data.




*Source: Company information.*

The data generated from the Phase 1/2 clinical trial conducted by our collaborator Vir helped to facilitate the design, regulatory approval and execution of our Phase 2 study in China. Vir's combined Phase 1/2 clinical trial was conducted outside of China in five APAC jurisdictions (i.e., Hong Kong SAR, New Zealand, Australia, Thailand and South Korea), the same as where our combined Phase 1b/2a study for BRII-179 is currently being conducted.

*Vir's Phase 1/2 Clinical Trial of BRII-835 (VIR-2218)*

In Vir's Phase 1/2 clinical trial, which commenced in November 2018, a total of 37 healthy volunteers have received BRII-835 (VIR-2218) and 12 healthy volunteers have received a placebo. In addition, 24 patients with chronic HBV on NRTIs, have received BRII-835 (VIR-2218), and eight patients with chronic HBV on NRTIs have received a placebo. In November 2019, Vir disclosed all patients had completed dosing the initial Phase 1/2 study for VIR-2218. The subjects were given two doses four weeks apart of placebo or BRII-835 (VIR-2218) at dose levels of 20, 50, 100, or 200 mg.

Interim results of Vir's ongoing Phase 1/2 clinical trial of BRII-835 (VIR-2218) have demonstrated that BRII-835 (VIR-2218) results in a significant dose-dependent and durable reduction in HBsAg through Week 24 in patients with chronic HBV who received two doses of BRII-835 (VIR-2218), ranging from 20 mg to 200 mg. Similar HBsAg reductions were observed in both HBeAg-negative and HBeAg-positive patients. In addition, the data suggest that BRII-835 (VIR-2218) is generally well tolerated in healthy volunteers given as a single dose up to 900 mg and in patients given as two doses of 20 mg, 50 mg, 100 mg or 200 mg each dose, with the majority of treatment emergent adverse events (TEAEs) reported as mild in severity, and no clinically significant alanine transaminase (ALT) elevations observed.

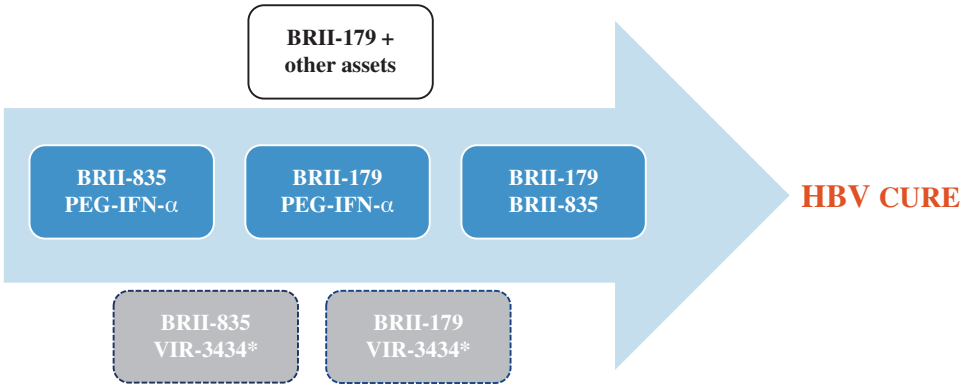
BRII-835 (VIR-2218) includes Alnylam's Enhanced Stabilization Chemistry Plus, or ESC+, technology, which has the potential to enhance its therapeutic index and hepatic safety profile.

On May 6, 2021, Vir disclosed that it was progressing a Phase 2 study for VIR-2218 and pegylated interferon for the treatement of HBV.

***Clinical Development Plan***

We are dedicated to developing a functional cure for HBV patients in China and have assembled a development team with expertise in infectious diseases and chronic HBV. Our development strategy is based on scientific insight and a deep understanding of host virus interactions. BRII-179 and BRII-835 have different mechanisms of action thereby maximizing the synergies of antiviral and host-protective immune responses. If the targeted cure rate is demonstrated in any of our ongoing and planned Phase 2 studies, we plan to leverage the large patient pools in China to rapidly develop and launch our BRII-179 and BRII-835 combination treatment as a curative therapy. We are targeting NDA filing with the NMPA as early as 2024 if meaningful cure rate with supportive safety profile can be demonstrated in any of our Phase 2 combination studies.

Our clinical development program will primarily involve the BRII-179 and BRII-835 combination, and we will continue to explore further options to develop a functional cure for chronic HBV infections such as BRII-179 and/or BRII-835 in combination with other agents. Future combination studies will depend on the outcome of initial studies and may include two- or three-agent combinations with BRII-835, BRII-179 and possibly VIR-3434, should we exercise our option to acquire exclusive development and commercialization rights in Greater China under the Vir License Agreement. BRII-179 could also be developed and approved as a single agent. This combination approach is further illustrated below:



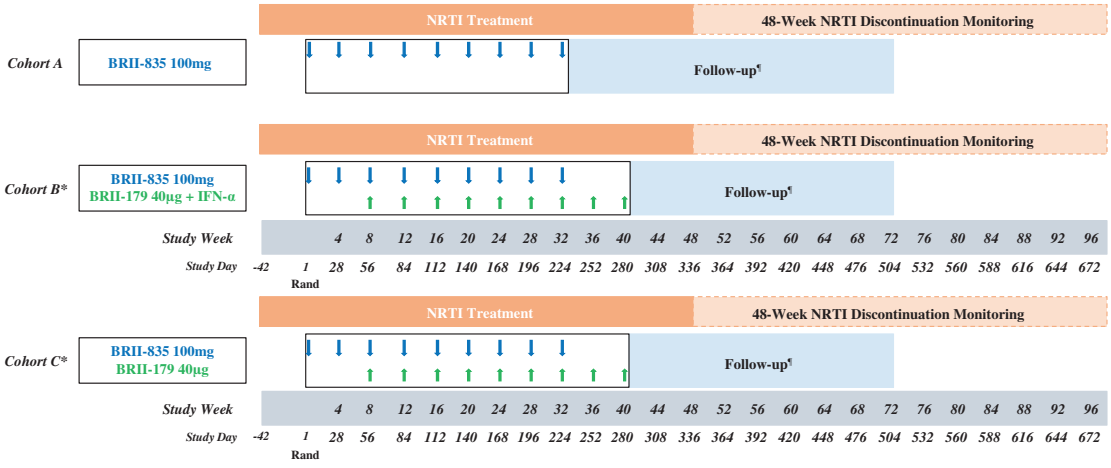

* We have an exclusive option at clinical POC under the Vir License Agreement

*Source: Company information.*

For BRII-179, we have completed a Phase 1b/2a clinical study of BRII-179 in China, Hong Kong, New Zealand, Australia, Thailand and South Korea with the final clinical study report issued on May 24, 2021. For BRII-835, we are conducting a Phase 2 clinical study in China. Both studies have already delivered preliminary results on target engagement. Based on these results, as of the Latest Practicable Date, we had initiated the Phase 2 MRCT combination study for BRII-179/BRII-835 in New Zealand, Australia and Hong Kong and expect to also initiate the MRCT study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021. BRII-179/BRII-835 will be compared to BRII-835 alone in a Phase 2 study to establish POC and determine the optimal dosing regimen. We intend to add separate cohorts in China with the flexibility of expansion on final therapeutic dose and treatment schedule. If we achieve positive proof of cure responses in patients from those APAC countries, we plan to accelerate development in China by increasing the number of subjects in the China cohort to support a registration filing for a combination of BRII-179/BRII-835 in China as early as 2024.

With the target POC data, we plan to further initiate efforts to expand BRII-179/BRII-835 into NRTI drug naïve chronic patients by conducting a Phase 2/3 study in such patients. Upon completion of safety assessment in patients with hepatic or renal impairment, we plan to investigate BRII-179/BRII-835 in chronic HBV subjects with compensated cirrhosis and long-term follow-up, inspecting for reduced HCC risk. Additional indications may also include HBV-hepatitis D virus (HDV) co-infection, an indication that presents with more severe liver disease than chronic HBV subjects without co-infection.

A schema for the combination study is shown below, with safety and functional cure as the primary endpoints.




NRTI = nucleos(t)ide reverse transcriptase inhibition; Rand = Randomization

**NRTI Discontinuation Monitoring**: Participants who meet the NRTI Discontinuation Criteria at Week 44 may be eligible to discontinue from NRTI therapy and enter into the NRTI Discontinuation Monitoring Period on the first day of Week 48.

Participants that have NOT achieved NRTI discontinuation criteria by Week 44 will be discharged from the study after completion of all follow-up visits by Week 72.

*__Floater Participants__: Up to 60 participants may be added to any existing cohort(s) as expansions of the existing cohort(s) if further data is required. The allocation of floater participants is not required to be distributed evenly.

*Source: Company information.*

We expect to receive top line interim clinical data in the second half of 2022 for the Phase 2 combination study. We plan to conduct a Phase 3 combination study with either the 8-month or 10-month dosing regimen to assess safety and efficacy in a registrational trial in China.

With the completion of the BRII-179 Phase 1b/2a study, we are planning further study of the safety and efficacy of BRII-179 in a Phase 2 study in China.

In the second half of 2021, we also plan to initiate BRII-179-002, a Phase 2b study in China, to evaluate BRII-179 in chronic HBV patients receiving current standard of care – PEG-IFN-α and NRTI therapy.

BRII-179-002 is planned to be a double-blind, randomized, parallel-group study of adding BRII-179 to existing PEG-IFN-α and NRTI therapy in patients with chronic HBV infection without cirrhosis. Eligible subjects will be randomized to receive BRII-179 or placebo in addition to the existing PEG-IFN-α and NRTI therapy. The estimated total duration for each subject is expected to include the following: screening up to 14 days, 24-week dosing period, and up to a 24-week follow-up period. A total of 420 evaluable adult subjects with virologically suppressed chronic HBV infection are planned for this study.

***Market Opportunity and Competition***

With more innovative HBV drugs expected to enter the China market beginning in 2024, especially those that can provide a functional cure, China's HBV market is anticipated to grow significantly to US$15.9 billion in 2034 from US$1.6 billion in 2019, representing a CAGR of 16.6% during that period, according to Frost & Sullivan.

The current standard of care for HBV are NRTIs that inhibit RT. In addition to NRTIs, PEG-IFN-α, which stimulates antiviral functions of the immune system, is also approved for chronic HBV treatment but is not as widely used as NRTIs. According to the EASL and APASL Clinical Practice Guidelines for the management of chronic HBV, the optimal endpoint of treatment is HBsAg seroclearance with or without seroconversion. NRTIs rarely achieve HBsAg seroclearance, while PEG-IFN-α achieves this in three to seven percent of patients.

The other major class of HBV antivirals are compounds that interfere with capsid formation and virus production. Capsid inhibitors disrupt viral replication by binding to HBV core protein resulting in aberrant capsids incapable of packaging pregenomic RNA and thereby reducing viral production. Capsid inhibitors do not directly affect cccDNA transcriptional activity or copy number. An investigator-led clinical trial that combined the capsid inhibitor ABI-H0731 with an NRTI for 16-60 weeks showed slight declines in HBsAg levels in a few but not in most subjects. No subjects had HBsAg seroclearance, so this hypothesis remains to be proven in the clinic.

### *BRII-179 Therapeutic Vaccine*

Major competitors for BRII-179 in the field of therapeutic vaccines for HBV treatment are summarized in the table below. The recombinant proteins in BRII-179 are the same as in Sci-B-Vac® that has been shown to be a much more immunogenic vaccine than the second generation HBV S protein-based vaccine. Sci-B-Vac® has an extensive human safety database with more than 500,000 human subjects dosed and is commercially available in 11 countries. When recombinant protein vaccines are properly adjuvanted, they have been shown to evoke strong B cell and T cell responses which will be necessary for immunological control of chronic HBV. BRII-179 has been developed from a proven vaccine platform with extensive human safety and experience by clinicians, giving it potential competitive advantages over other competitor drug candidates.

**HBV Therapeutic Vaccines under Development in China**

| Vaccine Name | Company | First Posted Date | Phase | Platform |
|---|---|---|---|---|
| T101 (TG1050) | Tasly Biopharma | 2019-12-02 | II | Live vector (Ad5) |
| BRII-179 (VBI-2601) | Brii Biosciences | 2020-04-21 | Ib/IIa | Protein |
| TVAX-008 | Nanjing Grand Theravac | 2020-12-20 | I | Protein |

*Source: CDE, Clinical trial.gov, Frost & Sullivan analysis.*

### *BRII-835 RNA Targeting Therapy*

Major competitors for BRII-835 in the field of RNA targeting therapies for HBV are summarized in the table below. BRII-835 is one of the several candidates currently in Phase 2 studies. As at the Latest Practicable Date, there were no candidates in later stage than Phase 2 in China or globally according to Frost & Sullivan. For more information, please see "Industry Overview – The HBV Drug Market."

**RNA Targeting Therapies for HBV under Development in China**

| Pipelines | Type (Technology) | Delivery System | Dosage | Phase | Company | HBsAg declines (Iog IU/ML) | First Posted |
|---|---|---|---|---|---|---|---|
| GSK3389404 (IONIS-HBVLRx) | ASO | GalNAc | Once a week or two weeks | II | GSK/Ionis | Yes | 2018-05 |
| JNJ-73763989 (ARO-HBV) | RNAi | GalNAc | Once a month | II | Janssen/Arrowhead | Yes | 2020-02 |
| BRII-835 (Vir-2218) | RNAi | GalNAc | Once a month | II | Brii Biosciences | Yes | 2020-06 |
| GSK3228836 (IONIS-HBVRx) | ASO | GalNAc | Once a month | II | GSK/Ionis | Yes | 2021-02 |
| STSG-0002 | RNAi | Viral Vector | Once a month | I | Staidson | Undisclosed | 2019-12 |

*Source: CDE, Clinical trial.gov, Frost & Sullivan analysis.*

***Therapeutic Vaccine and RNA Targeting Combination Therapy***

Very few competitors have both a therapeutic vaccine and siRNA candidates, which means very few competitors have the potential to execute a strategy similar to ours of reducing immunosuppressive viral antigen levels by gene silencing followed by stimulating the immune system with a therapeutic vaccine. According to Frost and Sullivan, the only other company that has both a therapeutic vaccine and an RNA targeting treatment in their pipeline is Janssen Pharmaceuticals (a Johnson & Johnson company). Its therapeutic vaccine candidate JNJ-64300535 is a DNA vaccine. DNA vaccines have been known for many years, but none have been progressed through Phase 2 to show proof of concept, according to Frost & Sullivan.

***Licenses, Rights and Obligations***

In December 2018, we entered into a license agreement with VBI to obtain an exclusive license to develop and commercialize BRII-179 for the diagnosis and treatment of HBV in Greater China. For more information regarding collaboration and license agreements with VBI, please see "– Collaboration and Licensing Agreements – Collaboration with VBI Vaccines" below.

In May 2018, we entered into the Vir License Agreement, as described further below, under which we were granted the exclusive option to acquire exclusive rights to certain Vir programs in Greater China. In June 2020, after our pre-option development activities for BRII-835 and Vir's announcement of interim POC data for BRII-835, we exercised our option to acquire the exclusive right to further develop and commercialize BRII-835, and as a result of our exercise of this option, we obtained from Vir an exclusive license to develop and commercialize BRII-835 for the treatment, palliation, diagnosis, prevention or cure of acute and chronic diseases of infectious pathogen origin or hosted by pathogen infection in Greater China. Under the terms of the Vir License Agreement, subject to an overall limit of four options in total, we also have an exclusive option to obtain exclusive development and commercialization rights in Greater China to products arising from other programs in Vir's pipeline that achieve clinical POC, including VIR-3434, a monoclonal antibody targeting HBV that is currently in Phase 1 development by Vir. As of the Latest Practicable Date, we had not exercised such option with respect to VIR-3434 or any other programs under the Vir License Agreement. For more information regarding collaboration and license agreements with Vir, please see "– Collaboration and Licensing Agreements – Collaboration with Vir Biotechnology" below.

***Material Communications***

*BRII-179*

Between April and June 2019, we conducted an in-depth scientific workshop with representatives of the CDE (in lieu of a pre-IND meeting) to, among other things, (i) review BRII-179's mechanism of action, (ii) present relevant published data and research, (iii) explain our rationale for a therapeutic vaccine designed to provide for an HBV functional cure, and (iv) introduce our strategy for treating and curing patients with HBV in China.

The Phase 1b/2a clinical trial for BRII-179 was designed and administered as a MRCT subject to NMPA regulation and covering, in addition to China, five other countries or regions, including Hong Kong, New Zealand, Australia, Thailand and South Korea.

In 2019, we submitted clinical trial applications (CTAs), and IND applications to, and subsequently obtained approvals from, the NMPA in China, the Department of Health in Hong Kong, Medicines and Medical Devices Safety Authority in New Zealand, Therapeutics Goods Administration in Australia, Thai Food and Drug Administration in Thailand and The Ministry of Food and Drug Safety in South Korea, in respect of all related clinical sites.

The entire Phase 1b/2a MRCT trial for BRII-179 was approved based on a unified protocol and regulated by the NMPA and other competent agencies.

The NMPA's approval of our CTA for the Phase 1b/2a clinical trial for BRII-179 expressly states that we only need to seek further approval from the CDE of the NMPA before initiating a Phase 3 study. Based on the scope of the CTA approval, no additional CDE approval is required in connection with our planned Phase 2 study in China to further evaluate the safety and efficacy of BRII-179.

In October 2020, we submitted an annual progress update to the NMPA in connection with the Phase 1b/2a clinical trial for BRII-179 in accordance with the NMPA annual progress requirement with respect to MRCTs. We have received no objection to the continuation of our clinical trial.

In June 2021, we submitted the clinical study report for the Phase 1b/2a clinical study of BRII-179 to CDE.

*BRII-835*

Between March 2019 and September 2019, we participated in meetings and organized an in-depth scientific workshop with the CDE to review and analyze the safety profile of BRII-835.

In September 2019, we submitted an IND application to the CDE for the Phase 2 study of BRII-835 in China.

In January 2020, we received approval from the CDE of the NMPA in respect of our IND application for BRII-835 to commence a Phase 2 clinical trial in China without requiring us to conduct any additional Phase 1 clinical studies. The CDE was satisfied with the safety profile of BRII-835 observed in then-ongoing Phase 1/2 clinical trials conducted by Vir and did not have any objection for us to proceed with our Phase 2 clinical trial in China.

*BRII-179/BRII-835 Combination Study*

As of the Latest Practicable Date, we had submitted applications for the Phase 2 BRII-179/BRII-835 MRCT combination study with the relevant regulatory authorities in Hong Kong, New Zealand, Australia, Taiwan, Singapore, Thailand and South Korea, and had obtained the necessary approvals from such relevant regulatory authorities to conduct the study in the relevant jurisdictions (except for such approval in Thailand which is expected to be obtained in the third quarter of 2021). In February 2021, we submitted an IND application for the Phase 2 BRII-179/BRII-835 MRCT combination study with the CDE in China and expect to obtain an approval for such study in the third quarter of 2021.

As of the Latest Practicable Date, no material adverse change had occurred with respect to the regulatory review or approval process of BRII-179, BRII-835 or the BRII-179/BRII-835 combination study.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BRII-179 AND BRII-835 AS INDIVIDUAL OR COMBINATION THERAPIES SUCCESSFULLY.**

**BRII-778 and BRII-732 for HIV QW STR**

Human immunodeficiency virus (HIV) infection is an ongoing global pandemic. As of 2019 year end, the number of HIV carriers and AIDs patients worldwide was 39.1 million, and is estimated to reach 46.9 million people by 2024, according to Frost & Sullivan. There is still no cure for HIV infection. But, through lifelong treatment, HIV has become a manageable chronic disease. Current guidelines from the United States Department of Health and Human Services (HSS) recommend integrase strand transfer inhibitor and reverse transcriptase inhibitor – based combination antiretroviral therapy (cART), of which several QDSTRs are available. As of 2019, approximately 26.0 million people, accounting for 67% of those living with HIV, had access to antiretroviral therapy (ART). A combination of two or three drugs from different classes of ART has dramatically reduced HIV infection associated morbidity, restored immune functions, suppressed plasma HIV viral load, and prevented HIV transmission.

Successful long-term treatment of HIV infection, however, is highly dependent on maintaining strict adherence to daily regimens. Any non-adherence increases the risks of incomplete viral suppression, emergence of drug-resistant virus, and disease progression. Adhering to daily regimens can be challenging for patients as administration can be

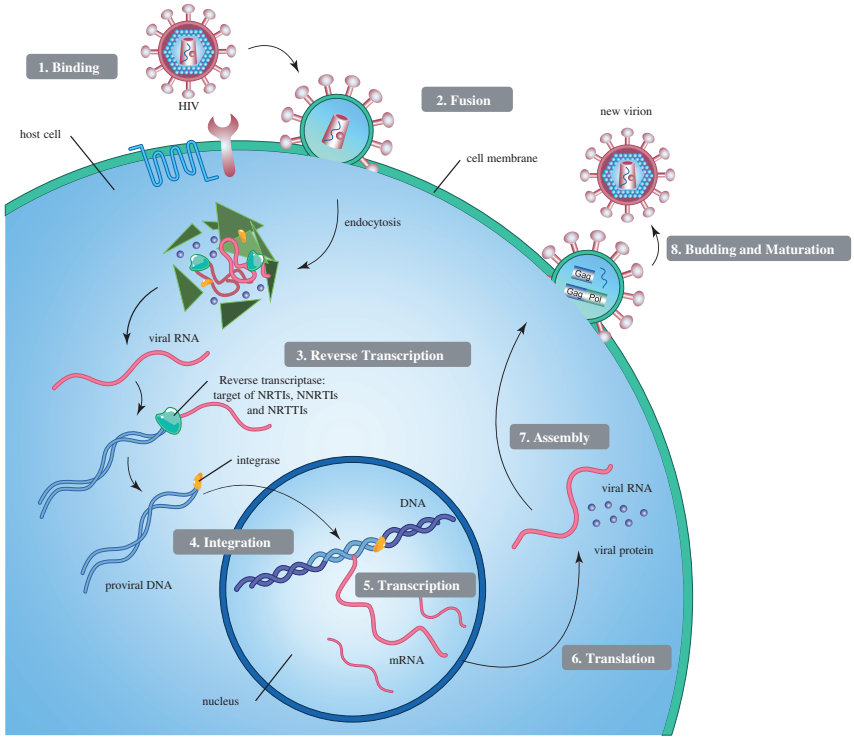
inconvenient, stigmatizing, invasive of a patient's privacy and may serve as an unpleasant reminder of a person's infected status. According to the CDC, people living with HIV often internalize the stigma they experience, fearing discrimination and negative judgment if their HIV status is revealed.

We are focused on developing a more discreet, convenient and non-invasive way to transform the way patients take HIV medication. We are developing our BRII-778 and BRII-732 combination therapy as a once-weekly single tablet regimen, designed as a maintenance therapy for HIV-infected patients. If successful, we hope to include treatment for treatment-naïve HIV-infected patients, pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) as subsequent indications.

***HIV Life Cycle***

HIV attacks and destroys the CD4+ cells of the immune system. CD4+ cells are a type of white blood cell that play a major role in protecting the body from infection. HIV uses the machinery of CD4+ cells to multiply and spread throughout the body in eight stages. The diagram below shows the HIV life cycle described above.

**HIV Life Cycle**




*Source: Company information.*

Acquired Immunodeficiency Syndrome (AIDS) is a disease of the immune system due to HIV infection. HIV destroys the CD4+ T lymphocytes (CD4+ T cells) of the immune system, leaving the body vulnerable to life-threatening infections and cancers. HIV infection progresses in three stages: acute HIV infection, chronic HIV infection, and advanced disease stage – AIDS. As HIV infection advances to AIDS, HIV levels increase and the number of CD4+ cells decreases (CD4+ count less than 200 cells/μL). Declining CD4+ cell levels indicate increasing damage to the immune system. ART can prevent HIV from destroying the immune system and advancing to AIDS. If untreated or sub-optimally treated, HIV infection will result in deterioration of immune functions, opportunistic infections, and ultimately death.

***Mechanism of Action***

Many combination ARTs use NRTIs as their backbone. Both NRTI and NNRTI interrupt HIV replication through inhibiting RT. NRTIs function at the active site of reverse transcriptase, while NNRTI affects the allosteric site.

BRII-778 is an extended release (ER) formulation of an FDA-approved NNRTI, Edurant (rilpivirine hydrochloride). Edurant, an instant release formulation of rilpivirine, has exhibited antiviral activity against a broad panel of HIV's most common strains. BRII-778, like all NNRTIs, binds to the NNRTI binding site, a flexible allosteric pocket located at a site adjacent to the DNA polymerizing processing site, resulting in conformational changes and altered function of reverse transcriptase.

BRII-732 is a new chemical entity (NCE) that is metabolized upon oral administration into EFdA or islatravir. EFdA functions not only as a potent chain-terminator like other NRTIs, but also functions as a potent HIV reverse transcriptase translocation inhibitor (NRTTI), with high binding affinity to the active site of RT, that inhibits HIV reverse transcriptase by blocking translocation of nascently synthesized strand for the next nucleotide incorporation.

Together, the BRII-778/BRII-732 regimen offers all three distinct mechanisms of action: NRTI, NRTTI and NNRTI in one tablet.

***Potential Advantages***

We believe that patients will play an important role in deciding their treatment options as shown by several patient survey and patient-reported outcome studies. A patient survey conducted by Duke University and the University of South Carolina in 2017 reported that patients had higher interest in a single pill taken once a week (66%) over administered every two months (39%) or an implant that needs to be replaced twice per year (18%). But there are no long-acting oral single tablet regimens on the market yet. All single tablet regimens currently on the market, including Biktarvy, Genvoya and dolutegravir STRs, require daily administration, which increases the risk of non-adherence, and may decrease quality of life for patients who wish to avoid the daily reminder of the disease. According to Frost & Sullivan, only three major competitors are developing oral once-weekly tablets. Others pursuing long-acting therapies have selected implants and injectable products. The recent approval of

CABENUVA (cabotegravir + rilpivirine IM) presents a once-monthly or one-every-other-month injectable option for patients. This product is administered by a health care provider, requiring in person visits, and would require a patient to transition from oral therapy to injectable IM dosing, via a gluteal IM injection. A less frequent oral dosing option may give patients a more discreet dosing option, while obviating the need for more frequent health care provider visits.

We believe the BRII-778/BRII-732 combination therapy has the potential to be the first-in-class, QW STR for the treatment of HIV infection. The active metabolite of BRII-732, EFdA-triphosphate (EFdA-TP), suggests potential for once-weekly dosing, as EFdA-TP has been shown to have a half-life greater than 120 hours in human primary peripheral blood mononuclear cells (PBMC), which consist of lymphocytes (T cells, B cells, NK cells) and monocytes, the surrogate of targeting tissues for HIV infection. BRII-778, the extended release (ER) formulation of Edurant, is projected to provide an acceptable maximum concentration on day 1 of oral dosing, a potentially longer apparent terminal half-life in HIV infected patients, and concentrations on day 8 at least equal or similar to the minimum effective concentrations of Edurant. We are concurrently conducting the Phase 1 study of BRII-778 in the United States. Together, this once-weekly single tablet regimen is expected to have significant advantages over the currently approved once-daily oral regimens in terms of patient convenience and privacy, quality of life and potential treatment adherence. Strict adherence to HIV treatment is key in suppressing viral load, which slows down the progression of the disease.

***Clinical Development Plan***

The primary indication for BRII-778/BRII-732 QW STR will be a maintenance therapy for HIV-infected patients. Its subsequent indications could be expanded to patients naïve to ART treatment, and potentially prophylaxis, including PrEP and PEP. We submitted IND applications to support the development of BRII-778 and BRII-732 with the FDA in December 2020 and March 2021, respectively, and initiated Phase 1 clinical studies for BRII-778 and BRII-732 in the United States in March 2021 and May 2021, respectively. We expect that the top line clinical data will be available in the fourth quarter of 2021 and the first quarter of 2022 for both BRII-778 and BRII-732, respectively. We plan to start a global Phase 2b combination study testing BRII-778 and BRII-732 QW STR in the third quarter of 2022 in the United States, targeting a potential commercial launch by 2028.

*Phase 1 Protocol Design – BRII-778*

BRII-778-001 is a Phase 1 randomized, double-blind, placebo-controlled, single ascending dose (SAD) and multiple ascending dose (MAD) study. The primary objective of the study is to assess the safety and tolerability of different BRII-778 formulations when administered to healthy adult subjects and the secondary objective is to assess the PK of single and multiple doses of BRII-778 formulations as well as the food effect and to assess the impact on QTc intervals and other ECG parameters when administered to healthy adult subjects.

*Phase 1 Protocol Design – BRII-732*

BRII-732-001 is a Phase 1 randomized, double-blind placebo controlled, single ascending dose (SAD) and multiple ascending dose (MAD) study to assess safety, tolerability and pharmacokinetics of BRII-732 in healthy adult subjects and the safety tolerability, pharmacokinetics and anti-viral activity of a single dose of BRII-732 in antiretroviral therapy (ART) naïve HIV infected patients. The overall design is a three-part study consisting of healthy adult subjects enrolled in three Part A SAD cohorts and three Part B MAD cohorts, as well as possible ART-naïve HIV infected patients enrolled in one Part C optional single dose cohort. The objectives of the study are to assess the safety, tolerability and PK profiles of BRII-732 (prodrug of EFdA) and EFdA in plasma, EFdA-DP and EFdA-TP in human PBMCs. In addition, if required following review of pharmacokinetic data, change in HIV-1 RNA and the PK/PD relationship of EFdA-TP with viral load reduction will also be evaluated following single dose administration in ART naïve HIV infected patients. Any emergence of viral variants or potential resistance will be investigated. Up to 48 subjects are anticipated to be enrolled in the study.

*Development Plan for Phase 2 and Phase 3 Combination Study of BRII-778 and BRII-732*

Our clinical development plan for Phase 2 and Phase 3 of BRII-778 and BRII-732 as a combination therapy consists of the following:

- BRII-778/BRII-732/3TC (nucleoside analog anti-retroviral drug) combination step down to BRII-778/BRII-732 combination (48 week): Randomized, double dummy, double-blind, active-controlled dose finding Phase 2 studies in patients naïve to treatment to evaluate and compare the efficacy, safety, tolerability and drug resistance of once weekly dosing regimen, with standard of care QD STR.

- BRII-778/BRII-732 STR Phase 3 switch/maintenance studies (96 week): two studies sufficiently powered to investigate the durability of treatment compared to two different standard of care STRs to be decided. NDA filing will be based on data at week 48 with final results at week 96 before approval.

- BRII-778/BRII-732 combination (48 week): a single arm Phase 2 study in patients naïve to treatment to evaluate efficacy, safety tolerability and drug resistance.

- BRII-778/BRII-732 STR Phase 3 treatment naïve studies (96 week): two studies sufficiently powered to compare the efficacy, safety tolerability and durability with two different standard of care STRs to be decided.

- BRII-732 Phase 3 once-monthly dosing studies in subjects with high risk of HIV transmission for PrEP and PEP (dose to be decided based on Phase 1 studies).

***Market Opportunity and Competition***

Our target markets for the BRII-778 and BRII-732 combination therapy will initially be the United States, and later other markets, including China, Europe and Japan. Globally, an estimated 39.1 million people were living with HIV in 2019. According to Frost & Sullivan, the United States is the dominant driver of the global HIV drug market. From 2015 to 2019, the global HIV drug market increased from US$26.4 billion to US$37.0 billion, with a CAGR of 8.8%. This market is expected to reach US$65.9 billion in 2034, according to Frost & Sullivan.

Due to the prevalence of comprehensive government programs focused on the prevention and treatment of HIV as a significant public health issue, we intend to work with our trusted manufacturers and supply chain to serve governments. The U.S. has an established, integrated reimbursement system for HIV patients. Similarly, most EU countries adopt statutory health insurance programs that cover most or all citizens. In Japan, treatment for HIV is also financially supported by the government. In China some of the effective treatments are still required to be funded by patients. However, the Chinese government is taking steps to increase accessibility to innovative medications and reduce the proportion of patients' out-of-pocket payments, and it is expected that the China National Drug Reimbursement List will intake more HIV drugs with the continuous improvement of the national medical insurance system according to Frost & Sullivan. We expect that this will result in opportunities for the expansion of the HIV treatment market. For more information, please see "Industry Overview – The HIV Drug Market."

We intend to differentiate our drugs by offering HIV patients an opportunity to significantly improve their quality of life. To date, more than 30 ART drugs, across seven classes with different MOAs, have been approved for the treatment of HIV infection. Standard of care for the treatment of HIV infection requires combination uses of antiretroviral drugs from different classes to suppress viral replication to below detectable limits (40-50 copies/mL), to increase CD4+ T cell counts, and to ultimately delay disease progression. New preventive medicines, such as PrEP and PEP are also now available to prevent transmission of HIV. However, as of the Latest Practicable Date, according to Frost & Sullivan there were no long-acting oral STRs on the market and currently only three QW STR treatments are under development, of which BRII-778/BRII-732 is expected to offer all three distinct mechanisms of action: NRTI, NRTTI and NNRTI in one tablet. The other two QW STR treatments that are under clinical development are Islatravir in combination with MK-8507 (a combination of an NRTTI agent and an NNRTI agent, in Phase 2 clinical trial as of the Latest Practicable Date) being developed by Merck (MSD) and VM-1500 (an NNRTI agent, in Phase 1 clinical trial as of the Latest Practicable Date) being developed by Viriom Inc.

***Licenses, Rights and Obligations***

We discovered and developed both BRII-778 and BRII-732 in-house and own global rights for both BRII-778 and BRII-732. BRII-732 is a new chemical entity (NCE) that metabolizes into EFdA. BRII-778 is an ER formulation of rilpivirine hydrochloride that ideally will provide patients both the NRTI and potent NRTTI activity for a prolonged duration. In

2020, we filed a patent application covering BRII-732's formula and its use as part of a combination therapy. Once more data is available, we intend to file additional applications covering the BRII-778 ER formulation, and its use as a once-weekly regime.

***Material Communications***

In June 2020, we received a Pre-IND written response from the FDA regarding BRII-778 and submitted an IND application with the FDA in December 2020. We received a safe to proceed notice from the FDA to proceed with our planned Phase 1 clinical trial for BRII-778 and in April 2021 initiated the Phase 1 clinical trial for BRII-778 in the United States.

In March 2021, we submitted an IND application with the FDA for BRII-732 and received a safe to proceed notice from the FDA to proceed with the planned Phase 1 study in the United States in April 2021. We initiated first dosing for the Phase 1 study of BRII-732 in the United States in May 2021.

As of the Latest Practicable Date, no material adverse change had occurred with respect to the regulatory review or approval process of BRII-778 or BRII-732.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BRII-778 AND BRII-732 AS A FIXED DOSE COMBINATION PILL FOR ONCE-WEEKLY ADMINISTRATION SUCCESSFULLY.**

**BRII-636, BRII-672 and BRII-693 for MDR/XDR Gram-negative Infections**

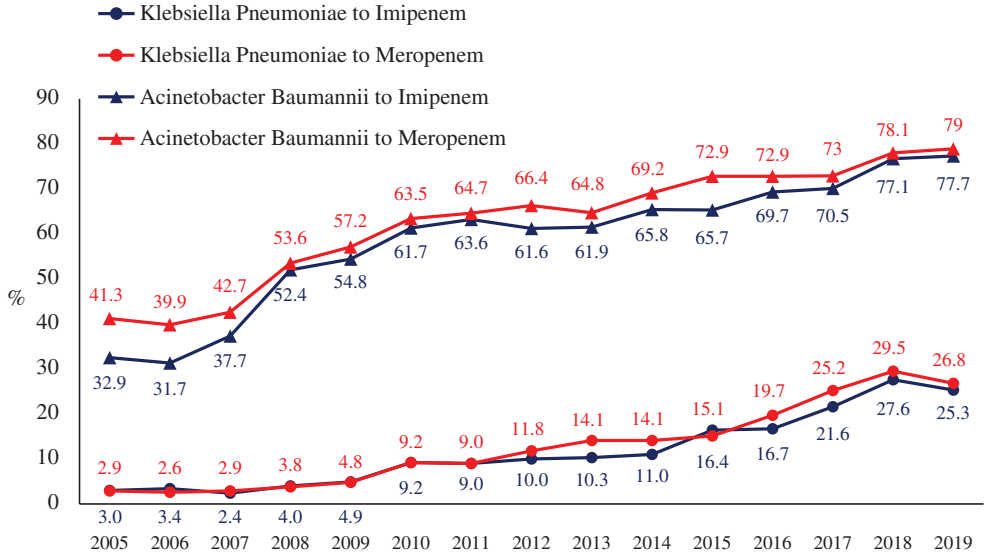
Multi-drug resistant (MDR) gram-negative bacterial infections are among the most significant public health problems in the world today, according to WHO. Some MDR gram-negative bacteria have been identified as priority pathogens on the WHO's list of most threatening "superbugs" in the world, including carbapenem-resistant bacteria named *Acinetobacter baumannii*, *Pseudomonas aeruginosa*, and *Enterobacterales* (such as *E.coli* and *Klebsiella pneumonia*). China bears a disproportionate burden of infections, in particular MDR pathogens that arise from a number of factors involving overuse of antibiotics in humans and animals. Over the past 15 years, MDR gram-negative infections have accounted for a significant percentage of all clinical infections in China according to Frost & Sullivan. During the same period, drug-resistance rates in China for antibiotics have also risen steadily. Therefore, novel antibiotics for MDR gram-negative infections represent an important opportunity to tackle such public health challenges.

Gram-negative bacteria frequently cause severe infections and particularly hospital-acquired infections. Increasingly, such infections are caused by bacteria that are resistant to multiple classes of antibiotics, and thus are termed MDR. Bacteria may be further subclassified within the MDR group as XDR or pan-drug resistant (PDR) depending on the number of classes

of drugs that are affected. Many bacteria that are resistant to all beta-lactam antibiotics (penicillins, cephalosporins, monobactams, and carbapenems) are also considered to be MDR, XDR or PDR depending on additional resistance to other drug classes, and thus can be difficult to treat.

Resistant pathogens can occur in the inpatient and ambulatory setting. Several national surveys demonstrate a steady increase in the recovery of MDR gram-negative pathogens according to Frost & Sullivan. These studies have shown increasing bacterial resistance to widely-used potent β-lactam agents such as imipenem and meropenem as well as to most existing oral antibiotics, including fluoroquinolones and trimethoprim-sulfamethoxazole. The chart below illustrates the increase in resistance rates for the two most prevalent carbapenems in China, imipenem and meropenem.

**Drug Resistance Rate to Imipenem and Meropenem in China, 2005-2019**




*Note:* CHINET surveillance of bacterial resistance across tertiary hospitals

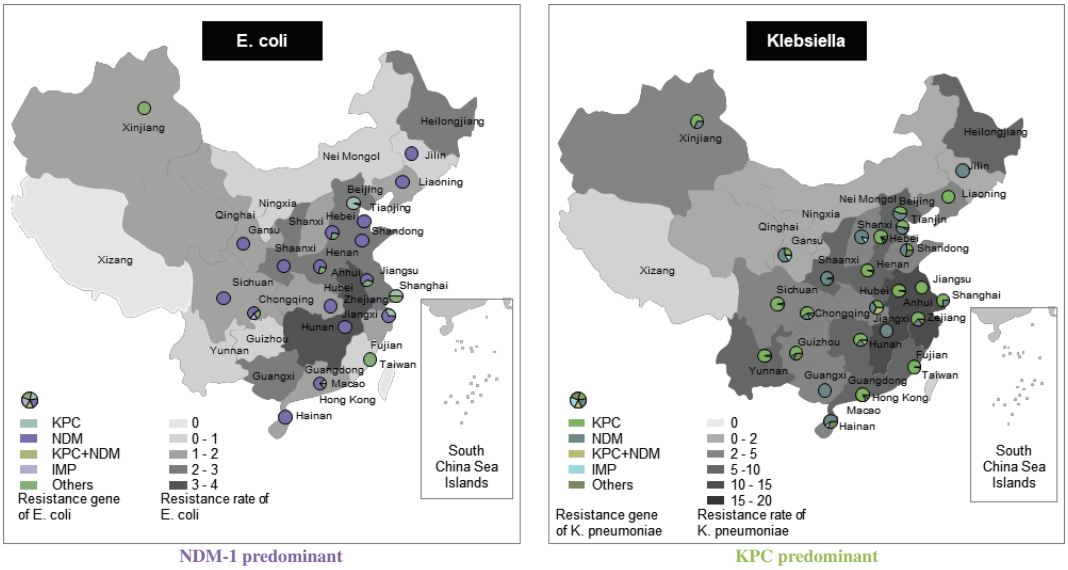
*Source: Frost & Sullivan Analysis.*

To date, none of the recently approved agents have oral formulations available for treatment of critical MDR gram-negative bacterial infections in an outpatient setting. Compared to intravenous antibiotics that can only be administered by healthcare professionals in the clinic, oral antibiotics provide convenience to patients and may reduce the healthcare resources needed for drug administration.

β-lactams represent an important class of antibiotics that kill bacteria by inhibiting the function of penicillin-binding proteins (PBPs), the essential proteins that are involved in the formation of cell walls. Carbapenems, a sub-class of the β-lactams, are considered to be one of the most reliable treatments for many clinically-important gram-negative bacteria, including *Enterobacterales, Acinetobacter baumannii, and Pseudomonas aeruginosa*. The predominant

cause of resistance to β-lactam antibiotics, including carbapenems, is their degradation by a family of bacterial enzyme called β-lactamase. There are two very different types of β-lactamases that lead to resistance: serine-β-lactamases (SBLs), and metallo-β lactamases (MBLs).

SBLs represent the largest group of β-lactamases and include enzymes such as extended spectrum β-lactamases (ESBLs) that can degrade the majority of cephalosporins, monobactams, and penicillins. SBLs also include carbapenemases such as the *Klebsiella pneumoniae carbapenemase* (KPC) that can degrade carbapenems as well as all other β-lactams. MBLs such as New Delhi Metallo-β lactamases (NDM), are a type of β-lactamase that can inactivate virtually all β-lactam antibiotics including carbapenems, with the exception of monobactams. Both SBLs and MBLs have become an increasing source of antibiotic resistance in the past decade, and both are endemic in common bacteria in many areas of China as shown in the figure below. Many bacteria have acquired both SBL- and MBL-mediated resistance. It should be noted that once a bacterium acquires carbapenemases, it often also acquires resistance genes for non-beta-lactam antibiotics, and thus, becomes resistant to multiple classes. This can lead to MDR or XDR and sometimes even PDR which makes the treatment option extremely limited.




**NDM-1 predominant**
**(49% of Carbapenem-resistance in E. coli)**

**KPC predominant**
**(74% of Carbapenem-resistance in Klebsiella)**

*Source: Frost & Sullivan Analysis.*

Combining β-lactams with inhibitors of β-lactamases (BLIs), is a proven strategy in combating β-lactam resistance. BLIs are designed to inactivate a range of β-lactamases that bacteria have acquired, and thus, to restore bactericidal activity of β-lactams against β-lactamase-producing bacteria. Given the high prevalence of both SBLs and MBLs in China, inhibition of both types of enzymes with a single inhibitor is highly desired.

Polymyxins also have potential in the fight against a rising global prevalence of MDR bacteria. Polymyxins are a class of cyclic polypeptides that bind to and disrupt the membrane of gram-negative bacteria by interacting with the phospholipids that make up roughly 40% of the bacteria's surface. They also bind to endotoxins, a toxic substance released from bacterial cell walls that can cause fever, diarrhea and potential septic shock. The only polymyxins in clinical use today are polymyxin E (colistin), and polymyxin B, which were first made clinically available in many countries in the 1950s. In the 1980s the use of polymyxins declined, due to their significant adverse effects, in particular, potential renal and neurological toxicity. Polymyxins have recently re-emerged as a last resort for PDR pathogens in hospital settings. Rejuvenated clinical interest has created opportunities for modern innovations to re-evaluate polymyxin. Polymyxins were recently brought back into the China market for human use driven by high demand, but the toxicities remain an obstacle for their use in clinics.

We are working with our partners to address the public health threat of MDR/XDR/PDR pathogens and identify innovations to meet not only today's but also tomorrow's threats. We are developing a novel BLI, BRII-636 (IV form) and BRII-672 (oral form), each combined with a β-lactam, against various β-lactamase-producing bacteria including *Enterobacterales*, *Acinetobacter baumannii*, and *Pseudomonas aeruginosa*. We are also developing a novel polymyxin, BRII-693, as a treatment of infections due to *Acinetobacter baumannii* or *Pseudomonas aeruginosa* that are carbapenem resistant or multi-drug resistant, and persist in patients who are contraindicated with β-lactams, penicillin, cephalosporin or carbapenem therapies. The table below sets out details of these products:

| BRII Code | Qpex Code | Product Name |
|---|---|---|
| **BRII-636** | QPX-7728 IV form | OMNIvance® (BRII-636 + IV β-lactam antibiotic), IV formulation |
| **BRII-672** | QPX-7728 oral form | ORAvance® (BRII-672 + oral β-lactam antibiotic), oral formulation |
| **BRII-693** | QPX-9003 | N/A |

*Source: Company information.*

### *Mechanism of Action*

BRII-636 is a novel cyclic boronic acid derived broad-spectrum inhibitor designed to cover all major SBLs and MBLs to restore the bacterial activity of multiple carbapenems and cephalosporins. It is administered by the IV route to deliver BRII-636 into the bloodstream. BRII-672 is a form of BRII-636 that can be administered orally to deliver BRII-636 into the bloodstream. These agents were discovered by our partner Qpex as part of their expertise in BLIs using the boron atom as a part of pharmacophore. We are developing OMNIvance® (BRII-636, a broad spectrum BLI, in combination with an IV β-lactam antibiotic) as separate products for use in Greater China (where we have secured exclusive rights).

The OMNIvance® program combines BRII-636 with an FDA-approved IV β-lactam antibiotic that is also widely used in China. As shown in the table below, the combination showed excellent potency against carbapenemase- and ESBL-producing *Enterobacterales*, carbapenem -resistant *Acinetobacter* spp., *Enterobacterales* and *Pseudomonas aeruginosa*.

The ORAvance® program combines BRII-672 with an FDA-approved oral β-lactam antibiotic. Resistance to β-lactam in Enterobacterales is on the rise, and as shown in the table below, this combination has shown promise against ESBL- and carbapenememase-producing *Enterobacterales*.

***Potential Advantages***

BRII-636 significantly enhances the potency of multiple beta-lactam antibiotics against carbapenem-resistant *Enterobacterales*, *Pseudomonas aeruginosa*, and *Acinetobacter baumanniii*, as shown below:

| Organism | Number of Strains | $MIC_{50/90}$ (μg/ml) | | | | | |
|---|---|---|---|---|---|---|---|
| | | Cefepime | Cefepime-BRII-636 (QPX-7728) | Ceftolozane | Ceftolozane-BRII-636 (QPX-7728) | Meropenem | Meropenem-BRII-636 (QPX-7728) |
| **All Enterobacterales** | 1,015 | 32/>32 | ≤0.06/0.25 | 32/>32 | 0.125/8 | 1/>32 | ≤0.015/0.125 |
| **ESBLs (No CRE)*** | 507 | 16/32 | ≤0.015/0.0.03 | 8/>32 | ≤0.06/0.25 | 0.03/0.125 | 0.015/0.03 |
| **CRE KPC** | 157 | 32/>32 | ≤0.06/0.25 | >32/>32 | 0.125/0.5 | 32/>32 | ≤0.06/0.125 |
| **CRE OXA-48** | 150 | >32/>32 | 0.125/0.5 | >32/>32 | 0.25/0.5 | 32/>32 | ≤0.06/0.125 |
| **Non-CP CRE*** | 51 | >32/>32 | 0.125/0.5 | >32/>32 | 0.125/1 | 8/16 | 0.125/0.25 |
| **CRE MBL (NDM, VIM)** | 150 | >32/>32 | ≤0.06/1 | >32/>32 | 16/>32 | 32/>32 | ≤0.015/2 |
| **Carbapenem-resistant** | | | | | | | |
| ***A. baumannii*** | 503 | >32/>32 | 16/32 | >32/>32 | 8/32 | >32/>32 | 0.5/4 |
| ***P. aeruginosa*** | 500 | 4/32 | 2/8 | 0.5/4 | 0.5/1 | 0.5/16 | 0.25/8 |

**ASM Microbe 2019 – AAR-709** BRII-636(QPX-7728): In Vitro Activity in Combination with Meropenem against Carbapenem Resistant Enterobacteriaceae (CRE) – Nelson *et al*
**ASM Microbe 2019 – AAR-711** BRII-636(QPX-7728): In Vitro Activity of the BRII-636(QPX-7728) combined with several β-lactams when tested against *Acinetobacter baumannii* (AB) and *Pseudomonas aeruginosa* (PA) – Castanheira *et al.*

*Source: Company information.*

The data shown below highlight the restoration of activity of oral β-lactam antibiotics against *Enterobacterales* producing both ESBLs and carbapenemase:

| Organism | Number | $MIC_{50/90}$ (μg/ml) | | | | | |
|---|---|---|---|---|---|---|---|
| | | Cefpodixime | Cefpodixime-BRII-636 (QPX-7728) | Ceftibuten | Ceftibuten-BRII-636 (QPX-7728) | Tebipenem | Tebipenem-BRII-636 (QPX-7728) |
| **All Enterobacterales** | 982 | >64/>64 | 1/16 | 32/>64 | ≤0.06/4 | 0.25/>64 | ≤0.06/1 |
| **ESBLs** | 372 | >64/>64 | 0.5/4 | 8/>64 | ≤0.06/1 | ≤0.06/0.5 | ≤0.06/0.125 |
| **CRE KPC** | 286 | >64/>64 | 2/8 | 16/>64 | 0.125/0.5 | 64/>64 | ≤0.06/2 |
| **CRE OXA-48** | 47 | >64/>64 | 1/8 | 64/>64 | 0.125/1 | 32/64 | 0.25/0.5 |
| **CRE MBL** | 226 | >64/>64 | 16/>64 | >64/>64 | 2/>64 | 32/>64 | 0.125/32 |

**ASM Microbe 2019 – ARR-710** BRII-636(QPX-7728): In vitro activity in combination with oral beta-lactam antibiotics against Enterobacterales – Rubio-Aparicio *et al*

*Source: Company information.*

BRII-636 and BRII-672 have the potential to address a full spectrum of most gram-negative infections across multiple patient types and care settings. Studies *in vitro* show that both BRII-636 and its prodrug BRII-672 can inhibit β-lactamases from all molecular classes. Consequently, they restore the activity of β-lactam antibiotics against strains of *Enterobacterales*, *Acinetobacter baumannii* and *Pseudomonas aeruginosa* that produce β-lactamases. Furthermore, as shown in the table below, BRII-636 is the only BLI with such a broad spectrum of β-lactamase inhibition coverage that can be administered both IV and orally (as BRII-672). The availability of the oral formulation will facilitate both outpatient treatment and step-down, or continuation, treatment, for patients following discharge after receiving IV BRII-636, or a similar treatment, in the hospital setting.

| Inhibitor Combo | Stage | ESBLs | CRE Serine | CRE Metallo | Pseudomonas | Acinetobacter |
|---|---|---|---|---|---|---|
| **OMNIvance™: BRII-636 (QPX7728)/ Undisclosed IV β-lactam antibiotic** | Phase 1 | ✔ | ✔ | ✔ | ✔ | ✔ |
| **Tazobactam/Ceftolozane** | Approved | ✓ | *Resistant* | *Resistant* | *Resistance Emerging* | *Resistant* |
| **Avibactam/Ceftazidime** | Approved | ✓ | *Resistance Emerging* | *Resistant* | ✓ | *Resistant* |
| **Vaborbactam/ Meropenem** | Approved | ✓ | *No OXA* | *Resistant* | *Potential for Resistance* | *Resistant* |
| **Relebactam/Imipenem** | Approved | ✓ | *No OXA* | *Resistant* | ✓ | *Resistant* |
| **Taniborbactam/ Cefepime** | Phase 3 | ✓ | ✓ | *No IMP* | ✓ | *Resistant* |
| **Durlobactam/Sulbactam** | Phase 3 | *Resistant* | *Resistant* | *Resistant* | *Resistant* | ✓ |

*Source: Company information*

BRII-693 is a next generation, synthetic polymyxin, which has emerged as a development candidate based on a combination of increased *in vitro* and *in vivo* potency, and an improved safety profile. BRII-693 has the potential to represent a significant advancement in the polymyxin class of antibiotics. In animal studies, BRII-693 has exhibited reduced toxicity, especially in renal toxicity, as well as better potency than existing polymyxin B and colistin. Multiple *in vitro* studies have demonstrated that BRII-693 four-fold more potent than colistin against MDR *Pseudomonas aeruginosa* and carbapenem resistant *Acinetobacter baumannii*. BRII-693 has also shown similar potency against both carbapenem and cephalosporin resistant *Enterobacterales* isolates. Unlike polymyxin B and Colistin E, the *in vitro* potency of BRII-693 is not reduced by pulmonary surfactants suggesting further improvement over polymyxin B to treat respiratory infections.

**Activity of BRII-693 (QPX-9003) and Comparators (as $MIC_{50}$/$MIC_{90}$) Against Pseudomonas aeruginosa (in μg/ml)**

| | MER | TOL-TAZ | CAZ-FEP | CAZ-AVI | PipTazo | AMK | GNT | LEVO | Colistin | QPX-9003 |
|---|---|---|---|---|---|---|---|---|---|---|
| | The panel of isolates reflecting current MIC distributions (N=500) | | | | | | | | | |
| $MIC_{50}$ | 0.5 | 0.5 | 4 | 2 | 8 | 4 | 2 | 1 | 0.5 | 0.25 |
| $MIC_{90}$ | 16 | 4 | 32 | 8 | 128 | 16 | 16 | >16 | 1 | 0.25 |

MER = meropenem; TOL = ceftolozane; TAZ = tazobactam; FEP = cefepime; CAZ = ceftazidime; AVI = avibactam; PipTazo = Piperacillin/Tazobactam; AMK = amikacin; GNT = gentamycin; LEVO = levofloxacin; QPX-9003 = BRII-693.

*Source: Company information.*

**Activity of BRII-693 (QPX-9003) and Comparators Against Carbapenem Resistant Acinetobacter baumannii (in μg/ml)**

| | The panel of isolates reflecting current MIC distributions (N=503) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | MER | CAZ-AVI | GNT | AMK | LEVO | TIG | Colistin | QPX-9003 |
| $MIC_{50}$ | >32 | 32 | 8 | >32 | 8 | 2 | 0.5 | 0.125 |
| $MIC_{90}$ | >32 | >32 | >16 | >32 | >16 | 8 | 4 | 1 |

MER = meropenem, CAZ = ceftazidime; AVI = avibactam; GNT = gentamycin; AMK = amikacin; LEVO = levofloxacin; TIG = tigecycline; QPX-9003 = BRII-693.

*Source: Company information.*

***Clinical Development Plan***

We are developing these MDR/XDR therapies in collaboration with our partner Qpex Biopharma, Inc. (Qpex) as part of their global development plan. We retain responsibility for the development and regulatory activities in Greater China, while Qpex is responsible for all development and regulatory activities outside Greater China.

*Qpex Early Development Activities*

Qpex is progressing BRII-636, BRII-672 and BRII-693 in parallel with a goal of moving each directly from designated Phase 1 studies to individual compound's global Phase 3 studies. Phase 1 enabling preclinical studies for each have been completed. Qpex submitted IND applications with the FDA for OMNIvance® (BRII-636+ IV β-lactam antibiotic), ORAvance® (BRII-672+ oral β-lactam antibiotic) and QPX-9003 (BRII-693) in October 2020, February 2021, and March 2021 respectively, and commenced Phase 1 clinical studies in Australia in November 2020, April 2021 and June 2021, respectively. It is expected that top line results for OMNIvance®, ORAvance® and BRII-693 will be available in the first half of 2022, the first half of 2023, and the first half of 2022, respectively.

*Our Development Plan for Greater China*

With regard to OMNIvance®, we intend to pursue clinical trials in China to evaluate safety and efficacy in patients with severe and life-threatening gram-negative bacterial infections that require IV therapy, likely engaging a CRO to manage the daily operations of such trials. We intend to investigate clinical efficacy and safety of OMNIvance® using clinical trials designed and conducted according to published regulatory guidance.

With regard to ORAvance® we plan to pursue clinical trials in China in patients with complicated urinary tract infections, likely engaging a CRO to manage the daily operations of such trials. Eventually, we plan on developing ORAvance® as an oral, step-down option for the same population as OMNIvance®, ideally providing patients the opportunity to partially replace IV administrations and shorten hospitalization periods, or completely avoid hospitalization with an outpatient prescription. We intend to address efficacy by test of cure in those administered ORAvance® in a randomized controlled trial.

With regard to BRII-693, we intend to pursue clinical trials in China to evaluate its efficacy as a treatment for hospital-acquired or ventilator-associated pulmonary infections, HAP or VAP, caused by *Acinetobacter spp.* and *Pseudomonas aeruginosa*, particularly carbapenem resistant strains, likely engaging a CRO to manage the daily operations of such trials. Alternatively, we will develop BRII-693 for the treatment of secondary bloodstream infections and bacteremia caused by *Acinetobacter spp.* and *Pseudomonas aeruginosa*. The primary efficacy endpoint may be all-cause mortality in the study population at the late follow up visit (day 28). Our secondary analysis will address all-cause mortality at day 14, and clinical cure at days 17-21.

Qpex has provided us with the Phase 1 IND packages filed with the FDA for OMNIvance®, ORAvance® and BRII-693. In the second and fourth quarter of 2021 and the third quarter of 2022, we used and plan to use each package to support our requests for pre-IND meetings in China regarding OMNIvance®, BRII-693 and ORAvance®, respectively. We then intend to join Qpex's global Phase 3 studies to conduct studies on Chinese patients, and we plan to get alignment with CDE on the number of patients that will be sufficient to support the registration of OMNIvance®, ORAvance® and BRII-693 in China. We anticipate filing IND applications for OMNIvance®, ORAvance® and BRII-693 with NMPA as early as the first quarter of 2022, the first quarter of 2023 and the fourth quarter of 2022, respectively.

***Market Opportunity and Competition***

We are committed to advancing therapies to address the most significant public health problems in China and globally, including MDRs and XDRs. China is among the world's largest producers and consumers of antibiotics. The MDR gram-negative antibiotics market in China maintained stable growth in the past five years, totaling US$3.0 billion in 2019 and predicted to grow to US$7.7 billion in 2034, according to Frost & Sullivan. The antibiotics market in China is driven by an increasing vulnerable population in China, increasing resistance to existing antibiotics and the recent launch of novel antibiotics. For more information, please see "Industry Overview – The Gram-negative Infections Drug Market."

The Chinese government has identified antibiotic resistance as a major public safety problem. The overuse of antibiotics in clinical practice and in animal feed has led to high antibacterial resistance in some important clinical isolates, especially carbapenem-resistant pathogens, which have been increasing over the past decade. Dense patient populations in China have also allowed resistant bacteria to disseminate throughout its hospitals. According to pathogenic test results in over 1,400 hospitals, a significant percentage of bacteria detected are MDR gram-negative. With limited testing technologies and rapid disease progression, the MDR gram-negative infection rate may be higher in reality, according to Frost & Sullivan.

A limited number of antibiotics against MDR gram-negative bacteria have been launched in China in the past 20 years. In China, tigecycline, which was launched for clinical usage in 2010, remains the primary choice for treatment of serious MDR bacterial infections and is one of the last treatmen options remaining for carbapenem-resistant Enterobacterales.

Some existing antibiotics combined with the older BLIs such as tazobactam and sulbactam are available on the China market, but their limited spectrum does not satisfy China's serious and urgent unmet need for new oral and IV agents to treat gram-negative infections due to resistant bacteria in both the community and hospital settings. While currently approved BLI combinations in China address widespread SBLs, none provide broad coverage against clinically important MBLs.

The combination of BRII-636 and BRII-672 covers all three major drug resistant gram-negative bacteria with strong characterizations of spectrum and potency, and is being developed to cover all major SBLs and MBLs. Our IV and oral formulations can enable flexible treatment regimens in both inpatient and outpatient settings. Our oral formula could potentially allow patients to reduce or avoid hospitalization.

In China, new cases of HAP and VAP increased from 3.0 million to 3.9 million from 2015 to 2019, and are forecasted to reach 6.1 million by 2030. Colistin and polymyxin B are used more frequently in China than in the United States, but as a last resort therapy, often in combination with other antibiotics to treat an infection caused by carbapenem-resistant *Acinetobacter baumannii* or *Pseudomonas aeruginosa*. Clinical use of colistin and polymyxin B often also requires significant resources to monitor and manage the renal function, especially for patients who have impaired renal function. BRII-693 has exhibited reduced renal toxicity and maintained full activity in the presence of surfactants in the preclinical setting, and could potentially become a safer and more potent option than colistin and polymyxin B.

***Licenses, Rights and Obligations***

In July 2019, we entered into an equity and license agreement with Qpex, pursuant to which we secured the exclusive rights to develop and commercialize BRII-636, BRII-672 and BRII-693 in Greater China. The agreement requires that we co-develop and co-fund certain named core program activities, but our financial obligation is capped at US$40 million for activities associated with BRII-636, BRII-672 and BRII-693. For more information, please see "– Collaboration and Licensing Agreements – Collaboration with Qpex Biopharma."

*Material Communications*

As of the Latest Practicable Date, no material adverse change had occurred with respect to the regulatory review or approval process of BRII-636, BRII-672 or BRII-693.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BRII-636, BRII-672 AND BRII-693 FOR MDR/XDR GRAM-NEGATIVE INFECTIONS SUCCESSFULLY.**

**BRII-658 for Multi-Drug Resistant Tuberculosis**

BRII-658 (AN2-501971) is a novel antibiotic for MDR and XDR tuberculosis (TB) and has potent and broad-spectrum activity against mycobacteria and other pathogens of high unmet need. BRII-658 has a novel mechanism of action, oral and intravenous routes of administration, and an attractive safety and tolerability profile for addition to standard-of-care combinations. We believe BRII-658 has a promising profile to be a component of an effective therapy for TB. In addition to its novel mechanism of action, it is active against MDR and XDR TB isolates, and exhibits efficacy in preclinical models and has the potential to meet the target product profile for new TB drugs. Currently, we have not made any clinical efforts in the development of BRII-658, but under the AN2 License Agreement, we have exclusive rights to develop and commercialize BRII-658 against MDR/XDR TB in Greater China once BRII-658 meets the pre-defined clinical criteria against its targeted mycobacterial infections such as MDR and XDR TB.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BRII-658 FOR MDR/XDR TUBERCULOSIS SUCCESSFULLY.**

**BRII-196 and BRII-198 for the Treatment of COVID-19**

The COVID-19 pandemic is an ongoing public health crisis caused by the severe acute respiratory syndrome coronavirus 2, or SARS-CoV-2. According to Frost & Sullivan, there were over 117 million recorded infections and over 2.7 million deaths as of March 2021. Despite government lockdowns, quarantines and curfews worldwide, the virus is an ongoing global health emergency, particularly with emerging variants, increasing infection rates and reinfection risks in some countries and regions.

To address the COVID-19 pandemic, we are leveraging our expertise in infectious diseases to develop BRII-196 and BRII-198, two neutralizing antibodies (nAbs) identified by our subsidiary TSB for the treatment of patients suffering from COVID-19 and providing up to 6 months of potential protection from infection for those exposed, or likely to be exposed, to SARS-CoV-2. If approved, this cocktail therapy will be administered by IV in two sequential doses. To date, the bulk of our development efforts for BRII-196 and BRII-198 have been conducted through cost-sharing partnerships with governments, with a goal of delivering an effective therapy to benefit people around the world.

The long-term commercial value proposition for neutralizing antibody therapies is evolving. Early treatment of ambulatory COVID-19 patients with neutralizing antibodies has shown effectiveness if treatment begins shortly after symptom onset. However, for hospitalized patients, clinical investigations of several antibodies have failed to demonstrate added benefits over the current standard of care of at least two approved active therapeutics. In addition, several nAbs that have received EUAs for the treatment of COVID-19 have nonetheless experienced disappointing uptake rates due to challenges related to IV administration in an outpatient setting. Finally, the introduction of effective vaccines (including vaccines based on fast changing and evolving technologies such as RNA, including mRNA) has damped demand for nAbs.

We and TSB, a subsidiary of ours in which we hold a 72.77% interest, collectively hold global rights to BRII-196 and BRII-198. For further details, please see "– Collaboration and Licensing Agreements – TSB and Collaboration with Tsinghua University and Third People's Hospital of Shenzhen."

***Mechanism of Action***

SARS-CoV-2 enters human pulmonary epithelial cells in the respiratory tract using a surface spike protein containing a receptor binding domain (RBD) that specifically recognizes the angiotensin-converting enzyme 2 receptor, or ACE2 receptor, on human cells. Once a patient is infected, their immune system will try to combat the virus by producing antibodies that bind to epitopes in the RBD to block and inhibit the virus from binding and entering cells. These antibodies are known as neutralizing antibodies. Unfortunately, it can take days or weeks for this portion of the adaptive immune system to develop following exposure to SARS-CoV-2 infection.

Our approach is to preempt or strengthen the targeted, adaptive immune response by providing patients with an infusion of neutralizing antibodies. These antibodies, which work quickly to block the virus from binding to the ACE2 receptor, can potentially offer a more rapid therapeutic effect after dosing than what would be obtained with a vaccine. We selected and designed BRII-196 and BRII-198 to provide this immediate protection.

BRII-196 and BRII-198 non-competitively recognize distinct epitopes in the RBD of the spike protein of SARS-CoV-2 virus, a strategy that reduces the chance of resistant virus emerging during antibody treatment and increases the likelihood that antibodies will bind to future virus variants. We introduced a modification to the Fragment crystallizable region (Fc region) of each antibody to prolong the antibodies' half-life.

Both BRII-196 and BRII-198 demonstrated antiviral activity against SARS-CoV-2 viruses *in vitro* and *in vivo* in a hACE2 mouse model. When BRII-196 and BRII-198 are combined, targeting different RBD epitopes, they have the potential to exhibit additive effects in neutralizing SARS-CoV-2 and can prevent mutational escape of the virus. New variants of COVID-19 have rapidly emerged and are expected to continue to develop. These variants may significantly undermine the neutralizing effect of those antibodies currently approved or under

development for the treatment of COVID-19. In February and March 2021, two independent studies by researchers of Columbia University in the United States and Tsinghua University in China evaluated the continued efficacy of various nAbs, including BRII-196 and BRII-198, against pseudo virus variants containing single or combined mutations identified in the spike proteins of commonly circulating variants from the United Kingdom, South Africa and Brazil. These studies indicated that (i) BRII-196 and BRII-198 with non-overlapping epitope binding regions retained antiviral activity against the United Kingdom, South African and Brazilian variants and (ii) both the South African and Brazilian variants are resistant to neutralization by a group of potent mAbs that target the RBD.

BRII-196 and BRII-198 are administered as sequential intravenous infusions for the treatment of COVID-19 and are being studied in the planned and ongoing clinical studies for BRII-196 and BRII-198.

***Summary of Clinical Trial Results***

*Overview of Clinical Trials*

In response to the COVID-19 pandemic, many countries have created special emergency programs to accelerate the development of treatments for COVID-19. For example, the U.S. National Institutes of Health (NIH) has developed master trial protocols as part of the Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) program, a public-private partnership to speed the development of the most promising COVID-19 vaccines and treatments.

As described below, we have generated safety and pharmacokinetic (PK) data to support Phase 2/3 studies for the treatment of COVID-19 patients in separate Phase 1 investigations of BRII-196 and BRII-198 in healthy subjects in China. Each Phase 1 trial commenced in July 2020 and involves 16 healthy subjects who received assigned treatment (12 nAb and 4 placebo). We completed all follow-up visits of these two Phase 1 studies in February 2021.

Based on interim safety and PK data available from our then-ongoing Phase 1 clinical studies, we were accepted into the ACTIV Phase 2/3 development program in October 2020 for testing BRII-196 and BRII-198 combination therapy in hospitalized (ACTIV-3) and ambulatory (ACTIV-2) patients. We commenced dosing in each study in December 2020 and January 2021, respectively. As described below, in April 2021, our Phase 2/3 ACTIV-2 clinical study advanced to the Phase 3 portion after meeting pre-specified safety and efficacy data in ambulatory patients. Previously, in March 2021, our participation in the ACTIV-3 program for hospitalized patients was halted when BRII-196 and BRII-198 failed to meet pre-specified efficacy criteria in hospitalized patients receiving the standard of care.

*Phase 1 BRII-196 and BRII-198 Single Drug Clinical Studies in Healthy Volunteers in China (study follow-up completed)*

Phase 1 clinical studies were designed to assess the PK, safety and tolerability of both BRII-196 and BRII-198 and were executed with the assistance of our CRO, which handled drug candidate administration and clinical activities with our guidance and close supervision.

In each of the BRII-196 and BRII-198 studies, 12 healthy subjects were dosed with BRII-196 or BRII-198, and four subjects received placebo. The safety report indicates that at the dose level of up to 3000 mg, both investigational drugs, BRII-196 and BRII-198, are safe and well tolerated. There were no reports of infusion-related reaction, hypersensitivity reaction or adjustment of infusion rate due to AEs during the administration. No SAEs or AEs of Grade 3 or above have been reported. No medical interventions were needed. Most laboratory abnormalities were transient and returned to normal range or baseline level within one to four weeks of study follow-up without any clear pattern or correlation to dose. The PK profiles for BRII-196 and BRII-198 were consistent with model projections supportive of long half-life therapeutic potential.

*Global Phase 2/3 Studies (ACTIV Clinical Trials) in Patients with COVID-19*

Study Purpose, Design, Interim Decision and Sponsorship

The ACTIV-2 and ACTIV-3 programs include master trial protocols that were developed, sponsored and paid for (other than drug supply costs) by the NIH and are coordinated by the Foundation for the National Institutes of Health (FNIH). The ACTIV-2 program addresses patients with mild and moderate COVID-19 that do not require hospitalization, and the ACTIV-3 program addresses patients cared for at a hospital. The master protocols include randomized, double-blind, and placebo-controlled Phase 2/3 studies. An independent Data and Safety Monitoring Board (DSMB) appointed by NIAID oversees the trial and periodically reviews the accumulating data to ensure that each trial is conducted in a safe and effective manner. DSMB members are independent from us. A positive response in the first stage (Phase 2) will transition a drug candidate to the second stage (Phase 3), where additional patients are recruited for treatment. The sample size of both trials is designed to be adequate to support potential BLA registration of the drug candidates participating in the master trial protocol. For example, our participation in the ACTIV-2 program began with a small group of 220 volunteers at a 1:1 ratio. If in the first stage there are no serious safety concerns and the results have met pre-specified criteria, the trial will transition to the second stage (Phase 3) to enroll approximately 622 additional outpatient volunteers, for a total of 842 trial participants in our ACTIV-2 study.

We do not participate in the design of the ACTIV-2 or ACTIV-3 master protocols, nor are we involved in the day-to-day management of these clinical trials. These processes are handled internally by NIH working groups comprised of senior scientists representing government, industry, non-profit, philanthropic and academic organizations. We do not ultimately determine whether BRII-196 or BRII-198 will remain or advance and do not control the release of data

from either program. It is important to note that the ACTIV master protocols anticipate real world use of any potential therapeutics, hence they should not be compared to other registration studies that may select different study populations to ensure better responses to the investigational products.

In June 2020, we submitted our application for the inclusion of the BRII-196 and BRII-198 cocktail therapy in the ACTIV programs. In July 2020, FNIH notified us that the ACTIV-2/3 Agent Selection Committee had recommended us, and the Trial Oversight Team endorsed us, to participate in the master protocol (which is U.S. government funded). In August 2020, participation in the ACTIV-3 trial was reapproved. In October 2020, we and the NIAID fully executed Clinical Trial Agreements with respect to the participation of BRII-196 and BRII-198 in the ACTIV-2 and ACTIV-3 programs. First patient first dosing for the ACTIV-3 and ACTIV-2 trials began in December 2020 and January 2021, respectively. In March 2021, our participation in the ACTIV-3 program ceased when BRII-196 and BRII-198 failed to meet pre-specified efficacy criteria in hospitalized patients receiving the standard of care. No safety issues were identified. In late April 2021, the Phase 2/3 clinical study in ambulatory patients advanced to the Phase 3 portion after meeting pre-specified safety and efficacy data in ambulatory patients.

Status of ACTIV-2

In late 2020 and early 2021, ambulatory participants were randomized into cohorts of 110 participants each to be administered, as two separate IV infusions as a one-time dose, one of two regimens: (i) 1000 mg of BRII-196 followed by 1000 mg of BRII-198 or (ii) placebo (two separate IV infusions). For 72 weeks thereafter, subjects will visit the clinic for intermittent sample collection and assessment. To guide the progress of the study and ensure the safety of the subjects, a DSMB performs ongoing reviews of safety and tolerability based on data collected in pre-planned cohorts.

In April 2021, a DSMB composed of independent subject matter experts determined that BRII-196 and BRII-198 met pre-specified safety and efficacy criteria, permitting continuation of Phase 3 of the ACTIV-2 trial as recommended by the DSMB. The recommendation was based on the DSMB's analysis of approximately 220 patients enrolled in the Phase 2 portion of the study. Pre-defined safety and efficacy criteria, including assessments of antiviral activity and clinical efficacy, relative to placebo, were evaluated during this review in ambulatory patients with COVID-19 at high risk for progression to severe disease.

The Phase 3 portion of the study, which has been actively enrolling participants, is expanding into Puerto Rico, Argentina and South Africa and potentially other countries, allowing for a broader assessment of the BRII-196 and BRII-198 combination in ambulatory COVID-19 patients, potentially including data against newly emerged SARS-CoV2 variants endemic to those countries.

*Phase 1 BRII-196 and BRII-198 Combination Study in China in Healthy Volunteers (ongoing)*

The BRII-196 and BRII-198 combination therapy is being assessed in a Phase 1 study regulated by the NMPA in China in up to 24 adult healthy volunteers. This study is designed as a randomized, single-blind, placebo-controlled, single ascending dose escalation study of the safety, tolerability and PK of BRII-196 and BRII-198, administered intravenously to healthy adult volunteers. We have enrolled a CRO to support operational activities. The aim of the study is to evaluate single ascending doses of BRII-196 and BRII-198 as a combination therapy. This study may enable us to further develop our combination therapy in China.

As of the Latest Practicable Date, the Phase 1 BRII-196 and BRII-198 combination study in China was ongoing.

*Phase 2 BRII-196 and BRII-198 Combination Study in China in COVID-19 Patients (ongoing)*

In addition to continued participation in the ACTIV-2 trial outside of China, in June 2021, we commenced a Phase 2 clinical study for BRII-196 and BRII-198 combination therapy in China in response to the recent COVID-19 cases in Guangzhou and Shenzhen. The BRII-196 and BRII-198 combination therapy is being assessed in a Phase 2 study regulated by the NMPA in China in 48 patients with COVID-19. This study is designed as a randomized, single-blind, placebo-controlled study. Patients will receive one of the following regimens, (i) 1000 mg of BRII-196 followed by 1000 mg of BRII-198, (ii) 500 mg of BRII-196 followed by 500 mg of BRII-198, or (iii) placebo (two separate IV infusions of saline). We have enrolled a CRO to support operational activities. The aim of the study is to evaluate the safety and efficacy of a single dose IV infusion of BRII-196 and BRII-198 given sequentially as combination therapy in the treatment of patients with COVID-19. This study may enable us to further develop our combination therapy in China.

Status of ACTIV-3

In late 2020 and early 2021, hospitalized participants were randomized into cohorts of approximately 150 participants each to be administered, as two separate IV infusions as a one-time dose, of one of two regimens: (i) BRII-196 followed by BRII-198 and the standard of care of remdesivir and dexamethasone; or (ii) placebo (two separate IV infusions) and the standard of care of remdesivir and dexamethasone. For 18 months thereafter, subjects will visit the clinic for intermittent sample collection and assessment. To guide the progress of the study and ensure the safety of the subjects, a DSMB performs ongoing reviews of safety and tolerability based on data collected in pre-planned cohorts.

In March 2021, the DSMB evaluated interim safety and efficacy data relating to our cocktail therapy in hospitalized patients. As specified by the protocol, data from approximately 300 randomized patients at their day five ordinal scale were evaluated by the DSMB for signs of clinical benefit against the current standard of care. The DSMB determined that BRII-196 and BRII-198 failed to meet pre-specified efficacy criteria for continued ACTIV-3 patient enrollment, and our participation in ACTIV-3 therefore ceased in March 2021. No safety concerns with BRII-196 and BRII-198 were identified by the DSMB.

***Clinical Development Plan***

We believe government-sponsored trials in established trial networks with hundreds of hospitals provide the most efficient platform and opportunity to expedite the development of our BRII-196 and BRII-198 cocktail therapy. We intend to continue Phase 2/3 development under the ACTIV-2 trial protocol and to use the ACTIV-2 results in the United States, Europe and China in seeking related governmental approvals (via EUAs or similar authorizations), which is subject to discussions with the applicable governmental authorities. We expect that the top line results will be available in the second half of 2021 for the ongoing ACTIV-2 trial.

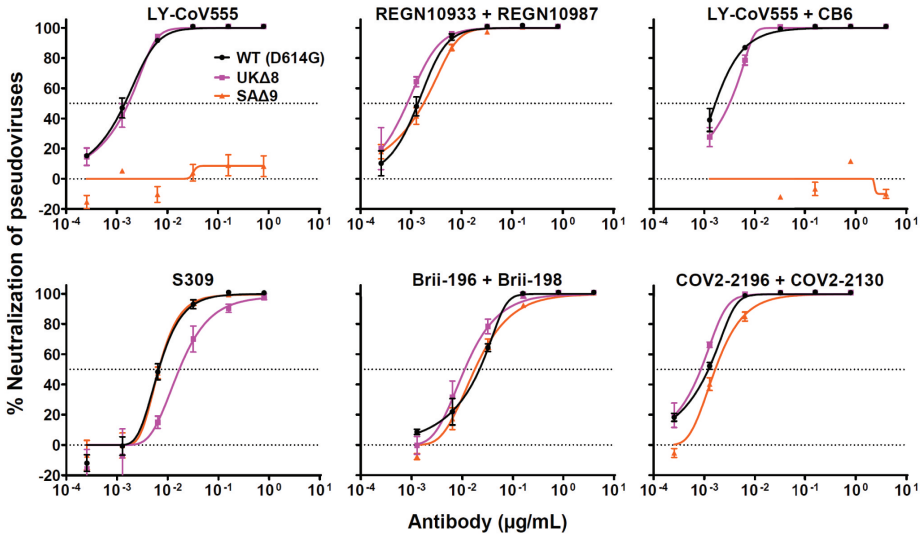
In addition to our ACTIV-2 clinical trials from outside of China, data from our Phase 1 studies and our Phase 2 study, each regulated by NMPA, will be necessary to support China registration and approval.

***Market Opportunity and Competition***

Recently developed vaccines have shown high protection rates against COVID-19, but other treatments may still benefit patients who have been infected. To date, remdesivir, originally tested as an antiviral against Ebola and hepatitis C, is the only fully FDA approved antiviral treatment for COVID-19. In addition, steroids, such as dexamethasone, and cytokine inhibitors have shown promise in reducing the immune system's overreaction to COVID-19.

As of the end of March 2021, more than 40 companies have brought COVID-19 nAbs to clinical stage development globally. Notably, Regeneron, Eli Lilly, AstraZeneca and Vir with GSK, have advanced therapies to Phase 3 or Phase 2/3 trials. Of these, Vir/GSK, Regeneron's and Eli Lilly's nAbs are in continuing Phase 3 studies in the United States for the treatment of ambulatory COVID-19 patients. The FDA granted an EUA for Eli Lilly's combination nAbs therapy, LY-CoV555 and JS016, in February 2021. LY-CoV555 alone had previously received an EUA in November 2020 but the EUA was later revoked. Regeneron's combination nAbs therapy, REGN10933 and REGN10987, was granted an EUA in November 2020. Each of these EUAs was granted for the treatment of mild to moderate COVID-19 patients that are at high risk of progressing to severe COVID-19 and/or hospitalization. The FDA has also granted EUAs to an oral selective inhibitor from Eli Lilly for use in combination with remdesivir in November 2020 and COVID-19 convalescent plasma in August 2020, among other treatments. Several other companies have announced that they are seeking an EUA from the FDA for their antibody treatment.

As indicated below a number of the antibody therapies under development have demonstrated reduced or total loss of efficacy against certain emerging COVID-19 variants.




*Source: Frost & Sullivan analysis.*

Subject to satisfactory progress in the ACTIV-2 clinical study, (i) we may have commercial sales of BRII-196 and BRII-198 in the second half of 2022, and (ii) prior to that, we may make government stockpile sales to a limited number of governmental agencies subject to necessary government approvals. The governmental agencies will be responsible for distribution of the cocktail therapy to clinical locations for administration. Demand for our cocktail therapy could vary depending on the increased prevalence of the United Kingdom, South African or Brazilian COVID-19 variants.

In connection with any government stockpile sales, we plan to avail ourselves of various forms of government-provided immunity from liability, as well as seek other protections available to manufacturers and developers of a drug or biologic used to treat, cure or mitigate COVID-19 (including protections available under the PREP Act in the United States). See "– Patents and Other Intellectual Property – Patent Dispute" and "– Regulatory Overview – Overview of Laws and Regulations in the United States – The Public Readiness and Emergency Preparedness Act."

***Licenses, Rights and Obligations***

Our subsidiary TSB owns the antibodies and the related technologies necessary to advance the BRII-196 and BRII-198 cocktail therapy for the treatment of and prophylactic use against SARs-CoV-2 infection (including COVID-19). In June 2020, we entered into a license agreement with TSB (TSB License Agreement), pursuant to which TSB granted us an exclusive perpetual, irrevocable, royalty-bearing license with the right to grant sublicenses, through multiple tiers, to research and develop, manufacture and commercialize in all territories other than Greater China (i) the antibodies and (ii) licensed products (including BRII-196 and

BRII-198) in all human uses (including the diagnosis, prevention and treatment of SARs-CoV-2 infection, including COVID-19, or infection by other coronaviruses, but excluding any human uses by means of mRNA direction). TSB retains the right to undertake such activities exclusively in Greater China. We will recognize revenue from TSB in our financial results on a consolidated basis. For more information, please see "– Collaboration and Licensing Agreements – TSB and Collaboration with Tsinghua University and Third People's Hospital of Shenzhen."

***Material Communications***

In June 2020, we submitted IND applications to, and obtained approval from, the NMPA for the Phase 1 BRII-196 and BRII-198 single drug studies in healthy volunteers in China.

In August 2020, we submitted an IND application to the NMPA for the Phase 1 BRII-196 and BRII-198 combination study in China and obtained approval for such study in September 2020.

In August 2020, we submitted the interim safety report from our completed Phase 1 clinical studies of BRII-196 and BRII-198 in healthy volunteers in China to the FDA and the MHRA for their confirmation of safety.

In October 2020, based on interim safety and PK data available from our then-ongoing Phase 1 clinical studies, we were accepted into the ACTIV Phase 2/3 development program for testing BRII-196 and BRII-198 combination therapy in ambulatory (ACTIV-2) and hospitalized patients (ACTIV-3).

In February 2021, we submitted IND applications to, and obtained approval from, the NMPA for the Phase 2 clinical study of BRII-196 and BRII-198 combination therapy in COVID-19 patients in China. The Phase 2 BRII-196 and BRII-198 combination study was approved based on CDE's review of the available clinical data with respect to BRII-196 and BRII-198 which had no indication of safety concerns.

In March 2021, the DSMB determined that BRII-196 and BRII-198 failed to meet pre-specified efficacy criteria for continued ACTIV-3 patient enrollment, and our participation in ACTIV-3 therefore ceased in March 2021.

In April 2021, the DSMB determined that our Phase 2/3 ACTIV-2 clinical study for BRII-196 and BRII-198 would advance to the Phase 3 portion after meeting pre-specified safety and efficacy data in ambulatory patients.

As of the Latest Practicable Date, no material adverse change had occurred with respect to the regulatory review or approval process of BRII-196 and BRII-198 in ambulatory patients.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BRII-196 AND BRII-198 AS INDIVIDUAL OR COMBINATION THERAPIES SUCCESSFULLY.**

**BRII-296 for PPD**

Postpartum depression (PPD) is a major women's health concern and a common and often debilitating complication of pregnancy affecting approximately 13% of women within a year of childbirth. PPD is a type of major depressive disorder (MDD) with peripartum onset during pregnancy or within 4 weeks following delivery. Women with PPD experience symptoms of MDD, including depressed mood, the loss of ability to experience pleasure, or anhedonia, low energy and even suicidal ideation and behavior. PPD is also known to cause disruptions in the mother-child relationship and to contribute to longer-term adverse outcomes in the child. Women with an episode of PPD are more likely to experience PPD with subsequent pregnancies.

Until 2019, there were no pharmacological interventions specifically indicated for PPD. Off-label use of oral anti-depressant treatment comprising selective serotonin re-uptake inhibitors (SSRIs) has been the historic first-line treatment for PPD which may expose infants to medication exposure through breastfeeding. In March 2019, the FDA approved the first drug specifically indicated for PPD, brexanolone (brand name Zulresso®), a synthetic version of the naturally occurring hormone allopregnanolone, developed by SAGE Therapeutics. Following the administration via intravenous (IV) infusion, Zulresso® demonstrated rapid improvement and prolonged responses in patients with moderate or severe PPD. However, Zulresso® has significant limitations, including a complicated 60-hour continuous IV infusion protocol and a boxed warning on its product label related to the risk of excessive sedation and sudden loss of consciousness (LOC) during administration observed in several patients. Consequently a Risk Evaluation and Mitigation Strategy (REMS) was implemented to ensure safe use of the product. Although the FDA and SAGE were not able to definitively determine the cause of LOC, a few events were in subjects known to have received high doses and associated sudden change of drug levels due to infusion pump malfunctions though the exact overdose level was not determined. Therefore, unexpectedly high levels of Zulresso® may have contributed to the episodes of LOC.

We are responding with BRII-296, our novel, proprietary approach to address the challenges associated with current treatments for PPD. We do so leveraging insight gained from, and applied drug formulation know-how utilized in, developing long-acting therapies for HIV where convenience of drug administration and patient compliance are critical to potential treatment success. Chronic illnesses, including infectious diseases such as HIV infection and AIDS are documented to cause depression.

BRII-296 is a synthetic version of naturally occurring neuroactive steroid administered in a single intramuscular (IM) injection, providing a more convenient delivery than the 60-hour infusion required for Zulresso®. BRII-296 is designed as a long-acting injectable. Based on pre-clincial pharmacokinetic studies performed by us through our CRO, we theorize BRII-296 will be gradually released from the injection depot site, allowing a continuous exposure to reach maximum plasma concentration (Cmax) and then a gradual taper of drug concentration in the plasma. We believe that BRII-296 will be safe and tolerable, without the risk of LOC that limits the use of Zulresso® possibly due to sudden changes of drug levels in patients. Notably,

clinical studies in patients with MDD with an orally-administered, neuroactive steroid, SAGE-217 (developed by SAGE Therapeutics), have reported no LOC events to date. However, SAGE-217 requires adherence to a daily course of this oral medication over 14 days. In MDD, adherence can be impaired due to cognitive changes and apathy associated with the illness. Indeed, even in the rigorous context of a Phase 3 clinical trial, reduced adherence was shown in the SAGE-217 MOUNTAIN MDD study: approximately nine percent of patients in the SAGE-217 30 mg group had no measurable drug concentration. This finding provides an important area of differentiation for BRII-296 in MDD – administered by a clinician as single IM injection, it would ensure adherence. Furthermore, BRII-296 has very low oral bioavailability and is believed to pose little or no exposure to an infant when breastfeeding, unlike SSRIs or other oral anti-depressants which may be absorbed from breastmilk by infants during breastfeeding. Finally, given its administration in an outpatient setting, BRII-296 minimizes the interruption of mother-infant bonding, which may be put at risk during the lengthy hospital (or infusion clinic) stay that Zulresso® administration requires. We believe that BRII-296 will offer healthcare professionals a simpler and more rapid administration procedure that will be more convenient, safer and better tolerated for patients and will be a more cost-effective solution for treating PPD, thereby potentially reaching more patients in need of care than are currently treated.

By leveraging the existing knowledge of synthetic neuroactive steroids and applying our insight and know-how in drug formulation and development, we commenced dosing in the Phase 1 safety, tolerability and pharmacokinetic (PK) proof of concept clinical trial of BRII-296 in the United States in early April 2021 with a plan to initiate a Phase 2/3 clinical trial for the treatment of PPD in 2022. We expect to launch commercial sales of BRII-296 in the second quarter of 2024 in the United States.

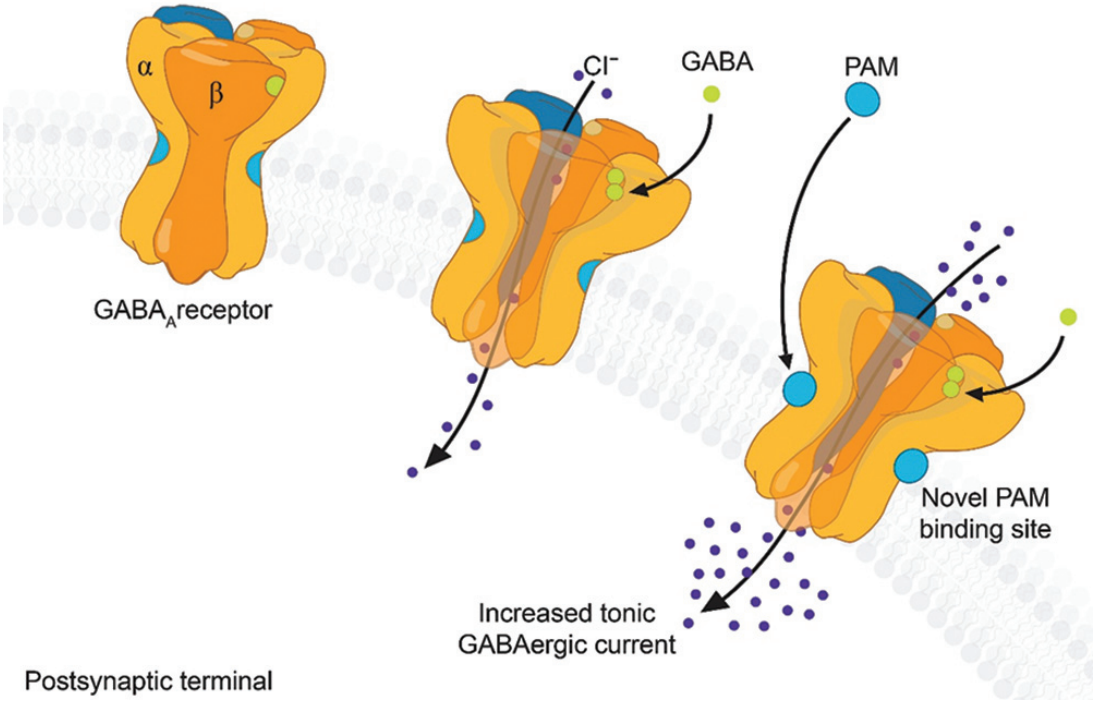
If results are favorable, we aim to conduct further clinical studies that may expand the indication to the prevention of PPD in peripartum women at risk for PPD. Women at risk of PPD include those women diagnosed with PPD during a prior pregnancy and/or with a history of MDD. Approximately 25.5% of women who were previously diagnosed with PPD may experience PPD after their second delivery, and approximately 56.8% of women who were diagnosed with PPD in their two previous postpartum periods may experience PPD after their third delivery.

***Mechanism of Action***

Allopregnanolone is a naturally occurring steroid that is synthesized in the brain and has antidepressant effects. Toward late gestation, levels of allopregnanolone in a woman's blood rise gradually to approximately 50 ng/mL, the most significant exposure to allopregnanolone in humans in terms of duration and concentration. Shortly after giving birth, allopregnanolone levels drop precipitously.

It has been hypothesized that this abrupt drop may trigger PPD in certain women. It may be that PPD occurs in women who are particularly sensitive to the rapid decline in allopregnanolone after birth, potentially causing $GABA_A$-system mediated mood disruption. GABA is a type of neurotransmitter, the chemical substance released by nerve synapses to propagate nerve impulses. GABA has an inhibitory effect on CNS because it reduces the activity of the neuron to which it binds. GABA is the primary CNS inhibitory neurotransmitter of the brain, and approximately half of the brain's synapses express various types of GABA receptor. When GABA binds to the $GABA_A$ receptor in particular, the $GABA_A$ receptor opens a channel to the neuron allowing chloride ions to flow in. These negatively charged chloride ions hyperpolarize the neuron's membrane, causing the neuron to require greater stimuli to conduct a nerve impulse. Therefore, GABA is believed to play a major role in controlling neuronal hyperactivity associated with fear, anxiety and convulsions.

Allopregnanolone or brexanolone (chemically identical, synthetic allopregnanolone) are $GABA_A$ receptor positive allosteric modulators (PAMs), meaning they bind to receptors on neurons, or nerve cells, to enhance the inhibitory effects of GABA on nerve impulses. As PAMs, brexanolone/allopregnanolone bind to non-GABA-binding sites on the neuron to increase the affinity of GABA to the $GABA_A$ receptor, tightening their bond and allowing more chloride ions to pass through. The additional inflow of chloride ions makes $GABA_A$ receptor expressing nerve cells harder to activate.




*Source:* Company information.

BRII-296 is our proprietary aqueous suspension formulation of a synthetic neuroactive steroid that is designed to replace the prolonged IV infusion of Zulresso® with a single IM injection for the treatment of PPD. It is intended to provide a plasma concentration-time exposure profile predictive of efficacy in PPD based on that of Zulresso® IV infusion. The targeted efficacious plasma concentration is approximately 50 ng/mL, similar to physiological levels of allopregnanolone experienced in late pregnancy and consistent with those targeted by Zulresso® treatment. Since BRII-296 is an extended-release parenteral formulation, controlled release from an IM depot into systemic circulation should lead to a gradual and continuous titration and taper of BRII-296's synthetic neuroactive steroid, reflected by a longer apparent elimination half-life. This longer taper may provide additional benefits by avoiding a rapid drop-off of allopregnanolone levels seen after childbirth, which is hypothesized to be, in part, responsible for initiation of PPD symptoms in susceptible women, and reducing the likelihood of GABAergic withdrawal symptoms.

***Potential Advantages***

We anticipate BRII-296 to have several meaningful advantages over Zulresso®, the only currently approved treatment specifically indicated for PPD:

- *Ease of administration*. A single IM injection replaces a complicated 60-hour infusion protocol requiring five IV bag changes and related infusion adjustments at specific intervals.

- *Safety*. BRII-296 is to be administered as a single IM injection, facilitating extended-release from the IM depot and minimizing the risk of overdose and, by design, providing a predictable exposure pattern that avoids unexpectedly high levels or sudden changes of BRII-296 in circulation. IV infusion is currently the only approved method for administering brexanolone for PPD treatment. It is suggested that IV administration of brexanolone is, at least in part, responsible for the LOC seen in trials of Zulresso® due to equipment failure, pump malfunction, and associated sudden changes of drug levels.

- *Patient convenience*. BRII-296's anticipated improved safety profile could allow patients to return home following the one-time injection with no second injection required, whereas administering Zulresso® requires prolonged in-facility treatment and observation.

- *Healthcare resource utilization*. As a single injection administered by a healthcare professional with the patient then returning to home environment, BRII-296 should provide for lower overall costs per PPD treatment episode compared to Zulresso®.

- *Maternal-Infant Bonding/Breastfeeding*. BRII-296 is designed for outpatient administration as a directly observed therapy, so interruption of mother and infant bonding and breastfeeding is minimized, a further potential advantage over Zulresso®.

Currently, antidepressants such as SSRIs are used clinically off-label to treat PPD patients. However, they are often avoided for the treatment of PPD because their efficacy in PPD has not been definitively established and their transmission to breastfeeding infants through breast milk. We anticipate several potential advantages of BRII-296 over the off-label use of conventional antidepressants:

- *Rapid and sustained onset of drug efficacy*. Conventional antidepressants such as SSRIs can take four to six weeks to have a meaningful impact on patient well-being. In contrast, trials of Zulresso® IV indicate rapid and sustained efficacy which has been demonstrated in clinical trials.

- *Increased chances of initial treatment success*. Treatment of PPD with antidepressants may require the patient to switch between classes of antidepressants or augment their current regimen to ease PPD symptoms. As iterative trials of antidepressants and/or adjunctive agents are explored, weeks to months pass where the mother's symptoms are inadequately treated and the risk for adverse outcomes in the infant increases. BRII-296 shares the same MOA as Zulresso® and therefore is expected to deliver a similar clinical outcome.

- *No concerns with breastfeeding*. The presence of SSRIs in breast milk poses potential systemic exposure to an infant, complicating a patient's decision regarding breastfeeding. BRII-296 has very low oral bioavailability, and therefore is believed to pose little or no systemic exposure to an infant through breastfeeding.

- *Guaranteed Adherence*. Conventional antidepressants such as SSRIs typically require patients to take the medication every day, and it is difficult to ensure medication adherence, particularly for patients with PPD. In contrast, BRII-296 as a directly observed therapy with a single IM injection ensures guaranteed adherence.

***Clinical Development Plan***

We filed an IND application for the Phase 1 study of BRII-296 with the FDA in February 2021 and commenced dosing in the United States in early April 2021. We expect that top line results will be available in the fourth quarter of 2021. The Phase 1 safety, tolerability and PK study is designed to demonstrate that a single IM injection of BRII-296 can achieve an exposure profile associated with efficacy in PPD that is well tolerated. We aim to advance to further clinical studies, including a Phase 3 study, in 2022 to evaluate the safety, efficacy and tolerability of BRII-296 in women with PPD. We plan a commercial launch of BRII-296 for the treatment of women with PPD in the United States as early as the second quarter of 2024.

We intend to explore potential registrations outside of the United States after receiving positive data from early trials in the United States, focusing on scientific justifications for regulatory flexibility based on scientific advice and consultation with the appropriate agencies.

Although BRII-296 will initially be indicated for the treatment of PPD in women, we may expand it to an indication for prevention of PPD in women who are at risk of PPD. There are no therapies indicated for the prevention of PPD. Eventually, we may expand to additional indications for the treatment of MDD (including TRD) and other depressive or psychiatric disorders.

***Market Opportunity and Competition***

PPD affects a high number of women each year. In the past, PPD was underdiagnosed and left untreated, often with tragic and long-term consequences to both the mother and the child. Women and their families are increasingly paying attention to this debilitating disease. As a result, more women with symptoms of PPD are seeking both psychological and medical treatment, resulting in an increasing need for effective PPD therapeutics. Additionally, the collaborative efforts by NGOs, mental health organizations and government initiatives to raise awareness of mental health are expected to increase the diagnosis rate of depression-associated disorders and increase market growth of medications to treat mood disorder. For more information, please see "Industry Overview – The Central Nervous System Disease Drug Market."

Despite the prevalence of PPD among women, the current treatment options are limited. Apart from seeking psychological help, only one drug, Zulresso®, has been specifically approved for treating PPD. However, Zulresso® has significant limitations, including a complicated 60-hour continuous IV infusion protocol and a boxed warning on its product label related to the risk of excessive sedation and sudden loss of consciousness during administration. The most commonly used off-label medications for treating PPD are SSRIs, which are antidepressants approved for treating MDD. Such off-label use of antidepressants for PPD could pose unidentified safety risks, while the therapeutic efficacy of antidepressants for treating PPD has not been adequately demonstrated.

As demonstrated above in "– Potential Advantages," we anticipate BRII-296 to have several meaningful advantages over Zulresso® and off-label antidepressants such as SSRIs.

***Licenses, Rights and Obligations***

We discovered and developed BRII-296 in-house. We have filed seven pending patent applications in connection with BRII-296 and the related intellectual property covering both composition and method of use for treatment of PPD, MDD and other depressive symptoms. We own global rights for BRII-296.

***Material Communications***

In February 2021, we submitted an IND application with the FDA and received a safe to proceed notice from the FDA to proceed with our planned Phase 1 study for BRII-296.

As of the Latest Practicable Date, no material adverse change had occurred with respect to the regulatory review or approval process of BRII-296.

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BRII-296 AS A SINGLE IM INJECTION SUCCESSFULLY.**

## COLLABORATION AND LICENSING AGREEMENTS

### Collaboration with VBI Vaccines

In December 2018, we entered into a collaboration and license agreement, with VBI Vaccines Inc. (VBI), a NASDAQ-listed commercial-stage, global biopharmaceutical company (VBI License Agreement) principally engaged in the development of, amongst others, vaccines targeting infectious diseases and cancer. VBI is an Independent Third Party.

Pursuant to the VBI License Agreement, we and VBI agreed to collaborate on the development of an HBV recombinant protein-based immunotherapeutic in Greater China, and to conduct a Phase 2 collaboration clinical trial in Greater China for the purpose of comparing VBI-2601 (BRII-179), a recombinant protein-based immunotherapeutic developed by VBI for use in treating HBV, with a novel composition. The novel composition is a new recombinant protein based immunotherapeutic formulation which includes the licensed compounds (i.e., Hepatitis B antigen containing the S, Pre-S1 and Pre-S2 proteins) used with an adjuvant that is designated by us and not previously used the licensed compounds. Under the VBI License Agreement, VBI granted us an exclusive royalty-bearing license to perform studies, and regulatory and other activities, as may be required to obtain and maintain necessary approvals for the commercial launch of the licensed product, which is either VBI-2601 (BRII-179) or such other novel composition (the "Licensed Product"), for the treatment of HBV in Greater China and to commercialize and promote such Licensed Product for the diagnosis and treatment of HBV in Greater China. Included in our BRII-179 license is a sublicense of certain intellectual property and other rights licensed by VBI with respect to the HBsAg product. In exchange, we granted VBI an exclusive royalty-free license under our technology that covers or claims the adjuvant or novel composition and our interest in any joint technology developed during the collaboration solely to develop and commercialize the Licensed Product for the diagnosis and treatment of HBV in the countries of the world other than Greater China.

Pursuant to the VBI License Agreement and the initial development plan, we will fund and are responsible for all clinical trials for Greater China. VBI is responsible for all nonclinical development work in support of our clinical program. We and VBI will jointly own all rights, title and interest in information that is jointly developed and necessary or useful or that relates specifically to the adjuvant or the novel composition, including the patents claiming joint inventions made pursuant to the VBI License Agreement. Outside of the field of the diagnosis and treatment of HBV, VBI will have no right to apply the jointly owned technology in the countries outside of Greater China unless and until the parties have negotiated a separate license agreement.

As part of the consideration for the collaboration, we paid VBI an upfront fee of US$4.0 million and made a US$7 million equity investment. The US$7 million equity investment included (i) the fair value of the equity investment in VBI on the date of investment of US$3.6 million which was recorded as equity instruments at FVTOCI; (ii) a premium of US$3.4 million paid for the investment which was recorded as license fee in 2018. Under the VBI License Agreement, we may also pay VBI up to an additional US$117.5 million in potential success-based milestone payments upon achievement of certain clinical and/or regulatory milestones, along with royalties in the low teens on net sales (i.e. gross invoiced amount with respect to the sale of the Licensed Product after deducting any applicable discounts, rebates or other payment) in Greater China. An industry standard formula of A/A+B (where A is the net sales of a product when sold separately from such other active ingredient(s), and B is the net sales of the other active ingredient(s) when sold separately from such product) is applicable in determining net sales for combination products for royalty calculation purposes, subject to limited exceptions. We are required to pay royalties to VBI on net sales of all of our BRII-179-related products in Greater China (including BRII-179/BRII-835 combination or BRII-179 in combination with other agents) under the VBI License Agreement. In connection with the equity investment, we and VBI entered into a stock purchase agreement in December 2018, pursuant to which we purchased an aggregate of 2,295,082 common shares from VBI with an aggregate purchase price of US$7.0 million, or US$3.05 per share, constituting approximately 0.90% of VBI's total outstanding stock as of May 7, 2021.

Pursuant to the VBI License Agreement, we established a joint steering committee with equal representation from us and VBI to govern our initial clinical trial and to oversee, review and coordinate the parties' activities with regard to development and regulatory approval of BRII-179 in Greater China. We have final decision-making authority with respect to matters relating solely to the development, marketing approval and commercialization of BRII-179 in Greater China. Our plan of commercialization of BRII-179 and BRII-179-related products in Greater China is not subject to VBI's commercialization plan outside of Greater China.

VBI has existing agreements with SciGen Limited (SciGen), a Singapore-based biopharmaceutical company, and Ferring International Limited (previously Savient Pharmaceuticals Inc) (Ferring), a Swiss-based specialty biopharmaceutical company. Pursuant to these agreements VBI licensed or acquired rights to develop and commercialize certain products that contain HBsAg (as defined in the agreements) from SciGen/Ferring, which agreements include VBI obligations to pay royalties to SciGen and Ferring with respect to the sales of such products. We do not believe that either SciGen or Ferring is currently actively involved in the development of vaccines based on HBsAg given SciGen assigned all of its rights under the Ferring License Agreement in 2005, and based on publicly available information as of the Latest Practicable Date, SciGen is primarily focused in the areas of endocrinology, gastroenterology and immunology, and Ferring is primarily focused in the areas of reproductive health, maternal health, gastroenterology and urology. Since entering into the SciGen/Ferring agreements, VBI has engaged in significant development efforts and VBI owns or co-owns with us the patents and other intellectual property rights relating to the Licensed Product covered by the VBI License Agreement. We believe, and the Joint Sponsors concur, that the existence of the SciGen/Ferring agreements would not have any material adverse

impact on the rights granted to us by VBI or the development or prospects of BRII-179. VBI's other drug containing HBsAg – namely its prophylactic vaccine designed to prevent HBV infection – does not compete directly with BRII-179. BRII-179 is a therapeutic vaccine designed to treat the population of patients already infected with HBV. VBI's remaining material obligations under the SciGen/Ferring Agreements are its royalty payment obligations (with any royalties payable quarterly). The VBI License Agreement is independent of and not contingent upon the SciGen/Ferring Agreements, subject to the royalty payment obligations which we have a right to cure as described below. Under the VBI License Agreement, (i) we are only obligated to pay royalties to VBI based on our net sales of BRII-179 (in accordance with the A/A+B formula described above) and (ii) we do not have a direct royalty payment obligation to SciGen or Ferring. If VBI were to breach its royalty payment obligation, under the SciGen/Ferring agreements we would be entitled, at our option, (i) to (x) pay such royalty payment to SciGen/Ferring directly if VBI fails to do so and/or (y) seek to enter into our own agreements with SciGen/Ferring, and (ii) VBI is obligated to (x) notify us of such breach promptly and (y) facilitate our entering into our own direct agreements with SciGen/Ferring. We believe SciGen/Ferring would find it advantageous to enter into a direct agreement with us given, among other reasons, the age of the HBsAg (dating back to 2004); no required performance obligations on SciGen/Ferring's part in a therapeutic area in which they no longer focus; and our significant role in co-developing BRII-179. As a result, the time period during which we may potentially pay double royalty payments (i.e. to both VBI and Ferring/SciGen) related to our net sales of BRII-179 would be one calendar quarter (i.e. three months), and therefore we believe our maximum exposure related to any payment breach is one quarterly royalty payment payable by us to VBI under the VBI License Agreement (corresponding to the time it would take for us to discover and address a cure of the breach).

The VBI License Agreement will be in effect until the last-to-expire of the latest of the following terms in each region of Greater China: (i) expiration, invalidation or lapse of the last VBI patent claiming a Licensed Product, (ii) 10 years from the date of first net sale of a Licensed Product in the applicable region, or (iii) termination or expiration of VBI's obligation to pay SciGen/Ferring royalties with respect to sales of a Licensed Product. Upon expiration (but not an earlier termination) of the VBI License Agreement in each region of Greater China, VBI will grant us a perpetual, non-exclusive, fully paid-up, royalty-free license under VBI's technology related to such Licensed Product pursuant to the VBI License Agreement in such region to make and sell such Licensed Product for the diagnosis and treatment of HBV in such region.

Each party may terminate the VBI License Agreement upon certain customary termination events, such as a material breach that has not been cured within 60 days (or 30 days for a breach of payment obligations) after notice, or upon bankruptcy or insolvency. In addition, we may terminate the VBI License Agreement without cause upon 180 days' notice or immediately upon notice if a Data and Safety Monitoring Board or any regulatory authority in Greater China imposes a clinical hold on any clinical trial for a Licensed Product for six consecutive months. VBI may terminate the VBI License Agreement immediately upon notice, if we or our affiliates commence any interference or opposition proceeding with respect to any patents owned or controlled by VBI related to a Licensed Product.

**Collaboration with Vir Biotechnology**

In May 2018, we entered into a collaboration, option and license agreement with Vir Biotechnology, Inc. (Vir), a NASDAQ-listed clinical-stage immunology company focused on the development of products to treat and prevent serious infectious diseases (Vir License Agreement). Vir is an Independent Third Party. Mr. Robert Taylor Nelsen, our non-executive director, was a co-founder and has been serving as a non-executive director of Vir since January 2017. ARCH, one of our substantial shareholders, is also a substantial shareholder of Vir.

As partial consideration for Vir's entry into the Vir License Agreement, we entered into a payment and share purchase agreement with Vir in May 2018, or the Vir Share Purchase Agreement, pursuant to which we issued to Vir at the closings of our Series A financing in June 2018 and December 2018 Class A Ordinary Shares representing at the time approximately 9.9% of our total outstanding shares.

Pursuant to the Vir License Agreement, we were granted an exclusive option to obtain exclusive rights to develop and commercialize compounds and products arising from up to four agreed Vir programs in Greater China for the treatment, palliation, diagnosis, prevention or cure of acute and chronic diseases of infectious pathogen origin or hosted by pathogen infection (the "**Field**"), and we also granted to Vir, with respect to up to four of our programs, an exclusive option to be granted exclusive rights to develop and commercialize compounds and products arising from such infectious disease programs for the Field in the United States. The number of options that Vir may exercise for our programs is limited to the corresponding number of options that we exercise for a Vir program. For programs for which a party exercises an option, the exercising party will be required to pay to the other party an option exercise fee for each such program, based on the developing party's reasonable projections of such program's commercial potential. Subsequent to the exercise of each license option, the option holder will be required to pay milestone and royalty payments to the other party, as described in detail below.

The Vir License Agreement also contains provisions pursuant to which, prior to proof of concept with respect to a particular program, we and Vir may elect, at the controlling party's expense, to engage in pre-option exercise activities with respect to such program if we and Vir mutually agree to include such program within the collaboration. Following the exercise of an option for a specified program by either us or Vir, the exercising party is granted an exclusive, royalty-bearing license to develop, manufacture and commercialize products arising from the applicable program in Greater China (where we exercise the option) or the United States (where Vir exercises the option), and such party is thereafter responsible for all development and commercialization activities, at its own expense, in the optioned territory.

Vir has a collaborative relationship with, among others, Alnylam, developing novel therapeutics based on RNA interference. Pursuant to the collaboration and license agreement entered into by Vir and Alnylam in October 2017, or the Vir-Alnylam License Agreement, Vir obtained a worldwide, exclusive license to develop, manufacture and commercialize the HBV

siRNA product candidates, including VIR-2218 (BRII-835), for all uses and purposes other than agricultural, horticultural, forestry, aquaculture and other residential applications. Vir obtained rights from Alnylam to VIR-2218 (BRII-835) as part of a multi-program collaboration under the Vir-Alnylam License Agreement that includes multiple additional siRNA product candidates in addition to VIR-2218 (BRII-835). Pursuant to a letter agreement dated November 13, 2018 between Vir and Alnylam, Alnylam recognized the grant of rights to VIR-2218 (BRII-835) by Vir to us, and confirmed that the license and option rights granted to us with respect to VIR-2218 constituted a sublicense under the Vir-Alnylam License Agreement. Pursuant to the terms of the Vir-Alnylam License Agreement, Alynlam is also entitled to receive a portion of all consideration Vir receives from us as consideration for the grant of a sublicense of Vir's rights under such agreement, including with respect to BRII-835. Pursuant to these arrangement, Vir transferred to Alnylam a specified percentage of the equity consideration received by Vir from us as described above. Vir will also be required to pay to Alnylam the same specified percentage of all future consideration Vir receives from us in connection with the development and commercialization of BRII-835.

On June 12, 2020, following Vir's achievement of proof of concept for VIR-2218 (BRII-835), we exercised our option to obtain exclusive rights to develop and commercialize compounds and products arising from VIR-2218 (BRII-835) in Greater China and, in connection with the exercise of such option, we paid Vir an option exercise fee of US$20.0 million.

Under the Vir License Agreement, following an exercise of an option with respect to one of the other party's programs (including VIR-2218), the option holder is obligated to use commercially reasonable efforts to develop at least one licensed product arising from such program in the respective territory, and to commercialize each such product in that territory following regulatory approval.

With respect to programs for which we exercise our options pursuant to the Vir License Agreement, we will be required to pay Vir an option exercise fee for each such Vir program ranging from the mid-single-digit millions up to US$20.0 million, with the amount based on our reasonable determination of the commercial potential of the licensed program. We will also be required to pay regulatory milestone payments on a licensed product-by-licensed product basis ranging from the mid-single-digit millions up to US$30.0 million, also determined based on the commercial potential of such program. Following commercialization, we will be required to make sales milestone payments based on certain specified levels of aggregate annual net sales of products arising from each licensed program in Greater China, up to an aggregate of US$175.0 million per licensed program.

With respect to our programs for which Vir exercises its options pursuant to the Vir License Agreement, Vir will be required to pay us an option exercise fee for each such program ranging from the low tens of millions to up to US$50.0 million, with the amount based on Vir's reasonable determination of the commercial potential of the licensed program. Vir will also be required to pay regulatory milestone payments on a licensed product-by-licensed product basis ranging from the mid-tens of millions up to US$100.0 million, also determined based on the

commercial potential of such program. Following commercialization, Vir will also be required to make sales milestone payments based on certain specified levels of aggregate annual net sales of products in the United States arising from each licensed program, up to an aggregate of US$175.0 million per licensed program. As of the Latest Practicable Date, Vir had not exercised any of its license options under the Vir License Agreement.

In addition, we are obligated under the Vir License Agreement to pay Vir tiered royalties based on net sales of products arising from the licensed programs in Greater China at percentages ranging from the mid-teens to the high-twenties, and Vir is obligated to pay us tiered royalties based on net sales of products arising from the licensed programs in the United States at percentages ranging from the mid-teens to the mid-twenties. An industry standard formula of A/A+B (where A is the net sales of a product when sold separately from such other active ingredient(s), and B is the net sales of the other active ingredient(s) when sold separately from such product) is applicable in determining net sales for combination products for royalty calculation purposes, subject to limited exceptions. Each of our or Vir's obligation to pay royalties expires, on a product-by-product and territory-by-territory basis, on the latest of: 10 years after the first commercial sale of such licensed product in Greater China or the United States, as applicable; the expiration or abandonment of licensed patent rights that cover such product in Greater China or the United States, as applicable; and the expiration of regulatory exclusivity in Greater China or the United States, as applicable. Royalty rates are subject to standard specified reductions and offsets.

On the basis of our reasonable determination of the commercial potential for BRII-835, the related option fee was US$20 million, and we will be obligated to make a regulatory milestone payment of up to US$30 million upon regulatory approval in Greater China, sales milestone payments of up to an aggregate of US$175.0 million and royalty payments based on tiered net sales at a percentage of up to the highest tier in the high-twenties (inclusive of the royalty that Vir is required pay to Alnylam under the Vir-Alnylam License Agreement), with such royalty rates or payments subject to specified reductions and offsets.

Vir is developing VIR-3434, a monoclonal antibody for the treatment of HBV. Subject to the limit of four Vir programs in the aggregate for which we may exercise our option under the Vir License Agreement, we have an exclusive option to obtain exclusive rights to develop and commercialize VIR-3434 for the Field in Greater China, which option may be exercised by us upon Vir's achievement of proof of concept for VIR-3434 (or earlier exercise, at our option). If exercised, our fee related to such option exercise with respect to VIR-3434 and the milestone payments will be the same as for the BRII-835 program, as the basis for the determination of the amount of such payments is expected to be the same as that for BRII-835. The royalties payable to Vir on a product commercialized from the VIR-3434 program will start at percentages in the mid-teens and the highest percentage in the range will be capped at the mid-twenties, and in each case may also be subject to certain specified reductions and offsets.

All collaboration program related options granted to us that are unexercised will expire (i) no later than June 21, 2025, if we complete an initial public offering prior to June 21, 2023, or (ii) on June 21, 2023, if we have not completed our initial public offering prior to such date. All collaboration program related options granted to Vir that are unexercised will expire no later than two years following the applicable expiration date of all options granted to us thereunder.

The Vir License Agreement will remain in force until expiration of all options or, if any option is exercised, expiration of all royalty payment obligations for all licensed products within such licensed program, unless terminated in its entirety or on a program-by-program basis by either party. Each party may terminate for convenience all rights and obligations with respect to any program for which it has an option, with 30 days' written notice (if the terminating party has not exercised an option for such program) or 180 days' notice (following the exercise of an option for such program). The Vir License Agreement may also be terminated by either party for insolvency of the other party, and either party may terminate the Vir License Agreement in its entirety or on a program-by-program basis for the other party's uncured material breach on 60 days' written notice (or 30 days' notice following failure to make payment).

Under certain circumstances, Alnylam can terminate the Vir-Alnylam License Agreement if Vir materially breaches its obligations and fails to cure such breach within specified time periods. The Vir-Alnylam License Agreement does not specify the consequences of such termination on our sublicense to BRII-835, including whether such sublicense survives or terminates. As a result, our ability to develop and commercialize BRII-835 could be adversely impacted if Alnylam seeks to terminate the Vir-Alnylam License Agreement, or Vir's rights to VIR-2218 under such agreement, and we may be unable to preserve our sublicense if Alnylam does not elect to continue and assume our sublicense.

**Collaboration with Qpex Biopharma**

In July 2019, we entered into a license agreement with Qpex Biopharma, Inc. (Qpex), a United States-based biopharmaceutical company developing a pipeline of novel agents addressing critical needs for the treatment of infectious diseases in the inpatient and outpatient settings (Qpex License Agreement). Qpex is an Independent Third Party.

We acquired exclusive rights to develop and commercialize in Greater China Qpex's portfolio of novel antibiotics to treat infections caused by highly resistant, gram-negative pathogens, including carbapenem-resistant *Acinetobacter*, *Pseudomonas aeruginosa*, and *Enterobacterales* (CRE). These programs include intravenous and oral formulations of the BLI-based products BRII-636 and BRII-672, respectively, and a novel synthetic polymyxin BRII-693. We are responsible for a portion of the total costs of global development activities listed therein, up to a cap of US$40 million for activities associated with BRII-636, BRII-672 and BRII-693, collectively. The license includes up to US$31.0 million and US$350.0 million in aggregate potential payments for milestones relating to development and commercialization, respectively. We are responsible, at our own expense, for commercialization, and obtaining and

maintaining regulatory approval in Greater China, and we are required to make certain milestone and royalty payments to Qpex subject to terms and conditions set forth in the Qpex License Agreement. The collaboration is governed by a joint steering committee comprising an equal number of our and Qpex's representatives. In addition, as part of our collaborative R&D arrangement with Qpex, we made an equity investment of approximately US$8 million in Qpex. We own less than 20% of the total outstanding stock of Qpex on a fully-diluted basis as of the Latest Practicable Date and expect to be further diluted as Qpex raises additional equity financings in the future. We do not have any representative on the Qpex board of directors or any observer right and we do not expect to consolidate Qpex financials.

**Collaboration with AN2 Therapeutics**

In November 2019, we entered into a license agreement with AN2 Therapeutics, Inc. (AN2), a United States-based health biopharmaceutical company focused on developing medicines for patients suffering from infectious diseases (AN2 License Agreement). AN2 is an Independent Third Party.

Pursuant to the AN2 License Agreement, we secured the exclusive rights to develop and commercialize AN2's lead molecule, AN2-501971 (BRII-658), its backup compounds, and certain derivatives thereof in Greater China. AN2's lead molecule is potent and has a broad spectrum of activity against mycobacteria and other pathogens of high unmet need, has a novel mechanism of action, and is in proprietary development by AN2. Under the AN2 License Agreement, we have exclusive rights to develop and commercialize BRII-658 against MDR/XDR TB in Greater China once BRII-658 meets the pre-defined clinical criteria against its targeted mycobacterial infections, such as MDR and XDR TB, and the license becomes subject to certain milestone payments and royalties for net sales of licensed products in Greater China. In addition, as part of our collaborative R&D arrangement with AN2, we made an equity investment of approximately US$3 million in AN2.

**TSB and Collaboration with Tsinghua University and Third People's Hospital of Shenzhen**

As part of our collaboration with Tsinghua University and Third People's Hospital of Shenzhen, we formed TSB with Tsinghua Holding Technology Transfer Co., Ltd. (an affiliate of Tsinghua University), Shenzhen National Infectious Disease Clinical Medicine Research Center (an affiliate of Third People's Hospital of Shenzhen), and other researchers affiliated with Tsinghua University in May 2020. Each of Tsinghua Holding Technology Transfer Co., Ltd. and Shenzhen National Infectious Disease Clinical Medicine Research Center was an Independent Third Party before TSB was formed.

Researchers in the laboratories of Tsinghua University and Third People's Hospital of Shenzhen have identified, and published their findings relating to, multiple diverse and potent neutralizing mAbs with therapeutic potential for treatment of SARs-CoV-2 infection (including COVID-19) derived from patients in China who have recovered from COVID-19. These antibodies and the related technologies have been transferred to TSB to advance BRII-196 and BRII-198 and potentially other candidates for treatment of and prophylactic use against SARs-CoV-2 infection (including COVID-19). With respect to those assets, in June 2020 we entered into a license agreement with TSB (TSB License Agreement), pursuant to which TSB granted us an exclusive perpetual, irrevocable, royalty-bearing license, with the right to grant sublicenses through multiple tiers, to research and develop, manufacture and commercialize the antibodies and licensed products (including BRII-196 and BRII-198) in all human uses in all territories other than Greater China. Under the TSB License Agreement, we are obligated to pay TSB (i) regulatory milestone payments of up to US$15.0 million in the aggregate upon achievement of certain regulatory milestones of the licensed products in the licensed territory, (ii) sales milestone payments of up to US$90.0 million in the aggregate upon achievement of certain annual net sales thresholds of the licensed products in the licensed territory, (iii) royalties ranging from mid- to high-single digit percentage based on the aggregate net sales of the licensed products in the licensed territory, subject to reductions and adjustments as provided therein, and (iv) based on the clinical development stage of the licensed product at the time of any sublicense, revenue-sharing payments ranging from 100% to 60% of any revenue actually received by our Company pursuant to any sublicense granted by us in the licensed territory. For BRII-196 and BRII-198, the applicable sublicense percentage for the revenue-sharing payments is 60%.

As part of the collaboration, we have been and will continue to provide R&D services to TSB, carry out clinical trials and regulatory filings for BRII-196 and BRII-198 and manage day-to-day operations for TSB, and Tsinghua University will provide certain technical services to TSB. The initial term of the Technology Services Agreement commenced on August 3, 2020 and will expire on December 31, 2021.

## RESEARCH AND DEVELOPMENT

We are a pre-revenue company primarily engaged in pharmaceutical R&D activities. We believe that R&D is key to driving our therapeutic strategy and maintaining our competitiveness in the biopharmaceutical industry.

Our in-house R&D capabilities are led by Dr. Zhi Hong, Dr. Li Yan (Chief Medical Officer), Dr. Lianhong Xu (Senior Vice President, Head of Medicinal Chemistry), Dr. Jean-Luc Girardet (Senior Vice President, Head of Pharmaceutical Sciences) and Dr. Qing Zhu (Senior Vice President, Head of Pharmaceutical Research). Each of our senior management on average has more than 20 years of experience in drug discovery and development. As of the Latest Practicable Date, we had 67 employees in China and the United States focusing on R&D activities, over half of whom have advanced degrees such as an M.D. or Ph.D. Dr. Hong has over 25 years of experience in the biopharmaceutical industry and has been leading the infectious diseases business of multiple multinational pharmaceutical companies, including

GSK, and he was widely credited as the key architect of GSK's comeback and success in HIV and other infectious diseases medicine discovery and development. Dr. Zhu was responsible for R&D of antiviral programs at MedImmune. Dr. Xu is a co-inventor of several successful antiviral therapies at Gilead Sciences, and led the discovery efforts there in many therapeutic areas against HIV, HCV, HBV and cancers resulting in numerous clinical candidates. Dr. Girardet was the vice president of research operations at Ardea Biosciences, responsible for chemistry and manufacturing controls function and translational sciences. For further details of our senior management's track record and industry experience, please refer to the section headed "Directors and Senior Management" in this prospectus. For more information on our R&D employees, see "– Employees" below.

We have also built a strong scientific advisory board consisting of leading scientists, physicians and industry veterans, which advises our Board and senior management on scientific and strategic matters. Additionally, we have R&D collaborations with pharmaceutical and biotech companies, leading CROs, CMOs, CDMOs, research institutions and other strategic partners. Our R&D collaborations and in-house R&D capabilities facilitate our global sourcing of innovative therapies for the China and global markets. Our clinical development team formulates clinical strategies and designs adaptive clinical trials to efficiently and expeditiously advance each of our programs. We leverage the capabilities of our CROs and other collaborators allowing us to advance multiple, simultaneous clinical programs (often in multiple locations and dispersed geographic regions) flexibly without a large in-house discovery and clinical development team. For more information on our R&D collaborations, see "– Collaboration and Licensing Agreements" above and "– Our Service Providers and Suppliers" below.

We have built our product candidate pipeline leveraging our in-house R&D capabilities, R&D collaborations and support from our strong scientific advisory board and veteran investors.

In light of our R&D strategies, the amount of R&D expenses varies with the number and scale of projects each year. Our R&D expenses grew from approximately RMB83.8 million for the year ended December 31, 2019 to RMB875.8 million for the year ended December 31, 2020 primarily due to conducting Phase 2 clinical trials in our HBV programs, the establishment of our COVID-19 program, and the increase in our headcount. We intend to continue to leverage our technology and R&D capabilities to broaden our life sciences research and application capabilities and product candidates portfolio.

## Clinical Trial Management

### *Our Relationship with WuXi AppTec, WuXi Clinical and WuXi Biologics*

We entered into master services agreements with WuXi AppTec (Hong Kong) Limited (WuXi AppTec) and WuXi Biologics (Shanghai) Co. Ltd (WuXi Biologics) for priority access to WuXi AppTec's and WuXi Biologics R&D capabilities in June 2018 and April 2020, respectively. WuXi Clinical Development Services (Shanghai) Co., Ltd. (WuXi Clinical) is a global CRO, and a wholly-owned subsidiary of WuXi AppTec. WuXi AppTec is a global pharmaceutical R&D services platform that provides a broad portfolio of R&D and manufacturing services that enable companies in the pharmaceutical, biotech and medical device industries worldwide to advance discoveries and deliver treatments to patients. WuXi Biologics is a leading biologics services provider whose shares are listed on the Stock Exchange since June 2017. Our founding investors, 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P., were formed from the collaboration and co-branding of WuXi Healthcare Ventures and Frontline BioVentures. 6 Dimensions will be one of our substantial shareholders upon Listing. For further details on their investments and shareholdings, please refer to the sections headed "History, Development and Corporate Structure" and "Substantial Shareholders" in this prospectus.

WuXi AppTec, WuXi Biologics and certain of their subsidiaries are among our top five suppliers during the Track Record Period and have been providing CRO, CMO and/or CDMO services, including clinical drug supply and certain non-clinical related services such as technical support, assays and analytics, to support the development of our HBV, HIV, COVID-19 and CNS drug candidates. The terms of such services provided to us by WuXi AppTec and WuXi Biologics and their subsidiaries are on normal commercial terms. Although we may continue to use their services, there are other readily available CRO, CMO and/or CDMO service providers in the market and we may timely engage such alternative service providers for the same services on similar terms without any material adverse effect on our business and operations. For example, we have secured a second source multinational CMO for our supply of BRII-196 and BRII-198.

### *Our Relationship with Other CROs*

We have been working with other CROs, including:

(i) an internationally recognized full-service CRO focused on the Asia-Pacific region, one of our top five suppliers during the Track Record Period, to conduct Phase 1b/2a clinical studies in China, Australia, New Zealand, South Korea, Thailand and Hong Kong to evaluate safety, tolerability and pharmacokinetics of BRII-179;

(ii) a multinational CRO, one of our top five suppliers during the Track Record Period, to conduct Phase 2 clinical studies in China to evaluate the safety, tolerability, pharmacokinetic and antiviral effects of BRII-835;

(iii) a clinical study services provider in China which acted as our clinical research coordinator and provided recruitment services in connection with our Phase 1 clinical studies of BRII-196 and BRII-198; and

(iv) a global CRO which has been providing various services in support of our HIV drug candidates that include a pre-IND meeting, regulatory support, project development, Pre-IND and IND filing support, acting as our United States agent, and participating in ad-hoc regulatory consultation and CMC support.

***Our Relationship with Other CMOs/CDMOs***

We have been working with other CMOs/CDMOs, including:

- a multinational CMO to manufacture clinical supply of BRII-196 and BRII-198 and possibly manufacture commercial supply of BRII-196 and BRII-198;

- a specialty CMO dedicated to developing enhanced formulations of existing drug products, one of our top five suppliers during the Track Record Period, to develop a new formulation for BRII-196 which has also provided non-GMP manufacturing services to us;

- a CMO subsidiary of WuXi AppTec to conduct process development, non-GMP manufacturing and a particle size reduction study in connection with BRII-296, and process development and cGMP manufacturing for our oral formulation of BRII-732;

- an integrated CRO/CMO to develop process technologies and manufacturing for BRII-732; and

- a specialty CMO dedicated to developing formulations of new or existing drug substances to develop a new formulation and conduct non-GMP and GMP manufacturing for BRII-778.

**Raw Materials and Suppliers**

For the years ended December 31, 2019 and 2020, purchases from our five largest suppliers amounted to RMB26.8 million and RMB748.0 million, respectively, accounting for 18.2% and 76.4% of our total R&D and administrative expenses for the same periods. Purchases from our largest supplier amounted to RMB10.5 million and RMB564.1 million, respectively, for the same periods, accounting for 7.2% and 57.6% of our total R&D and administrative expenses for the same periods. Our R&D and administrative expenses mainly include third-party contracting services for R&D of our drug candidates and licensing fees paid to our collaboration partners.

The following table sets forth the details of our top five (5) suppliers for the year ended December 31, 2020:

| No | Supplier | Consolidated Purchased Amount (RMB'000) | % of total R&D and Admin Expenses | Credit terms | Length of business relationship | Services |
|---|---|---|---|---|---|---|
| 1 | A (a CDMO) | 564,131 | 57.61% | 30 – 60 days | 3 years | Chemical, Manufacturing and Control Services |
| 2 | B (a collaboration partner) | 138,010 | 14.09% | 5 – 60 days | 3 years | R&D Services, License Fees |
| 3 | C (a CRO/CMO) | 17,281 | 1.76% | 30 – 60 days | 3 years | R&D Services |
| 4 | D (a CRO) | 15,226 | 1.55% | 65 days | 2 years | Clinical Trial Services |
| 5 | E (a CRO) | 13,340 | 1.36% | 30 days | 2 years | Clinical Trial Services |

The following table sets forth the details of our top five (5) suppliers for the year ended December 31, 2019:

| No | Supplier | Consolidated Purchased Amount (RMB'000) | % of total R&D and Admin Expenses | Credit terms | Length of business relationship | Services |
|---|---|---|---|---|---|---|
| 1 | C (a CRO/CMO) | 10,530 | 7.16% | 30 – 60 days | 2 years | R&D Services |
| 2 | D (a CRO) | 7,350 | 5.00% | 65 days | 1 year | Clinical Trial Services |
| 3 | F (a collaboration partner) | 3,446 | 2.34% | 10 – 30 days | 1 year | R&D Services, License Fees |
| 4 | G (a collaboration partner) | 3,000 | 2.04% | Due upon receipt/Advance payment | 1 year | R&D Services |
| 5 | H (a CDMO) | 2,459 | 1.67% | 30 days | 1 year | Formulation development and drug product manufacturing |

All of our top five suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than five percent of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers during the Track Record Period. We do not make material purchases of raw materials or equipment.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment.

We currently do not own manufacturing facilities and rely on CMOs/CDMOs to provide drug material for our clinical trials. Generally, we plan to initially rely on CMOs/CDMOs to manufacture our products after they are approved for marketing and commercialization. Once a critical mass of sales is reached, we will explore the possibility of building in-house manufacturing capabilities, particularly in China. During the Track Record Period, we did not face material difficulties in engaging CMOs/CDMOs, particularly given our strategic relationship with WuXi AppTec and WuXi Biologics for priority access to their capabilities.

## AWARDS AND RECOGNITIONS

In October 2018, we were named by Fierce Biotech as one of 2018's Fierce 15 biotechnology companies, designating our Company as one of the most promising private biotechnology companies in the industry.

## QUALITY CONTROL AND ASSURANCE

Our quality assurance team is responsible for ensuring that we maintain compliance with all applicable laws and regulations, guidelines and standards, as well as internal policies and standard operating procedures (SOPs). Our senior management team is actively involved in setting quality strategy, quality objectives, policies and managing our internal and external quality performance.

The primary responsibilities of our quality management team include the following:

- Maintaining and continually improving our quality management system
- Performing GxP audits and quality reviews
- Ensuring employee training system and training compliance
- Monitoring GxP compliance
- Evaluating CRO/CMO/CDMO qualifications
- Overseeing CRO/CMO/CDMO activities

- Conducting product release
- Providing assurance of SOP management and risk management

The structure of reviewing and reporting, risk evaluation(s), subject matter of review (e.g., regulatory, quality, supplier, patient), and allocation of resources are described and included in each of our SOPs.

Any quality control or regulatory issues identified by the quality team are documented in writing, and documentation is archived based on regulatory requirements. We also document and investigate each quality incident or issue pursuant to our quality management system.

## OUR SERVICE PROVIDERS AND SUPPLIERS

We have developed and continue to develop an extensive network of qualified, and increasingly global, CROs, CMOs, CDMOs and SMOs. We utilize the services provided by multinational CROs for organically discovered and developed product candidates with global rights. Our third-party service providers undergo a comprehensive selection, supervision and training process and provide us with a range of services such as drug discovery, development, clinical trial expertise, and clinical and commercial manufacturing that we can use on demand, helping us to operate in a cost efficient manner. We select our suppliers by considering their quality, industry reputation and compliance with relevant regulatory agencies. In addition, our employees oversee our suppliers' staff members globally to advance our R&D efforts. We do not procure raw materials because we currently do not have manufacturing facilities.

We generally enter into legally binding, long-term clinical service contracts and manufacturing agreements using substantially the same form of contract with our clinical service providers and manufacturers, which typically have terms ranging from three to seven years. For obtaining clinical services or manufacturing services under a long-term clinical service contract or a manufacturing agreement, we typically agree on the material terms with the clinical service provider and manufacturer by entering into a master service agreement, and for each order, separately send a work order with specific terms such as service fees, payment schedules, and quantity and delivery requirements. Payment schedules for CROs are typically tied to clinical trial milestones such as the enrollment of a certain percentage of patients, the enrollment of all patients, the conclusion of the trial and the finalizations of the data report. Given that we have long-term manufacturing agreements in place with a majority of our key manufacturers and that we ensure that at any time we have agreements in place with more than one manufacturer, we believe our manufacturing arrangements enable us to largely manage fluctuations of manufacturing costs and supply.

In addition, each party under our material long-term clinical service contracts and manufacturing agreements generally has the right to terminate the agreement or a work order under the long-term clinical service contract or manufacturing agreement immediately upon notice to the other party if a material breach by the other party is not curable or remains uncured for a period of time (ranging from 30 to 45 days) after notice of the material breach

is received by the other party. In addition, each party under our material long-term clinical service contracts and manufacturing agreements also typically has the right to terminate a long-term clinical service contract and manufacturing agreement or a work order without cause with prior written notice (ranging from 30 to 90 days) to the other party.

We retain ownership of all intellectual property associated with our clinical trials and the intellectual property arising from the services provided to us by our service providers and suppliers.

## COMPETITION

The biotechnology and pharmaceutical industries are competitive. While we believe that our clinical experience and scientific knowledge provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, governmental agencies, and public and private research institutions. Any product candidates that we successfully develop and commercialize may compete with existing therapies and new therapies that may become available in the future.

We believe we are differentiated from essentially many other pharmaceutical and biotechnology companies by our strategic focus primarily on infectious diseases and a team deeply experienced in global research, development, and commercialization of prevention and treatment of infectious diseases. To date, we have focused on developing therapies for significant infectious diseases and other illnesses which have significant public health burdens in China and worldwide. The key competitive factors affecting the success of BRII-179 and BRII-835 as a combination therapy for treatment of HBV, if approved, are likely to be the potential unique HBV functional cure regimen represented by the BRII-179 and BRII-835 combination therapy that encompasses dual mechanisms of removing immunosuppressive viral antigen levels by siRNA gene silencing followed by stimulating the host HBV-specific immunity with a therapeutic vaccine.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours. In addition, our ability to compete may be affected because in many cases, insurers or other third-party payors seek to encourage the use of generic products. Our industry is highly competitive and additional products are expected to become available on a generic basis over the coming years. If our HBV drug candidates (i.e., BRII-179 and BRII-835) are approved, we expect that they will be priced at a premium over competitive generic products.

Our potential competitors include large pharmaceutical and biotechnology companies, and specialty pharmaceutical and generic drug companies, as described above in detail under "– Market Opportunity and Competition" for each drug program.

## PATENTS AND OTHER INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties. As of the Latest Practicable Date, we were the owner or licensee of all the patents and patent applications which are material to our business, including those relating to our Core Product, BRII-179.

### Patents

Patents, patent applications and other intellectual property rights are important in the sector in which we operate. We consider on a case-by-case basis filing patent applications with a view to protecting certain innovative products, processes and methods of treatment. We may also license or acquire rights to patents, patent applications or other intellectual property rights owned by third parties, academic partners or commercial companies which are of interest to us.

#### *BRII-179 and BRII-835*

Our BRII-179 and BRII-835 intellectual property portfolio includes an exclusive license from VBI under certain VBI patents and know-how for our Company to develop, use, sell and offer for sale BRII-179 in the field of HBV diagnosis and treatment in Greater China. The licensed VBI patents include two Patent Cooperation Treaty (PCT) patent families and any other patent applications that are not expressly listed in the licensed patent list yet are within the definition of the licensed patents in the agreements, for example, any other patents controlled by VBI during the term of the agreement that cover composition of matter or use of the licensed compound, or are otherwise necessary or useful for exploitation of the licensed compounds or licensed products, because these two licensed VBI patent families are currently owned by Variation Biotechnologies, Inc., a wholly-owned subsidiary of VBI. As of the Latest Practicable Date, the 20-year term of these patents is presently estimated to expire between November 2039 and June 2040, absent any available patent term adjustments or extensions.

We, through our Brii Cayman Sub, have exercised the option to obtain an exclusive license from Vir under certain patents and know-how controlled by Vir to develop, make, use, sell, import and otherwise commercialize BRII-835, in the field of treatment, palliation, diagnosis, prevention or cure of acute or chronic diseases of infectious disease in Greater China. The licensed patents include three PCT patent families and any other patent applications that are not expressly listed in the licensed patent list yet are within the definition of the licensed patents in the agreements, whose current pending claims are drawn to, among others, the siRNA sequences of BRII-835 and its use in inhibiting HBV level and treating HBV infection, among others. Two of these licensed patent families are owned by Alnylam. Therefore, we are sublicensees, and the license rights such as scope and exclusivity of the license are derived from and limited by Vir's rights under these Alnylam patent families. The 20-year term of any patents issuing from these two Alnylam patent families is presently

estimated to expire between November 2035 and August 2039, absent any available patent term adjustments or extensions. The third licensed patent family is owned by Vir. The 20-year term of any patents issuing from this patent family is presently estimated to expire in May 2040, absent any available patent term adjustments or extensions.

As of the Latest Practicable Date, our material patents were as follows:

- *Material patent/patent applications in-licensed by us and/or our subsidiaries:*

| Drug Candidate | Description | Applicant | Country/ Region | Estimated Expiry Date | Legal Status |
|---|---|---|---|---|---|
| BRII-179 | Composition of BRII-179 and its medical use. | Variation Biotechnologies Inc. | PCT | November 2039 | Pending |
| BRII-835 | Composition of BRII-835; and its medical use. | Alnylam | CN; HK; TW | November 2035 | Pending |
| BRII-835 | Composition of BRII-835; and its medical use. | Alnylam | HK | November 2035 | Granted |
| BRII-835 | Composition of BRII-835; and its medical use. | Alnylam | PCT; TW | August 2039 | Pending |
| BRII-835 | Methods of use for BRII-835. | Vir | US | May 2040 | Pending |

*Notes:*

(1) Variation Biotechnologies Inc. is a wholly-owned subsidiary of VBI.

(2) Vir obtained a worldwide, exclusive license from Alnylam to develop, manufacture and commercialize BRII-835 under the Vir-Alnylam License Agreement.

- *Material patent/patent applications owned or co-owned by us and/or our subsidiaries:*

| Drug Candidate | Description | Applicant | Country/ Region | Estimated Expiry Date | Legal Status |
|---|---|---|---|---|---|
| BRII-179 | Composition of BRII-179, and methods of medical use. | Variation Biotechnologies Inc.; Brii Biosciences Limited | PCT | June 2040 | Pending |

| Drug Candidate | Description | Applicant | Country/ Region | Estimated Expiry Date | Legal Status |
|---|---|---|---|---|---|
| BRII-732 | Compound of matter for BRII-732; and methods of medical use. | Brii US | PCT; TW | July 2040 | Pending |
| BRII-732 | Compound of matter for BRII-732; and methods of medical use. | Brii US | TW | July 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196, and their medical use. | TSB | PCT | March 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196, the variants, and their medical use. | TSB | PCT | April 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196 and BRII-198, the variants and their medical use. | TSB | PCT | April 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196, and their medical use. | TSB | CN | March 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196 and BRII-198, the variants and their medical use. | TSB | U.S. | November 2040 | Pending |
| BRII-196 and BRII-198 | Composition of matter for COVID-19 antibodies, including BRII-196 and BRII-198, the variants and their medical use. | TSB | PCT; TW | March 2041 | Pending |

| Drug Candidate | Description | Applicant | Country/ Region | Estimated Expiry Date | Legal Status |
|---|---|---|---|---|---|
| BRII-296 | Composition of BRII-296, and methods of medical use. | Brii US | PCT; | May 2040 | Pending |
| BRII-296 | Composition of BRII-296, and methods of medical use. | Brii US | TW | May 2040 | Pending |

*Notes:*

(1) Variation Biotechnologies Inc. is a wholly-owned subsidiary of VBI.

(2) TSB is our subsidiary in which Brii Beijing holds 72.77% of the total equity interests.

As of the Latest Practicable Date, among the material patents and patent applications set forth above relating to our Core Product and key product candidates, only one patent had been granted with the remainder subject to pending patent applications. See "Risk Factor – We may be unable to establish, protect or enforce our intellectual property rights adequately and, as of the Latest Practicable Date, we did not own any issued patent related to our Core Product and we only had licensed rights in one issued patent, which could allow third parties to develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected."

**Patent Term**

The term of a patent depends upon the laws of the country in which it is issued. In most jurisdictions, a patent term is 20 years from the earliest filing date of a non-provisional patent application. Under the currently effective PRC Patent Law, the term of patent protection starts from the date of application. Patents related to inventions are effective for 20 years, and utility models and designs are effective for ten years from the date of application. Under the currently effective PRC Patent Law, there are no patent term adjustments or patent term extensions available in the PRC for issued patents. However, pursuant to the Fourth Amendments to the PRC Patent Law which became effective on June 1, 2021, the term of a Chinese patent may be extended to compensate for delays caused in obtaining regulatory approval for pharmaceutical products, or to account for administrative delays by CNIPA during prosecution of the Chinese patent. In the United States, a patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for administrative delays by the United States Patent and Trademark Office in excess of a patent applicant's own delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly owned patent having an earlier expiration date.

With respect to any issued patents in the United States and Europe, we may be entitled to obtain an extension of the patent's term, provided we meet the applicable requirements for obtaining such patent term extensions. For example, in the United States, we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the FDA regulatory review process under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The exact duration of the extension depends on the time we spend in clinical studies, as well as receiving an NDA approval from the FDA. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. In certain other foreign jurisdictions, similar extensions as compensation for regulatory delays are also available. There can be no assurance that we will receive any patent term extension on any patent covering product candidates, and even if a patent term extension is granted, the extension may be for less time than requested and the claim scope under such extension may be inadequate to protect our competitive position.

The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country, and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our drug candidates and methods of manufacturing the same.

**Patent Disputes**

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings which allege that we were infringing, misappropriating or otherwise violating any intellectual property right of any third party. As of the Latest Practicable Date we had identified two United States patents, which are expected to expire in April 2022, and one European patent, which is expected to expire in December 2021, with a common owner that may overlap with our BRII-196 and BRII-198 antibody therapy patent applications. We do not plan to commercialize BRII-196 and BRII-198 in the United States and Europe until mid-2022, which is after the expiration of the potentially overlapping patents. Depending on clinical progress for BRII-196 and BRII-198, we may make government stockpile sales to a limited number of governmental agencies in the United States, China and Europe pursuant to relevant emergency use authorizations or similar approvals permitting the use and sale of our cocktail therapy to combat COVID-19.

If we make any stockpile sales of our cocktail therapy to government agencies, consistent with industry practice, we would avail ourselves of various forms of liability immunity in connection with the development, sale and use of our COVID-19 therapy. For example, the United States and other governments have implemented measures designed primarily to protect manufacturers, distributors and medical professionals from various liability claims based on conduct during a public health emergency. Under the United States Public Readiness and Emergency Preparedness Act, or the PREP Act, as a manufacturer and developer of a drug or biologic used to treat, cure or mitigate COVID-19 sold to U.S. government agencies, we expect to have available broad immunity from suit and liability under United States federal and state laws with respect to all claims for losses caused by, arising out of, relating to, or resulting from these activities through at least October 1, 2024. In March 2020, Germany followed suit with the introduction of the Epidemic Protection Act, which, among other things, can limit the scope of issued patents to ensure the supply of certain products during the COVID-19 crisis.

Our intellectual property counsel has advised us that we have a reasonable basis to believe the PREP Act immunity extends to patent infringement claims that may rise from our supply of our COVID-19 antibodies through stock pile sales to government agencies in connection with the current COVID-19 pandemic (but no court has yet decided on the scope of this immunity to patent infringement claims). The extension of immunity to patent-related claims is consistent with actions by various countries or regions (such as Germany) to bypass patent protections to make it easier to gain access to potential vaccines and drugs for COVID-19 (including possibly compulsory licenses). We believe governmental bodies and courts are inclined to make available (and are unlikely to enjoin/prevent availability of) therapies beneficial to patients. Also, in response to the COVID-19 pandemic, a number of industry leading companies (many of whom have made extensive sales to various governmental agencies) have publicly announced plans not to enforce their COVID-19 patents or pledges to make no profits from their COVID-19 medicines. Similarly, we plan to join in this call to action and do not intend to enforce our COVID-19 related patents during the pendency of the COVID-19 health emergency. Thereafter, we reserve the right to enforce our patent rights on a country-by-country basis. For risks related to patent disputes, please refer to "Risk Factors – Risks Relating to Our Business, Financial Position and Need For Additional Capital – If we are sued for infringing, misappropriating, or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates."

**Trademark**

We conduct our business under the brand name of "Brii Biosciences". As of the Latest Practicable Date, we had registered the trademarks of Brii Biosciences and Brii Biosciences Breakthrough innovation & insight (as applicable) in China, Hong Kong, Taiwan and the United States. We are also the registered owner of eight domain names, including our website https://www.briibio.com.

### Trade Secrets

In addition to patents, we rely upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We seek to protect our proprietary information, in part, by executing confidentiality agreements with our partners, collaborators, scientific advisors, employees, consultants and other third parties, as well as invention assignment agreements with our consultants and employees. We have also executed agreements requiring assignment of inventions with selected scientific advisors and collaborators. The confidentiality agreements we enter into are designed to protect our proprietary information, and the agreements or clauses requiring assignment of inventions to us are designed to grant us ownership of technologies that are developed through our relationship with the respective counterparty. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes, or that these agreements will afford us adequate protection of our intellectual property and proprietary information rights. If any of the partners, collaborators, scientific advisors, employees and consultants who are parties to these agreements breaches or violates the terms of any of these agreements or otherwise discloses our proprietary information, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result. For more information regarding the risks related to our trade secrets, please see "Risk Factors – Risks related to intellectual property." If we are unable to maintain the confidentiality of our trade secrets, our business and competitive position may be harmed.

We enter into collaboration agreements and other relationships with pharmaceutical companies and other industry participants to leverage our intellectual property and gain access to the intellectual property of others. See "– Collaboration Agreements."

As of the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

See Appendix IV – "Statutory and General Information – Further Information about Our Business – Intellectual Property Rights" to this prospectus for further information.

## MANUFACTURING

We do not have our own manufacturing facilities. Instead, we leverage the capabilities, capacities and cost competitiveness of CMO/CDMO suppliers for clinical and commercial drug supply. We are currently partnering with WuXi Biologics and a multinational CMO on the potential commercial manufacture of BRII-196 and BRII-198 in China and the United States, respectively. For a summary of risks related to scaling up our manufacturing capability, see "Risk Factors – Risks relating to the Commercialization of Our Drug Candidates."

Our manufacturing team, consisting of three experienced individuals with relevant experience, is responsible for ensuring that our manufacturing needs are met in compliance with GMP. We have adopted procedures to ensure that the production qualifications, facilities and processes of our CMOs/CDMOs comply with the relevant regulatory requirements and our internal guidelines. We select our CMOs/CDMOs by reviewing a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity, reputation, track record, product quality, reliability in meeting delivery schedules and terms offered by them. We commission these industry leading CMOs/CDMOs to develop and manufacture active pharmaceutical ingredients to support our clinical development. To monitor and evaluate service performed by our CMOs/CDMOs, we set a series of pre-defined specifications on in-process control and release tests, and review manufacturing related documents including batch records and quality control test results to ensure specifications are met. In addition, we will conduct regular audits, and when there is deviation from process protocol, ad hoc special audits on our CMOs/CDMOs.

Our manufacturing team works closely with and actively supervises our CMOs/CDMOs to ensure that our non-clinical and clinical manufacturing needs continue to be met. Pursuant to NMPA guidelines, the processes used for manufacturing during our Phase 3 clinical trials must be comparable to those used at the commercialization stage. See "Risk Factors – Risks related to the successful development, regulatory approval and commercialization of our product candidates in China." We intend to continue to rely on third-party CMOs/CDMOs to produce our Product Candidates both for our Phase 3 clinical trials and for commercial production requirements for the foreseeable future. If we experience problems with our CMOs/CDMOs, the manufacturing of our Product Candidates could be delayed and our efforts to market our Product Candidates could be compromised.

## COMMERCIALIZATION

To date, our efforts have focused on building our drug candidate pipeline comprised of a mix of pre-clinical and clinical drug candidates at varying levels of clinical development and with a mix of in-licensed Greater China rights and global rights. With the possible exception of potential government stockpile sales of our COVID-19 antibody cocktail therapy BRII-196 and BRII-198 as further described below, we generally do not expect any of our pipeline candidates to generate sales or be commercialized in the near term with some drug candidates requiring a longer time to commercialize.

As our pipeline matures, we will evaluate our commercialization strategy and efforts for our various drug candidates. These activities may differ depending on, among other things, targeted indications, targeted geographies, the rights held by us, our collaboration partners and evaluation of commercialization and distribution strategies and related potential partners, particularly for drug candidates where we hold global rights.

We anticipate using a portion of our net offering proceeds in connection with the launch and commercialization of our Core Product BRII-179, subject to our development efforts, receipt of required regulatory approvals and the terms of our collaboration agreements. The initiatives we plan to take primarily include recruiting commercialization personnel and establishing sales channels, mainly in the one year before the expected launch of BRII-179.

Although we do not plan to commercialize our COVID-19 antibody cocktail therapy BRII-196 and BRII-198 for some time, depending on interim and other clinical study results, we may make government stockpile sales to a limited number of governmental agencies pursuant to EUAs or similar authorizations prior to registrational approval. Any such stockpile sales would require limited personnel additions.

For a summary of risks related to commercialization of our drug candidates, see "Risk Factors – Risks Relating to the Commercialization of Our Drug Candidates."

## INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover property loss due to accidents or natural disasters and AEs in clinical trials. We do not maintain product liability insurance or key-man insurance. See "Risk Factors – Risks Relating to Our Operations – In conducting drug discovery and development, we face potential liabilities, in particular, product liability claims or lawsuits could cause us to incur substantial liabilities."

## FACILITIES

Our headquarter in China is in Beijing where we conduct our main R&D operations, which is 2,800 square meters in size. The lease for this facility expires in 2024. We currently do not operate laboratory or manufacturing facilities. We believe that this facility is sufficient to meet our near-term needs for our R&D activities, and establishing a strong presence in Beijing provides us with operational efficiencies, proximity to agencies and organizations located in the capital city, and access to the deep research talent base at top universities. We also lease a shared office space in Beijing to facilitate our regulatory liaison for our clinical trials. The lease for this shared office expires in 2022. In addition, we have leased an office of 390 square meters in size and a shared office space in Shanghai, which primarily include our finance staff. The lease for our Shanghai office expires in 2024 and the lease for the shared office space expires in September 2021.

We also maintain offices in the United States, where we have leased shared office spaces in Durham, North Carolina and San Mateo, California. The leases for our Durham and San Mateo offices expire in May 2022 and August 2022, respectively. We believe our current facilities are sufficient to meet our near-term operations.

We do not anticipate undue difficulty in renewing our leases upon their expiration, and we do not anticipate any material impact on our operations if we fail to renew any of the leases in China or the United States.

## EMPLOYEES

As of the Latest Practicable Date, we employed a total of 98 full-time employees, of which 62 employees were engaged in R&D activities. The following table shows a breakdown of our employees by function and location as of the Latest Practicable Date:

| | Number of employees | % of total | China | United States |
|---|---|---|---|---|
| Clinical Development | 49 | 50% | 34 | 15 |
| Drug Discovery | 16 | 16% | 3 | 13 |
| Executive | 2 | 2% | 1 | 1 |
| **Total Research and Development** | 67 | 68% | 38 | 29 |
| Quality Assurance | 5 | 5% | 5 | – |
| General and Administration[(1)] | 26 | 27% | 16 | 10 |
| **Total Employees** | 98 | 100% | 59 | 39 |

*Note:*

(1) Includes business operations, finance, legal, IT and other supporting staff.

### Employment Agreements with Key Management and R&D Staff

We enter into standard confidentiality and employment agreements with our key management and R&D staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for at least one year after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of employment. For further details regarding the terms of confidentiality and employment agreements with our key management, please refer to the section headed "Directors and Senior Management" in this prospectus.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations.

### Training and Development

We provide formal and comprehensive company-level and department-level training to our new employees followed by on-the-job training. We also provide training and development programs to our employees from time to time to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by different groups and departments serving different functions but working with or supporting each other in our day-to-day operations.

### Employee Benefits

We enter into individual employment contracts with our employees to cover matters such as wages, benefits, equity incentive, and grounds for termination. We generally formulate our employees' remuneration package to include salary, bonus, equity incentive and allowance elements. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. We also provide our employees with welfare benefits in accordance with applicable regulations and our internal policies.

In accordance with applicable regulations in the PRC, we participate in a pension contribution plan, a medical insurance plan, an unemployment insurance plan, and a personal injury insurance plan for our employees. We have made adequate provisions in accordance with applicable regulations. Additionally, in accordance with PRC regulations, we make annual contributions toward a housing fund, a supplemental medical insurance fund, and a maternity fund. As of the Latest Practicable Date, no fine or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance or housing reserve fund contributions, nor had we received any order to settle the outstanding amount of such contributions we incurred during the Track Record Period. We had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects as of the Latest Practicable Date.

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal Proceedings

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We had not been during the Track Record Period and are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition, or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

### Legal Compliance

During the Track Record Period and as of the Latest Practicable Date, we had not had any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our company as a whole.

## REGULATORY

For a discussion of the material regulations that apply to us regarding the development and approval of pharmaceutical products, intellectual property protection and other regulations material to our business, see the section entitled "Regulatory Overview" in this Prospectus.

## OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We currently do not own or operate any laboratories and rely on CMOs/CDMOs for the manufacturing function and on CROs for our clinical development and other activities. As a result, the current nature of our business does not directly expose us to a substantial risk of environmental, health or work safety matters. During the Track Record Period, our Directors confirm that we did not experience any material occupational health, safety or environmental incidents, and our PRC Legal Adviser has advised that our operations in China were in compliance with relevant laws and regulations in all material respects.

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees, patients and communities. We have implemented company-wide environmental, health and safety (EHS) manuals, policies and standard operating procedures.

Our EHS function is responsible for monitoring and enforcing the compliance of our operations with environmental, health, and safety laws and regulations. This responsibility is executed through formulation and implementation of strategies, policies, standards and metrics; communication of EHS policies and procedures; EHS audits; and incident response planning and implementation with a team of volunteer first responders.

Our contracted third party service providers are also required under our master service agreements to comply with all applicable laws, including, among others, the US Food Drug and Cosmetic Act, US regulations in Title 21 of the Code of Federal Regulations, the EC Guide to Good Manufacturing Practice for Medicinal Products, ICH guidelines, and applicable laws and regulations of the PRC.

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

We are exposed to various risks in the operations of our business, and we believe that risk management is important to our success. For details, see "Risk Factors – Risks Relating to Our Business." Our Directors oversee and manage the overall risks associated with our operations. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules, and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three members, namely, Ms. Grace Hui Tang, who serves as chairlady of the committee, Dr. Martin J. Murphy Jr. and Mr. Yiu Wa Alec Tsui. For the qualifications and experience of these committee members, see "Directors and Senior Management";

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;

- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and

- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

## Internal control

We have employed an independent internal control consultant to conduct an assessment of our internal control system in connection with the Listing. The internal control consultant has conducted a review procedure on our internal control system in certain aspects, including financial reporting and disclosure controls, corporate level controls, information system control management and other procedures for our operations. The internal control consultant conducted its work in September 2020 and provided a number of findings and recommendations in its report. We have subsequently taken remedial actions in response to such findings and recommendations. The internal control consultant performed follow-up procedures on our internal control system with regard to those actions taken by us in October 2020 to November 2020 and has not identified any material deficiencies in our internal system. We do not have access to patients' personal data which was maintained by our CROs, and we have data protection clauses in our agreements with the CROs under which the CROs are responsible for safeguarding the data. We have appointed external legal counsels to advise us on compliance matters, such as compliance with the regulatory requirements on clinical research and development, which is also monitored by our regulatory and quality assurance team. We have also established anti-bribery guidelines and compliance requirements in our Employee Handbook. After considering the remedial actions we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations.

We plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC and U.S. laws and regulations on a regular basis with a view to proactively identifying any concerns and issues relating to any potential non-compliance.

### *Anti-bribery*

We maintain strict anti-corruption policies among our employees and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We strictly prohibit bribery or other improper payments in any of our business operations. This prohibition applies to all business activities, anywhere in the world, whether involving government officials or healthcare professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of expenses that are unusual, excessive or inadequately described are rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable. We will also ensure that any future commercialization team personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

***Data privacy***

We have established procedures to protect the confidentiality of patients' personal data. We do not have access to patients' personal data. We maintain policies which require our personnel to be trained on collecting, safeguarding personal information and require our CROs to have data protection clauses in our agreements with them under which they are responsible for safeguarding data in their possession. Access to clinical trial data has been strictly limited to authorized personnel only according to the GCP and relevant regulations. Additionally, we require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data are to be used only for the intended use, as agreed by the patients and consistent with the Informed Consent Form (the "ICF"). We will obtain consent from patients if any use of data falls outside the scope of ICF.

We have a number of ongoing or planned clinical studies in China and other countries (including MRCT studies conducted in China and APAC countries or regions) for our HBV programs (BRII-179 and BRII-835). We also have ongoing and planned studies in the United States, China and APAC countries for our other portfolio programs. Any transfer of clinical trial data in connection with our product development efforts and regulatory communications is subject to the applicable local data and privacy protection laws, including those in China and the United States. Together with our CROs and other collaborators, we have implemented controls and arrangements designed to ensure a data management and transfer plan is developed and implemented to govern transfer of all clinical trial data or other potentially sensitive information. Related measures include, as applicable, ensuring that the cross-border transfer of this clinical data and information is permitted, any requisite approvals are properly obtained and applicable filings are made, in each case, with the competent authorities and in accordance with relevant laws and regulations (particularly in the case of any transfer between China and the United States). Although the laws and regulations in this area and the nature of our potential clinical studies are evolving, to date, we had not experienced any material difficulty in data transfer, and we believe our transfer of relevant clinical trial data and information between China and the U.S. is in the line with market practice.

For the potential impact and related risks for data privacy and security breaches, please refer to "Risk Factors – Risks Relating to Our Operations – Our internal computer systems, or those used by our CROs, CMOs, CDMOs or partners or other contractors or consultants, may fail or suffer security breaches"; "– Failure to comply with existing or future laws and regulations related to privacy or data security could lead to government enforcement actions, which could include civil or criminal fines or penalties, private litigation, other liabilities, and/or adverse publicity. Compliance or the failure to comply with such laws could increase the costs of our products and services, could limit their use or adoption, and could otherwise negatively affect our operating results and business"; and "– If we are found to have violated laws protecting the confidentiality of patients and other covered information, we could be subject to civil or criminal penalties, which could increase our liabilities, damage our reputation and harm our business."

## CERTIFICATES, PERMITS, LICENSES AND OTHER APPROVALS

We are required to obtain and renew certain licenses, permits, approvals and certificates for our business operations in various jurisdictions. For more information, please see "Regulatory Overview." During the Track Record Period and as of the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from relevant authorities that are material to our operations, and all of such licenses, permits, approvals and certificates were within their respective effective periods. We had not experienced any material difficulty in renewing such licenses, permits, approvals and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable. Our PRC Legal Adviser is of the view that there is no material legal impediment in renewing such licenses, permits, approvals and certificates as they expire in the future as long as we are in compliance with applicable laws, regulations and rules. During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for any non-compliance relating to maintenance and renewal of our material licenses, permits, approvals and certificates.

The following table sets out a list of material licenses held by us as of the Latest Practicable Date.

| Company Name | License | Expiration |
|---|---|---|
| Brii Shanghai | Business license | Effective until April 2048 |
| Brii Beijing | Business license | Effective until August 2048 |
| TSB | Business license | Effective until May 2050 |

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report set out in Appendix I to this prospectus. Our audited consolidated financial information has been prepared in accordance with* ***International Financial Reporting Standards*** (*"IFRS"*).

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements because of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this prospectus, including those set forth in "Risk Factors" and "Forward-Looking Statements" in this prospectus.*

## OVERVIEW

We are a biotechnology company based in China and the United States committed to advancing therapies for significant infectious diseases, such as HBV, HIV, MDR/XDR gram-negative infections, and other illnesses, such as the CNS diseases, which have significant public health burdens in China and worldwide. We are achieving this vision with a business model combining internal discovery and in-licensing.

To achieve our mission of tackling public health challenges with our innovation and insight, in slightly over three years, we have built a pipeline of innovative product candidates through internal discovery augmented by our collaborative licensing arrangements. As of the Latest Practicable Date, we had over ten product candidates, presenting a mix of preclinical and clinical-stage candidates, and a mix of in-licensed and self-discovered candidates.

Our internally discovered drug candidates for which we hold global rights include:

- BRII-778 and BRII-732 for the treatment of HIV;
- BRII-196 and BRII-198 for the treatment of COVID-19 (global rights are held by us and our non-wholly owned subsidiary TSB collectively); and
- BRII-296 for the treatment of PPD and MDD.

Our in-licensed drug candidates for which we hold rights in Greater China include:

- BRII-179 (our Core Product) and BRII-835 for the development of a functional cure for HBV;
- BRII-636, BRII-672 and BRII-693 for the treatment of MDR/XDR gram-negative infections; and
- BRII-658 for the treatment of MDR/XDR tuberculosis (TB) and mycobacterial infections.

We have extensive research and development collaborations with pharmaceutical and biotech companies, leading CROs, CMOs, CDMOs, research institutions and other strategic partners. Our extensive research and development collaborations and significant in-house research and development capabilities facilitate our global sourcing of innovative therapies for the China market. Our clinical development team formulates clinical strategies and designs adaptive clinical trials to efficiently and expeditiously advance each of our programs. We leverage the capabilities of our CROs and other collaborators allowing us to advance multiple, simultaneous clinical programs (often in multiple locations and dispersed geographic regions) flexibly without a large in-house discovery and development team or significant research and development facilities and equipment.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have incurred operating losses in each year since inception. Our total comprehensive expenses were RMB535.3 million and RMB1,173.1 million for the years ended December 31, 2019 and 2020, respectively. Substantially all of our operating losses resulted from research and development expenses and administrative expenses.

We expect to incur significant expenses and operating losses for at least the next several years as we further our research and development efforts, continue the clinical development of, and seek regulatory approval for, our drug candidates, launch commercialization of our pipeline products, and add personnel necessary to operate our business. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to licensing activities, the development status of our drug candidates, regulatory approval timeline and commercialization of our drug candidates after approval.

## BASIS OF PRESENTATION

We are a Cayman Islands exempted company with limited liability and, as a holding company, conduct our business directly and indirectly through our subsidiaries. See "History, Development and Corporate Structure" for more details. Our consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the period-to-period comparability of our financial results are principally affected by the following factors:

### Internal Drug Discovery, Collaborative Licensing Arrangements and Other Value Maximization Activities

Our business and results of operation will depend on our success in (i) continuing to build our product candidate pipeline through internal discovery efforts and collaborative licensing arrangements and (ii) looking for ways to maximize the value of our drug product pipeline.

Our in-house R&D team is comprised of over 60 full-time employees in China and the United States, over half of whom have advanced degrees such as an M.D. or Ph.D. We hold the global rights to our internally developed HIV program, PPD/MDD program and COVID-19 program (including through our non-wholly owned subsidiary TSB). An example of our in-house R&D capabilities and commitment to public health is our COVID-19 program. In less than one year, we have taken BRII-196 and BRII-198, our cocktail antibody therapy, from discovery to late-stage development in global, government sponsored Phase 2/3 master protocol clinical studies.

Our licensing and collaboration agreements involve (i) carefully selecting strategic partners (some of whom select us to leverage our scientific insights and R&D capabilities), (ii) licensing the Greater China rights to our partners' important assets and leading clinical development of such assets in China, as well as playing an integral role in the global development of such assets and (iii) in most cases, acquiring multiple product candidates and options to acquire rights to additional future product candidates. For example, under our licensing agreement with Vir (i) Vir granted us the right to obtain, in the agreed field, exclusive Greater China territory rights for up to four agreed upon Vir programs and (ii) we granted to Vir similar exclusive rights in the United States with respect to up to four agreed upon Brii programs, in each case on existing, negotiated and agreed upon economic terms. Pursuant to this license agreement, we (i) acquired exclusive Greater China territory rights to BRII-835 and (ii) have an option to acquire agreed upon rights to VIR-3434, a mAb for HBV infection that is currently being developed by Vir and is in a Phase 1 study by Vir. See "Business–Collaboration and Licensing Agreements" for description of certain partnership and collaboration arrangements.

As our drug product pipeline grows and matures, we may actively seek partnership or alternative strategies to maximize the value of our drug candidate pipeline, particularly our self-developed assets, outside of China. Doing so will help maximize our return on investment without over-stretching our organization and will diversify our reach to markets outside of China.

**Acquisition, Milestone and Royalty Payments**

Pursuant to our agreements with licensing and collaboration partners, we have agreed to make certain payments when we acquire rights to an in-licensed product candidate and when the licensed candidate reaches different agreed upon milestones during the drug development process. In addition, we have agreed to pay royalties on our future drug sales contemplated under the licensing agreements. In the future, we may receive similar payments from our licensing and collaboration partners where we have licensed to them rights to our product candidates. The timing and amount of these payments and the mix of future products sold (which may be subject to different royalties) will have an effect on our profitability. For details, see "Business – Collaboration and Licensing Agreements".

**Commercialization of Our Drug Candidates**

Our business and results of operations depend on our ability to commercialize our drug candidates, if approved for marketing. Although we currently have no products approved for commercial sale and have not generated any revenue from product sales, we expect to commercialize one or more of our drug candidates over the coming years after they complete the final stages of development. See "Business" for more information on the development status of our various drug candidates.

We may make government stockpile sales to a limited number of governmental agencies in the United States and Europe to treat COVID-19 patients. These sales would be subject to EUA or similar government approval and satisfactory results in our ongoing Phase 2/3 clinical studies for ambulatory patients, among other conditions. The governmental agencies will be responsible for distribution of the cocktail therapy to clinical locations for administration. Demand for our cocktail therapy could vary depending on, among other factors, the increased prevalence of the United Kingdom, South African, Brazilian and other COVID-19 variants. In late 2020, we secured 90,000 doses of BRII-196 and BRII-198 from our CMOs for clinical study and potential government stockpile sale purposes. The related cost for these therapies is already reflected in our R&D expenses for the year-ended December 31, 2020. See "– Discussion of Certain Key Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Research and Development Expenses" for more details.

**Cost Structure**

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses.

Since our inception, we have focused our resources on our research and development activities, including conducting pre-clinical studies and clinical trials, in-licensing, and activities related to regulatory filings for our drug candidates. Our research and development expenses primarily consist of:

- third-party contracting cost that represents our expenses relating to outsourced research and development activities (excluding licensing fees);
- licensing fees; and
- employee cost that consists of employee salaries and allowances, performance related bonuses, retirement benefit schemes and share-based payment expenses for research and development personnel.

We expect research and development costs to increase significantly for the foreseeable future as our development programs progress, as we continue to support the clinical trials of our drug candidates and as these drug candidates enter into additional clinical trials.

We have a number of programs that are just entering into clinical study and a number of programs that have been in clinical development in trials in China, the United States and other countries and regions. Factors that can cause R&D costs to fluctuate include without limitation (i) the number of programs in clinical development, (ii) the number of clinical sites, (iii) the stage of clinical development (with later stage clinical trials typically involving a larger number of study participants than early stages), (iv) study design, (v) drug costs, (vi) costs of chemical testing and assay, (vii) study endpoints and (viii) the post-study follow-up time and procedures.

Our administrative expenses consist primarily of employee cost and professional fees. Other administrative expenses mainly include travel expenses, office expenses and insurance expenses. We expect our administrative expenses to increase in future periods to support our drug development efforts and support any commercialization activities with respect to our drug candidates, if approved. We also anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

For the years ended December 31, 2019 and 2020, we did not incur any sales and marketing costs.

**Funding for Our Operations**

To date, we have funded our business operations through preferred share financings and limited government grants. In June 2018, our initial investors committed to provide aggregate funding of approximately US$259 million over time through their purchase, on a pro rata basis, of US$86.5 million worth of Series A Preferred Shares and US$172.4 million worth of Series B Preferred Shares in multiple closings at predetermined prices. Our initial investors purchased all Series A and Series B Preferred Shares in two closings for Series A (June 2018 and December 2018) and two closings for Series B (December 2019 and August 2020). In March 2021, we closed our US$155 million Series C preferred share financing with US$125 million raised from new investors and US$30 million raised from funds affiliated with our existing investors.

With the continuing expansion of our business, we will require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles that conform with IFRSs issued by the IASB. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

We consider an accounting policy critical if it: (i) requires management to make judgments and estimates about matters that are inherently uncertain; and (ii) is important to the understanding of our financial condition and operating results. We believe the following accounting policies are most critical to our business operations and to an understanding of our financial condition and results of operations, and reflect the more significant judgments and estimates used in the preparation of our consolidated financial statements. Our most critical accounting policies and estimates are summarized below. See note 4 and note 5 to the Accountants' Report set out in Appendix I for a detailed description of our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations.

**Research and development expenditure**

Expenditure on research and development activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

**Preferred Shares**

Convertible preferred shares, which contain redemption or conversion features, are measured at fair value through profit or loss ("FVTPL"). All of our outstanding Series A, B and C Preferred Shares contain redemption and conversion features and, as such, constitute financial liabilities. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive

income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of convertible preferred shares is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability. Fair value is determined in the manner described in note 26 to the Accountants' Report set out in Appendix I. All of our outstanding Preferred Shares will convert to ordinary shares in connection with the Listing and, as a result, the related balance reflected as financial liabilities at FVTPL will be reclassified to equity. In 2021, we expect to incur a substantial FVTPL charge in respect to the period prior to the Listing and no further FVTPL charges after Listing.

In relation to the valuation of the Preferred Shares, financial liabilities at fair value through profit or loss as of December 31, 2019 and 2020, which is categorised within level 3 of fair value measurement, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of Preferred Shares agreements; (ii) engaged independent valuer (the "Independent Valuer"), provided necessary financial and non-financial information to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as fair value of the ordinary shares of our Company, possibilities under different scenarios, time to liquidation and discount for lack of marketability, which require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared. Details of the fair value measurement of financial liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in Note 32(c) to the Accountants' Report in Appendix I to this Prospectus.

The Reporting Accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out in Appendix I to this Prospectus. In relation to the valuation of financial liabilities categorized as level 3 fair value measurement, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) review of relevant notes in the Accountants' Report as contained in Appendix I to this Prospectus and relevant documents provided by the Independent Valuer for the valuation of certain of financial liabilities categorized as level 3 fair value measurement; and (ii) discussed with the Company, the Reporting Accountants and the Independent Valuer about the key basis and assumptions for the valuation of financial liabilities categorized as level 3 fair value measurement. Having considered the work done by the Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation of financial liabilities categorized as level 3 fair value measurement.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

***Fair value of financial liabilities at FVTPL***

We have issued a series of preferred shares during the Track Record Period. We recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include back-solve method and equity allocation model involving various parameters and inputs. Some inputs, such as fair value of our ordinary Shares, possibilities under different scenarios such as qualified public offering, redemption and liquidation, involve management's estimation. Management's estimation and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimation and assumptions change, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of our financial liabilities at FVTPL as at December 31, 2019 and 2020 are RMB1,535.3 million and RMB2,403.0 million, respectively.

## DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table summarizes our consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2020, respectively:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Other income | 20,339 | 84,625 |
| Other gains and losses | 8,440 | (21,993) |
| Research and development expenses | (83,785) | (875,795) |
| Administrative expenses | (63,334) | (103,396) |
| Fair value loss on financial liabilities at FVTPL | (401,575) | (350,372) |
| Finance costs | (1,113) | (1,668) |
| Listing expenses | – | (14,911) |
| **Loss for the year** | (521,028) | (1,283,510) |
| **Other comprehensive (expense) income** | | |
| **Items that will not be reclassified to profit or loss:** | | |
| Exchange differences on translation from functional currency to presentation currency | (13,888) | 159,257 |
| Fair value (loss) gain on equity instruments at FVTOCI | (3,480) | 21,697 |
| | (17,368) | 180,954 |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Exchange differences arising on translation of foreign operations | 3,050 | (70,592) |
| Other comprehensive (expense) income for the year | (14,318) | 110,362 |
| Total comprehensive expense for the year | (535,346) | (1,173,148) |
| Loss for the year attributable to: | | |
| Owners of the Company | (521,028) | (1,189,600) |
| Non-controlling interests | – | (93,910) |
| | (521,028) | (1,283,510) |

**Revenue**

We did not generate any revenue for the years ended December 31, 2019 and 2020.

**Other Income**

The following table summarizes a breakdown of our other income for the years ended December 31, 2019 and 2020:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Bank interest income | 143 | 2,407 |
| Government grants | 20,196 | 82,218 |
| Total | 20,339 | 84,625 |

Other income consists of government grants and bank interest income.

Bank interest income includes interests from bank deposits.

Government grants include subsidies from the PRC government. During the Track Record Period, we have received various PRC government grants, and recognised as government grant income of RMB20.2 million and RMB82.2 million for the years ended December 31, 2019 and 2020, respectively. These grants mainly represent the incentive and other subsidies from the PRC government which are for research and development activities, and are recognised upon compliance with the attached conditions.

**Other Gains and Losses**

The following table summarizes a breakdown of our other gains and losses for the years ended December 31, 2019 and 2020:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Net foreign exchange gain (loss) | 3,142 | (6,974) |
| Fair value gain on money market funds | 5,298 | 1,885 |
| Fair value loss on financial assets at FVTPL | – | (16,904) |
| **Total** | 8,440 | (21,993) |

Our other gains and losses mainly consist of fair value loss of financial assets measured at FVTPL, fair value gains of money market funds and net foreign exchange gains (losses).

Net foreign exchange gains (losses) are the exchange differences resulted from the fact that some of the carrying amount of financial assets that are denominated in a foreign currency is translated at the spot rate at the end of each reporting period.

The fair value loss of financial assets measured at FVTPL consists of the decrease in fair value of investments in the unlisted shares of private biopharmaceutical entities established in the United States focusing on infectious diseases.

**Fair value loss on financial liabilities at FVTPL**

The fair value loss of financial liabilities measured at FVTPL consists of the issues of our Series A and Series B Preferred Shares issued or outstanding during the Track Record Period. We recorded these financial instruments as financial liabilities at FVTPL.

The movements of the Preferred Shares were as follows:

| | **Series A Preferred Shares** | **Series B Preferred Shares** | **Total** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2019 | 595,837 | – | 595,837 |
| Issuance of Series B Preferred Shares | – | 524,698 | 524,698 |
| Changes in fair value | 401,575 | – | 401,575 |
| Exchange realignment | 14,716 | (1,483) | 13,233 |
| At December 31, 2019 | 1,012,128 | 523,215 | 1,535,343 |
| Issuance of Series B Preferred Shares | – | 668,384 | 668,384 |
| Changes in fair value | 284,462 | 65,910 | 350,372 |
| Exchange realignment | (80,959) | (70,118) | (151,077) |
| At December 31, 2020 | 1,215,631 | 1,187,391 | 2,403,022 |

Our Series A and Series B Preferred Shares contain redemption or conversion features and are measured at FVTPL. See note 26 to the historical financial information for the Track Record Period as set out in the Accountants' Report in Appendix I to this prospectus for details of the key terms of our Series A and Series B Preferred Shares including redemption and conversion features, dividend rights and liquidation preferences.

Our Series A and Series B Preferred Shares were valued with reference to valuation reports carried out by an independent qualified professional valuer which has appropriate qualifications and experience in valuation of similar instruments. We used the back-solve method to determine our underlying share value and performed an equity allocation based on a hybrid method of Binomial Option Pricing model ("OPM model") and Probability Weighted Expected Return method ("PWERM method") to arrive at the fair value of our Series A and Series B Preferred Shares as of the dates of issuance and at the end of each reporting period. In addition to our underlying share value determined by back-solve method, other key valuation assumptions used in the OPM model and PWERM method to determine the fair value as of the dates of issuance and at the end of each reporting period include time to initial public offering and liquidation, risk-free interest rate volatility, dividend yield, possibilities under liquidation scenario, redemption scenario and qualified public offering scenario. We estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on an average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to the expected liquidation dates.

Details of the valuation measurement of our Series A and Series B Preferred Shares, particularly the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to valuation are disclosed in notes 26 and 32(c) to the historical financial information of Group for the Track Record Period as set out in the Accountants' Report in Appendix I to this prospectus.

In March 2021, we issued Series C Preferred Shares. All our Preferred Shares will convert to ordinary shares in connection with the Listing. In 2021, we expect to incur a substantial fair value loss on the financial liabilities measured at FVTPL in respect to the period prior to the Listing.

**Research and Development Expenses**

The following table summarizes a breakdown of our research and development expenses for the years ended December 31, 2019 and 2020:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Employee cost | 44,294 | 61,156 |
| Amortization | – | 1,358 |
| Licensing fees | 3,446 | 141,461 |
| Third-party contracting cost | 36,045 | 671,311 |
| Others | – | 509 |
| Total | 83,785 | 875,795 |

Our research and development expenses mainly consist of employee cost of research and development personnel, amortization, licensing fees and third-party contracting cost. We leverage the capabilities of our CROs and other third-party collaborators to advance multiple, simultaneous clinical programs flexibly without a large in-house discovery and development team or significant research and development facilities and equipment. We plan to add additional research and development personnel to manage clinical development activities for our product candidate pipeline.

Employee cost primarily consists of employee salaries and allowance, performance related bonus, retirement benefit scheme and share-based payment expenses for research and development personnel. Licensing fees include in-license fees related to our in-licensed drug candidates. Amortization represents exclusively amortization of intangible assets, such as technical know-how and patent. Third-party contracting costs relate to our research and development outsourcing activities.

We entered into the VBI License Agreement in December 2018, and in 2018 we did not have any research and development expenses related to our Core Product (BRII-179) other than (i) the upfront license fee of US$4.0 million paid by us to VBI as part of the consideration for the collaboration and (ii) a US$3.4 million premium paid in connection with our equity investment in VBI which was recorded as a license fee. BRII-179 related R&D expenses totaled RMB22.6 million in 2019 and RMB39.2 million in 2020 (or 26.9% and 4.5% of our total R&D expenses in 2019 and 2020, respectively), consisting of employee costs and third-party contracting costs reflecting our expenses on the Phase 1b/2a clinical trials for BRII-179.

During 2020, our R&D expenditures were unexpectedly high as we responded to the COVID-19 global pandemic beginning in early 2020. In less than one year, we took our BRII-196/198 COVID-19 cocktail from discovery to late-stage development in ACTIV global government sponsored Phase 2/3 master protocol clinical studies. Of the RMB671.3 million in third-party contracting costs in 2020, RMB535.5 million related to the manufacture by our CMOs of BRII-196/198. We had these drug supplies manufactured (i) for use in our ongoing participation in the ACTIV clinical study and (ii) more significantly to make our therapy available to patients at scale as soon as possible (including potential stockpile sales of our COVID-19 therapy to a limited number of governmental entities following receipt of necessary governmental approvals). Prior to receiving required governmental approvals, the associated manufacturing costs are expensed and not capitalized. We note most research and development focused biotech companies are not required to incur such significant drug candidate manufacturing expenses prior to governmental marketing approval.

In 2020, consistent with a significant expansion of our product candidate pipeline and excluding the above-described BRII-196/198 drug supply manufacturing costs, our R&D expenses totaled RMB340.3 million, with spending on BRII-179 totaling RMB39.2 million (or 11.5% of such total). Also, our R&D expenses in 2019 and 2020 include (i) RMB0.6 million and RMB13.8 million of BRII-835 (HBV) related third-party contracting costs and (ii) nil and RMB138.0 million of BRII-835 related license fees. We are seeking to develop a functional cure for chronic HBV infection and to do so we intend to focus on combination therapies, such as the combination of our Core Product, BRII-179, with BRII-835 and other antiviral therapies. As a result, our BRII-835 development expenses are associated with our Core Product. For a description of our CROs, which constitute our largest suppliers, see "Business – Research and Development".

Finally, our BRII-179 development efforts benefited significantly from our licensing partner's development of efforts. VBI's contributions allowed us to efficiently complete our Phase 1b/2a clinical trial before commencing the next Phase 2b clinical trial. However, as reflected in "Use of Proceeds" more resources are required to continue the development of our Core Product.

**Administrative Expenses**

The table below summarizes a breakdown of our administrative expenses for the years ended December 31, 2019 and 2020:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Employee cost | 33,293 | 55,618 |
| Professional fees | 11,271 | 18,350 |
| Office expenses | 1,437 | 1,774 |
| Depreciation and amortization | 7,493 | 12,851 |
| Others | 9,840 | 14,803 |
| Total | 63,334 | 103,396 |

Our administrative expenses consist of employee cost of administrative personnel, professional consulting fees, office expenses, depreciation and amortization and others.

Employee cost consists of employee salaries and allowance, performance related bonus, retirement benefit scheme and share-based compensation expense for administrative personnel. Professional fees consist of consulting fees, audit fees and hiring service fees. Depreciation and amortization represents almost exclusively depreciation and amortization of leasehold improvements at our Beijing headquarters. Others mainly include travel expenses and insurance expenses.

**Finance Costs**

The table below summarizes a breakdown of our finance costs for the years ended December 31, 2019 and 2020:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Interest on other loans | 1 | – |
| Interest on lease liabilities | 1,112 | 1,668 |
| | 1,113 | 1,668 |

Interest on lease liabilities imputed interest costs associated with our leased facilities (primarily our Beijing headquarters).

**TAXATION**

**Cayman Islands**

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act and accordingly are exempted from Cayman Islands income tax.

**Hong Kong**

Our subsidiary Brii Biosciences (Hong Kong) Co. Limited incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on assessable profits earned in Hong Kong. No provision for taxation in Hong Kong has been made as our income neither arises in, nor is derived from, Hong Kong during the Track Record Period.

**China**

Our subsidiaries in China are subject to Enterprise Income Tax (the "EIT") on the taxable income, and pursuant to the EIT laws and regulations, the basic tax rate of our subsidiaries in China is 25%.

**United States**

Our subsidiary Brii Biosciences, Inc. is subject to statutory U.S. federal corporate income tax at a rate of 21% on any estimated assessable profits arising in the U.S. during the Track Record Period. It is also subject to the state income tax in North Carolina, California, Maryland and Pennsylvania at rates between 2.5% – 9.9% during the Track Record Period.

**Income Tax Expense**

We recorded nil income tax expense during the Track Record Period. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

The effective income tax rate was nil for the years ended December 31, 2019 and 2020, because we had no taxable income during the Track Record Period.

## YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

### Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

***Other Income.*** Our other income increased by RMB64.3 million from RMB20.3 million for the year ended December 31, 2019 to RMB84.6 million for the year ended December 31, 2020. This was primarily attributable to (i) increases in government grants of RMB82.2 million in 2020 compared to RMB20.2 million in 2019 as a result of increases of research and development expenses and (ii) increases in bank interest income by RMB2.3 million from RMB0.1 million in 2019 to RMB2.4 million in 2020 due to increase in cash deposits.

***Other Gains and Losses.*** Our other gains decreased by RMB30.4 million from gains of RMB8.4 million for the year ended December 31, 2019 to losses of RMB22.0 million for the year ended December 31, 2020. The change in other gains and losses was primarily attributable to the increase in foreign exchange losses by RMB10.1 million from gains of RMB3.1 million in 2019 to losses of RMB7.0 million in 2020 due to exchange rate changes and decreases in the fair value gains on money market funds measured at FVTPL by RMB3.4 million from RMB5.3 million in 2019 to RMB1.9 million in 2020.

***Fair value loss on financial liabilities at FVTPL.*** Our loss on fair value changes of financial liabilities decreased by RMB51.2 million from RMB401.6 million in 2019 to RMB350.4 million in 2020 as a result of changes in fair value of financial liabilities due to the increase in company valuation.

***Research and Development Expenses.*** Our research and development expenses increased by RMB792.0 million from RMB83.8 million for the year ended December 31, 2019 to RMB875.8 million for the year ended December 31, 2020. This increase was primarily attributable to the expansion of our pipeline and advancement of our product candidates, including an increase of RMB16.9 million in employee costs related to the increased headcount to manage our increased R&D activity, a license fee expense of RMB138.0 million to exercise the option to in-license VIR-2218 from Vir for our BRII-835 program and an increase in third-party contracting cost of RMB635.3 million. The increase in third-party contracting cost is primarily related to the expense incurred for our new BRII-196 and BRII-198 programs of approximately RMB564.4 million and an increase in expense related to our HBV programs of approximately RMB26.2 million as we continued Phase 1b/2a trials of our BRII-179 program and began Phase 2 clinical trials in our BRII-835 program.

***Administrative Expenses.*** Our administrative expenses increased by RMB40.1 million from RMB63.3 million for the year ended December 31, 2019 to RMB103.4 million for the year ended December 31, 2020. This was primarily attributable to an increase of RMB22.3 million in employee cost from RMB33.3 million for the year ended December 31, 2019 to RMB55.6 million for the year ended December 31, 2020. Such increase was primarily attributable to increased headcount.

***Finance Costs.*** Our finance costs increased from RMB1.1 million for the year ended December 31, 2019 to RMB1.7 million for the year ended December 31, 2020. The increase was due to leasing arrangements.

***Other Comprehensive (Expense) Income.*** Our other comprehensive (expense) income changed from expense of RMB14.3 million for the year ended December 31, 2019 to income of RMB110.4 million for the year ended December 31, 2020. This increase in income was primarily attributable to the gain from the translation from functional currency to presentation currency and the fair value gain on equity instruments, partially offset by the loss from exchange differences arising on translation of foreign operations. During 2019, the overall strengthening of U.S. dollars against RMB resulted in other comprehensive income of RMB3.1 million arising from the translation of foreign operations and expense of RMB13.9 million on translation to presentation currency. During 2020, the overall weakening of the U.S. dollars against RMB resulted in other comprehensive expense of RMB70.6 million arising from the translation of foreign operations and income of RMB159.3 million on translation to presentation currency.

## DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Total current assets | 885,457 | 1,092,842 |
| Total non-current assets | 153,967 | 175,102 |
| **Total assets** | 1,039,424 | 1,267,944 |
| Total current liabilities | 61,884 | 575,235 |
| Total non-current liabilities | 1,590,301 | 2,435,411 |
| **Total liabilities** | 1,652,185 | 3,010,646 |
| Equity attributable to owners of the Company | (612,761) | (1,738,289) |
| Non-controlling interests | – | (4,413) |
| **Total deficits** | (612,761) | (1,742,702) |

**Current Assets and Liabilities**

The following table sets forth our current assets and current liabilities as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| **Current assets** | | |
| Deposits, prepayments and other receivables | 4,749 | 34,120 |
| Restricted bank deposits | 349 | 3,757 |
| Time deposits with original maturity over three months | – | 20,000 |
| Cash and cash equivalents | 880,359 | 1,034,965 |
| **Total current assets** | 885,457 | 1,092,842 |
| **Current liabilities** | | |
| Other payables | 17,706 | 497,390 |
| Lease liabilities | 8,070 | 8,021 |
| Deferred income | 36,108 | 69,824 |
| **Total current liabilities** | 61,884 | 575,235 |
| **Net current assets** | 823,573 | 517,607 |

***Deposits, Prepayments and Other Receivables***

Deposits, prepayments and other receivables consists primarily of insurance prepayments, prepayments to vendors, rental deposits, deferred issue costs, prepaid listing expenses, VAT recoverables, and other receivables. The following table sets forth our deposits, prepayments and other receivables as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Prepayments | 1,860 | 2,945 |
| Rental and other deposits | 2,317 | 2,416 |
| Deferred issue costs | – | 5,017 |
| Prepaid listing expenses | – | 1,360 |
| Value-added tax recoverable | 2,622 | 24,034 |
| Others | 267 | 762 |
| **Total** | 7,066 | 36,534 |

Prepayments consist of accrued payments for pre-clinical and clinical research and development. Prepayments increased by RMB1.0 million from RMB1.9 million as of December 31, 2019 to RMB2.9 million as of December 31, 2020, primarily attributable to the recognition of pre-clinical and clinical research and development prepaid expenses. Deferred issue costs and prepaid listing expenses increased by RMB6.4 million from nil as of December 31, 2019 to RMB6.4 million as of December 31, 2020, due to the ongoing Listing process. Value-added tax recoverable increased by RMB21.4 million from RMB2.6 million to RMB24.0 million due to increased research and development expenditures and our ability to have refunded certain related VAT amounts.

***Restricted Bank Deposits***

Restricted bank deposits represent bank deposits made to secure credit facilities.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash at banks and short-term bank deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and within three months of maturity from the date of acquisition.

***Lease Liabilities***

Lease liabilities obligations reflects amounts due within one year under our various leases, primarily the lease of our Beijing headquarters.

***Deferred Income***

Deferred income represents government grants where we expect to satisfy the grant conditions within one year.

***Time Deposits and Cash and Cash Equivalents***

Our time deposits and cash and cash equivalents increased by RMB174.6 million from RMB880.4 million as of December 31, 2019 to RMB1,055.0 million as of December 31, 2020. The increase in 2020 was mainly attributable from the funds we received from our Series B Preferred Shares financing. We have utilised and plan to continue to utilise our cash and cash equivalents for (a) our research and development efforts, including our ongoing and planned clinical trials, preparation of registration filings and planned commercial launches of our Core Product and other clinical-stage and IND-stage drug candidates and (b) working capital and other general corporate purposes.

***Other Payables***

Other payables consist mainly of accrued expenses for research and development, legal and professional fees, issue costs and listing expenses and staff payroll payable. The following table sets forth a breakdown of our other payables.

| | As of December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Payables for research and development expenses | 1,838 | 142,463 |
| Other payables for | | |
| – legal and professional fees | 1,504 | 3,474 |
| – other payables | 428 | 1,258 |
| Other tax payables | 530 | 1,019 |
| Payroll payables | 11,094 | 15,269 |
| Accrued research and development expenses | 2,312 | 325,462 |
| Accrued issue costs | – | 2,111 |
| Accrued listing expenses | – | 6,334 |
| **Total** | 17,706 | 497,390 |

Our payable for and accrued research and development expenses increased by RMB463.7 million from RMB4.2 million as of December 31, 2019 to RMB467.9 million as of December 31, 2020. Such increases were primarily due to the advancement of our pipeline and engaging more third-party contract research organizations.

Our other payables for legal and professional fees increased by RMB2.0 million from RMB1.5 million as of December 31, 2019 to RMB3.5 million as of December 31, 2020 as a result of more business development activities in 2020 as compared to 2019.

Our payroll payables increased from RMB11.1 million as of December 31, 2019 to RMB15.3 million as of December 31, 2020. The increase was primarily attributable to the growth in our headcount in the Company.

**Non-current Assets**

Our non-current assets mainly included financial assets at FVTPL and equity instruments at FVTOCI.

***Financial assets at FVTPL***

The financial assets at FVTPL represent our investments in unlisted preferred shares and equity securities of private biotechnology entities which are focusing on infectious deceases in the United States. The financial assets at FVTPL increased from RMB72.8 million as of December 31, 2019 to RMB75.4 million as of December 31, 2020. The increase was primarily attributable to the additional investment in a private biotechnology entity in the United States, offset by the decrease of RMB16.9 million in fair value of the investments during the year ended December 31, 2020.

***Equity instruments at FVTOCI***

The equity instruments at FVTOCI represent the Company's investments in shares of a biotechnology entity listed in the United States. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. The equity instruments at FVTOCI increased from RMB22.1 million as of December 31, 2019 to RMB41.2 million as of December 31, 2020. The increase was primarily attributable to an increase in the quoted market price of the shares of the listed entity.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

| | As of December 31, | | As of April 30, |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | *RMB'000* | *RMB'000* | *RMB'000* (Unaudited) |
| **Current assets** | | | |
| Deposits, prepayments and other receivables | 4,749 | 34,120 | 42,835 |
| Restricted bank deposits | 349 | 3,757 | 323 |
| Time deposits with original maturity over three months | – | 20,000 | – |
| Cash and cash equivalents | 880,359 | 1,034,965 | 1,801,921 |
| **Total current assets** | 885,457 | 1,092,842 | 1,845,079 |

| | As of December 31, | | As of April 30, |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | (Unaudited) |
| **Current liabilities** | | | |
| Other payables | 17,706 | 497,390 | 412,453 |
| Lease liabilities | 8,070 | 8,021 | 9,077 |
| Deferred income | 36,108 | 69,824 | 30,208 |
| **Total current liabilities** | 61,884 | 575,235 | 451,738 |
| **Net current assets** | 823,573 | 517,607 | 1,393,341 |

Our net current assets decreased from RMB823.6 million at December 31, 2019 to RMB517.6 million at December 31, 2020 primarily due to the increase in other payables related to CMO/CDMO expenses owed for BRII-196 and BRII-198, partially offset by an increase in cash and cash equivalents from the Second Closing of our Series B financing.

Our net current assets increased by RMB875.7 million from December 31, 2020 to April 30, 2021 primarily due to the closing of our Series C financing in March 2021, the settlement of certain payables, and decrease in deferred income for government grant income earned during the period, partially offset by the use of cash and cash equivalents in operations.

Our primary uses of cash relate to the development of our drug candidates. Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on equity financing as the major source of liquidity.

Since inception, we have incurred negative cash flows from our operations. Our operating activities used RMB67.3 million and RMB403.7 million for the years ended December 31, 2019 and 2020, respectively.

As of December 31, 2019 and 2020, we had cash and cash equivalents of RMB880.4 million and RMB1,035.0 million, respectively.

**Cash Flows**

The following table provides information regarding our cash flows for the periods indicated:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Operating cash flows before movements in working capital | (92,907) | (875,166) |
| Total movements in working capital | 25,631 | 471,450 |
| Net cash used in operating activities | (67,276) | (403,716) |
| Net cash used in investing activities | (92,781) | (43,650) |
| Net cash from financing activities | 518,347 | 657,001 |
| Net increase in cash and cash equivalents | 358,290 | 209,635 |
| Cash and cash equivalents at beginning of the year | 521,119 | 880,359 |
| Effects of exchange rate changes | 950 | (55,029) |
| Cash and cash equivalents at end of the year | 880,359 | 1,034,965 |

**Operating Activities**

Net cash used in operating activities represents our loss for the period adjusted by non-cash items such as depreciation of property plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, amortization of deferred income, share-based payment expense, and fair value loss of financial liabilities at FVTPL. The fluctuations of net cash used in operating activities largely corresponded to the changes in our loss before tax for the period as a result of use of cash relating to research and development activities for our drug candidates, adjusted for (i) amortization of deferred income; (ii) share-based payment expense; and (iii) fair value loss of financial liabilities measured at FVTPL. During the Track Record Period, we experienced cash outflows from operations primarily due to expenses for clinical studies, clinical drug supply, licensing fees, employee compensation, and other corporate operating expenses, partially offset by cash received from government grants, and without the benefit of any revenue from products as all products were in development.

For the year ended December 31, 2020, our net cash used in operating activities was RMB403.7 million. This net outflow from operating activities was primarily based on our loss for the year of RMB1,283.5 million mainly as a result of the spending on the research and development activities for our drug candidates, positively adjusted by (i) the increase in other payables by RMB477.6 million and (ii) fair value loss of financial liabilities measured at FVTPL of RMB350.4 million and share-based payment expense of RMB29.5 million.

For the year ended December 31, 2019, our net cash used in operating activities was RMB67.3 million. This net outflow from operating activities was primarily based on loss for the year of RMB521.0 million as a result of our spending on the research and development activities for our drug candidates, positively adjusted by the fair value loss of financial liabilities of RMB401.6 million and share-based payment expense of RMB23.4 million.

**Investing Activities**

Our cash outflow from investing activities was primarily for the placement and withdrawal of time deposits with maturity dates over three months, purchase of plant and equipment and the addition of financial assets measured at FVTPL. We also generated inflows from interest received, receipt of return from money market funds and additions of financial assets measured at FVTPL for use in operating activities mainly relating to research and development activities.

For the year ended December 31, 2020, our net cash outflow from investing activities was RMB43.7 million, which was primarily attributable to cash outflows of RMB171.6 million in placement of time deposits with maturity dates over three months and RMB24.6 million addition of financial assets at FVTPL, and partially offset by cash inflows of RMB151.6 million in withdrawal of time deposits and RMB4.5 million in the receipt of interest income and the receipt of return from money market funds.

For the year ended December 31, 2019, our net cash outflow from investing activities was RMB92.8 million, which was primarily attributable to RMB71.6 million in additions of financial assets at FVTPL, RMB24.1 million in the purchase of property, plant and equipment, and RMB2.3 million in payments of rental deposits, and partially offset by RMB5.1 million in the receipt of return from money market funds.

**Financing Activities**

Our net cash received from financing activities was primarily in the form of the proceeds from issuing Preferred Shares.

For the year ended December 31, 2020, our net cash from financing activities was RMB657.0 million, which was mainly attributable to the proceeds of RMB668.4 million from issuing Series B Preferred Shares to our investors.

For the year ended December 31, 2019, our net cash from financing activities was RMB518.3 million, which was mainly attributable to the proceeds of RMB524.7 million from is issuing Series B Preferred Shares to our investors.

**Cash Operating Costs**

The following table provides information regarding our cash operating costs for the periods indicated:

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| *Research and Development Costs for Core Product Candidate* | | |
| Employee cost | 12,249 | 15,886 |
| Third-party contracting cost | 7,191 | 18,686 |
| Subtotal | 19,440 | 34,572 |
| *Research and Development Costs for Other Product Candidates* | | |
| Employee cost | 22,920 | 37,485 |
| Licensing fee | 3,446 | 141,461 |
| Third-party contracting cost | 26,456 | 197,291 |
| Subtotal | 52,822 | 376,237 |
| Total Research and Development Costs | 72,262 | 410,809 |
| Workforce Employment[(1)] | 15,274 | 30,808 |
| Direct Production Cost[(2)] | – | – |
| Product Marketing[(3)] | – | – |
| Non-income Taxes, Royalties and Other Governmental Charges | 114 | 449 |
| Contingency Allowances | – | – |

(1) Workforce employment costs represent total staff costs mainly including salaries and bonus.

(2) We had not commenced product manufacturing as of the Latest Practicable Date.

(3) We had not commenced marketing as of the Latest Practicable Date.

## CAPITAL EXPENDITURES

The following table sets forth our capital expenditures, which represent the additions of property, plant and equipment for the periods indicated:

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Purchase of property, plant and equipment | 24,147 | – |

Our historical capital expenditures during the Track Record Period primarily included expenditure for purchases of property, plant and equipment. We funded our capital expenditure requirements during the Track Record Period mainly from equity financing.

We expect that our capital expenditures in 2021 will primarily consist of the acquisition cost of purchase of equipment and leasehold improvements. We plan to fund our planned capital expenditures using our cash at bank.

## INDEBTEDNESS

The following table sets forth the breakdown of our financial indebtedness as of the dates indicated:

| | As of December 31, | | As of April 30, |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | (Unaudited) |
| Financial liabilities at FVTPL (unsecured and unguaranteed) | 1,535,343 | 2,403,022 | 3,576,311 |
| Lease liabilities (secured and unguaranteed) | 35,113 | 28,327 | 28,764 |
| **Total** | 1,570,456 | 2,431,349 | 3,605,075 |

**Financial liabilities at FVTPL**

Convertible redeemable preferred shares were accounted for as financial liabilities at FVTPL. As of December 31, 2019 and 2020 and April 30, 2021, the carrying amounts of our Preferred Shares were RMB1,535.3 million, RMB2,403.0 million, and RMB3,576.3 million, respectively, which are measured at fair value at the end of each reporting period and were unsecured and unguaranteed. For further information regarding the Preferred Shares, see note 26 to the Accountants' Report in Appendix I to this Prospectus.

**Lease Liabilities**

As of December 31, 2019, and 2020 and April 30, 2021, we recorded lease liabilities of RMB35.1 million, RMB28.3 million, and RMB28.8 million, respectively, in relation to our leases. The lease liabilities were secured by rental deposits and unguaranteed.

As of December 31, 2019, and 2020 and April 30, 2021, we did not have any unutilized bank facilities. Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or any guarantees or contingent liabilities as of the Latest Practicable Date.

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratio for the periods indicated:

| | As of December 31, | |
|---|---|---|
| | **2019** | **2020** |
| Current Ratio[(1)] | 14.3 | 1.9 |

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date.

Current ratio decreased from 14.3 as of December 31, 2019 to 1.9 as of December 31, 2020 mainly because of the increase in payables and accrued expenses for research and development expenses associated with the increased research and development activities during 2020. Additionally, the increase in payroll payables due to the increase in headcount during 2020, the increase in deferred income due to the PRC government grants and payables associated with the Listing process contributed to the decrease in the current ratio. For details, see "– Major Factors Affecting Our Results of Operations" in this section for a discussion of the factors affecting our results of operations during the respective periods.

## WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group, including cash and bank balances and the estimated net proceeds from the Listing, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, administrative expenses, and other expenses for at least the next 12 months from the date of this prospectus. We will continue to monitor our cash flows from operations closely and, as appropriate will adjust our level of expenses and/or seek financing (possibly through borrowings or equity issuances).

## CONTRACTUAL COMMITMENTS

### Capital Commitments

As of December 31, 2020, we did not have any capital commitment.

## OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any off-balance sheet arrangement.

## QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks, including foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

### Currency risk

Inter-company balances of the Company and certain of our bank balances and cash are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details, see note 32(b) to the Accountants' Report set out in Appendix I.

### Interest rate risk

We are exposed to fair value interest rate risk in relation to lease liabilities and bank deposits. We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances. We currently do not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk. For further details, see note 32(b) to the Accountants' Report set out in Appendix I.

**Other price risk**

We are exposed to other price risk through listed equity investments at FVTOCI and money market funds. For further details, see note 32(b) to the Accountants' Report set out in Appendix I.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us.

In order to minimize credit risk, our finance team has been tasked to develop and maintain credit risk ratings to categorize exposures according to their degree of risk of default. Our management uses publicly available financial information and our own historical repayment records to rate our other debtors and other debt instruments issuers. Our exposure and the credit ratings of our counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. For further details, see note 32(b) to the Accountants' Report set out in Appendix I.

**Liquidity Risk**

To manage our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. During the Track Record Period, we issued Series A and B Preferred Shares to independent investors and in March 2021 we issued Series C Preferred Shares to independent investors. Our directors are satisfied that we will have sufficient financial resources to meet our financial obligations as they fall due for the foreseeable future after taking into account proceeds from these preferred share issuances. For details, see note 32(b) to Accountants' Report set out in Appendix I.

## TRANSACTIONS WITH RELATED PARTIES

We had the following transactions during the Track Record Period with one related party:

| | | Years ended December 31, | |
|---|---|---|---|
| **Name of Related Party** | **Nature of Transaction** | **2019** | **2020** |
| | | *RMB'000* | *RMB'000* |
| Dr. Jingfan Huang[(1)] | Consultancy Services | 1,241 | 1,035 |

*Note:*

(1) Dr. Jingfan Huang is the spouse of Dr. Zhi Hong, the Chief Executive Officer and executive director of the Company.

It is the view of our Directors that the above transaction (i) was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties, and (ii) does not distort our Track Record Period results or make our historical results not reflective of future performance. See note 30 to the Accountants' Report as set out in Appendix I for a detailed information of transactions with related parties.

## DIVIDENDS

We have never declared or paid regular cash dividends on our ordinary Shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. If we pay dividends in the future, in order for us to distribute dividends to our shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. See "Risk Factors – Risks Relating to Our Doing Business in the PRC" in this prospectus. In the future, we may rely to some extent on dividends and other distributions on equity from our principal operating subsidiaries to fund offshore cash and financing requirements.

## DISTRIBUTABLE RESERVES

As of December 31, 2020, we did not have any distributable reserves.

## LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB121.5 million (including underwriting commission, based on the mid-point of the Offer Price range) assuming no Shares are issued pursuant to the Over-allotment Option. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended December 31, 2019. In the year ended December 31, 2020, the listing expenses charged to profit or loss were RMB14.9 million and the issue costs capitalized to deferred issue costs were RMB5.0 million. After December 31, 2020, approximately RMB21.8 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB79.8 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

### Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the proposed Hong Kong public offering and international offering of the shares of the Company (the "Global Offering") on the consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 as if such offerings had taken place on such date.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 or at any further dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at December 31, 2020 as shown in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

| | **Audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at December 31, 2020** *RMB'000 (note 1)* | **Estimated net proceeds from the Global Offering** *RMB'000 (note 2)* | **Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020** *RMB'000* | **Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 per Share** *RMB (note 3)* | *HK$ (note 4)* |
|---|---|---|---|---|---|
| **Based on an Offer Price of HK$21.00 per Share** | (1,747,183) | 1,844,109 | 96,926 | 0.31 | 0.38 |
| **Based on an Offer Price of HK$22.25 per Share** | (1,747,183) | 1,955,432 | 208,249 | 0.68 | 0.81 |

*Notes:*

1. The consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at December 31, 2020 is arrived at after deducting intangible assets attributable to owners of the Company of RMB8,894,000 from the audited consolidated net liabilities attributable to owners of the Company of RMB1,738,289,000 as at December 31, 2020 as extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the issue of the new Shares pursuant to the Global Offering are based on 111,580,000 Shares at the Offer Price of HK$21.00 (equivalent to RMB17.46) and HK$22.25 (equivalent to RMB18.50) per Share, being the low-end and high-end of the stated Offer Price range, after deduction of the estimated underwriting fees and commissions and other related expenses not yet recognised in profit or loss up to December 31, 2020. It does not take into account (i) any Share which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) any Share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of Shares granted to the directors of the Company, (iii) the issuance of Series C preferred shares in March 2021, (iv) the conversion of the Series A, Series B and Series C preferred shares (collectively referred to as the "Preferred Shares") into ordinary shares of the Company or (v) any unvested restricted shares.

   For the purpose of this unaudited pro forma statement, the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.8315, which was the exchange rate prevailing on June 21, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 308,088,974 Shares were in issue assuming that the subdivision of Shares issued on a one-for-two basis and the Global Offering had been completed on December 31, 2020 and without taking into account (i) any Share which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) any Share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of Shares granted to the directors of the Company, (iii) the issuance of Series C preferred shares in March 2021, (iv) the conversion of the Preferred Shares into ordinary shares of the Company or (v) any unvested restricted shares.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in RMB is converted into HK$ at the rate of RMB0.8315 to HK$1, which was the exchange rate prevailing on June 21, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 to reflect any trade result or other transaction of the Group entered into subsequent to December 31, 2020. In particular, the unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company as shown on page II-1 have not been adjusted to illustrate the effect of the following:

   (I) Upon completion of the Global Offering, the conversion of the Series A and Series B preferred shares would have reclassified the carrying amount of Series A and Series B preferred shares of RMB2,403,022,000, assuming no further changes in fair values of Series A and Series B preferred shares upon Global Offering, to ordinary shares under equity. The conversion of Series A and Series B preferred shares in issue would have increased the total number of shares in issue assumption stated in Note 3 by 310,210,782 Shares (after the effect of the subdivision of Shares on a one-for-two basis) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 by RMB2,403,022,000.

   (II) In March 2021, the Company issued a total of 33,556,314 Series C preferred shares to a group of investors for a total consideration of US$155,000,000 (approximately equivalent to RMB1,000,463,000 at the rate of US$ to RMB6.4546, which was the exchange rate prevailing on June 21, 2021 with reference to the rate published by the People's Bank of China). Upon completion of the Global Offering, the conversion of the Series C preferred shares would have reclassified the proceeds of Series C preferred shares received of RMB1,000,463,000, assuming no further changes in fair values of Series C preferred shares upon Global Offering, to ordinary shares under equity. The conversion of Series C preferred shares in issue would have increased the total number of shares in issue assumption stated in Note 3 by 67,112,628 Shares (after the effect of the subdivision of Shares on a one-for-two basis) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 by RMB1,000,463,000.

   (III) Upon completion of the Global Offering, certain milestone-based restricted ordinary shares will be vested and would have increased the total number of shares in issue assumption stated in Note 3 by 7,000,000 Shares (after the effect of the subdivision of Shares on a one-for-two basis).

   The combined effect of above issuance of Series C preferred shares in March 2021, the conversion of Preferred Shares into ordinary shares of the Company and the vesting of certain milestone-based restricted shares upon completion of the Global Offering (collectively referred to as the "Subsequent Transactions") would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 by RMB3,403,485,000 to RMB3,500,411,000 based on an Offer Price of HK$21.00 (equivalent to RMB17.46) per Share and RMB3,611,734,000 based on an Offer Price of HK$22.25 (equivalent to RMB18.50) per Share, and would have increased the total Shares in issue by 384,323,410 Shares to a total of 692,412,384 Shares in issue (after the effect of the subdivision of Shares on a one-for-two basis). Had the Subsequent Transactions been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 per Share would be RMB5.06 (equivalent to HK$6.08) based on an Offer Price of HK$21.00 (equivalent to RMB17.46) per Share and RMB5.22 (equivalent to HK$6.27) based on an Offer Price of HK$22.25 (equivalent to RMB18.50) per Share, respectively.

## IMPACT OF COVID-19

The ongoing COVID-19 outbreak and pandemic have materially and adversely affected the global economy. In response, countries across the world, including both China and the United States, imposed widespread lockdowns, closure of workplaces, and restrictions on mobility and travel to contain the spread of the virus. As of the Latest Practicable Date, China and the United States each have implemented and maintained various international and domestic travel restrictions. In particular, travel restrictions between the United States and China have limited the frequency with which our senior management team (including our chief executive officer) travel back and forth between the United States and China for over a year now. Generally, however, all Chinese cities have eased or lifted domestic travel restrictions and resumed normal social activities, work and production. Until recently, the United States continued to be one of the most impacted countries by the ongoing COVID-19 pandemic with measures to combat the pandemic often varying by region within the United States. Following significant vaccine development and mass vaccination efforts, many of the more restrictive measures to combat COVID-19 have begun to be or have been phased out.

In response to the pandemic, we implemented various precautionary measures in China and the United States, including permitting working remotely, adjusting our employees' work arrangements and encouraging virtual meetings. We also closely track the health and wellness status of our employees. In China, most of our employees worked remotely through the second quarter of 2020 with our U.S. employees continuing primarily to work remotely.

We are focused on infectious diseases and the COVID-19 outbreak impacted demand for our BRII-196/198 cocktail therapy directly and could otherwise impact demand for our other product candidates. For example, while driving overall demand of our antibody therapy, COVID-19 accelerated investment in and development of RNA technology, with the FDA granting EUAs to Moderna's and BioNTech/Pfizer's mRNA COVID-19 vaccines. The success of these and other vaccines and mass vaccine campaigns have damped demand for antibody therapies. The use of new, evolving technology to rapidly develop vaccines in response to the pandemic raises potential concerns about the long-term efficacy and safety of those developed drugs and could undermine general confidence in these and other therapies.

Thus far, other than some delay in our clinical trials in China in early 2020, our R&D efforts, including dealings with our CROs, CMOs and other collaborators, were not adversely impacted and were generally stable. Although we experienced enrollment delays in our BRII-179, Phase 1b/2a and BRII-835 Phase 2 clinical trials during the first quarter of 2020, we reached our enrollment goals during the remainder of 2020. We have not experienced and currently do not expect any material delays in regulatory affairs with respect to our drug candidate pipeline or any long-term impact on our operations or deviation from our overall development plans. In totality, we did not experience material adverse effects to our business as a result of the pandemic.

As we recently commenced clinical trials in the United States, we are uncertain when and whether the COVID-19 pandemic (including the emergence of variants) may impact the progress of our clinical trials in the United States. Although we will continue to take measures to address the pandemic, these efforts may not succeed and the pandemic may escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, please refer to the section headed "Risk Factors – Key Risks Relating to Our Business – Our business could be adversely affected by the effects of health pandemics or epidemics" and "Financial Information – Impact of COVID-19" in this prospectus. We will continue to monitor and evaluate any impact of the COVID-19 outbreak on us and adjust our precautionary measures according to the latest developments of the outbreak.

## NO MATERIAL ADVERSE CHANGE

Save for the subsequent events as described in note 34 to the Accountants' Report in Appendix I, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I.

## DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid prior to and immediately following the completion of the Global Offering:

| **Authorized share capital** | | **Aggregate par value** *(US$)* |
|---|---|---|
| 600,000,000 | Shares of par value of US$0.00001 each as at the date of this prospectus | 6,000 |
| 1,200,000,000 | Shares of par value of US$0.000005 each immediately following the completion of the Share Subdivision | 6,000 |
| **Issued share capital** | | |
| *As at the date of this prospectus* | | |
| 297,310,463 | Shares of par value of US$0.00001 each in issue as at the date of this prospectus (assuming all Class A Ordinary Shares, Class B Ordinary Shares and Preferred Shares are redesignated and/or converted into ordinary Shares on a 1:1 basis) | 2,973.10 |
| *Immediately following completion of the share re-designation and/or conversion, the Share Subdivision and the Global Offering* | | |
| 594,620,926 | Shares of par value of US$0.000005 each in issue immediately following the completion of the share re-designation and/or conversion and the Share Subdivision | 2,973.10 |
| 111,580,000 | Shares of par value of US$0.000005 each to be issued under the Global Offering assuming no exercise of the Over-allotment Option | 557.90 |
| 706,200,926 | Shares of par value of US$0.000005 each in issue immediately following the completion of the Share Subdivision and the Global Offering | 3,531.00 |

## ASSUMPTION

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above table does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or which may be allotted and issued under the Share Incentive Schemes or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

## RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set forth in the above table, and will qualify and rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

## SHARE INCENTIVE SCHEMES

We have adopted the Pre-IPO Share Incentive Plan and conditionally adopted the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme. The principal terms of the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme are summarized in the section headed "Statutory and General Information – D. Share Incentive Schemes" in Appendix IV to this prospectus.

## CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Upon Listing and assuming all Class A Ordinary Shares, Class B Ordinary Shares and Preferred Shares are redesignated and/or converted into ordinary Shares, our Company will have only one class of Shares, namely ordinary shares, and each ranks pari passu with the other Shares. Pursuant to the Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

## GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

(a) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering; and

(b) the nominal amount of our share capital repurchased by the Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option or under the Share Incentive Schemes.

This mandate to issue Shares will remain in effect until:

(i) at the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section headed "Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of the Shareholders of the Company Passed on June 22, 2021" in Appendix IV to this prospectus.

## GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or under the Share Incentive Schemes).

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information – A. Further Information about Our Group – 5. Repurchase of Our Shares" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until:

(a) at the conclusion of our next annual general meeting; or

(b) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(c) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

For further details of this general mandate, please see the section headed "Statutory Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of the Shareholders of the Company Passed on June 22, 2021" in Appendix IV to this prospectus.

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised and without taking into account the Shares which may be allotted and issued under the Share Incentive Schemes), the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

| Name | Capacity/nature of interest[1] | Number of Shares held as of the Latest Practicable Date[2] | Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2] | Number of Shares held immediately following the Share Subdivision and completion of the Global Offering[2, 3] | Approximate percentage of shareholding in the total issued share capital of our Company immediately following the Share Subdivision and completion of the Global Offering[2, 3] |
|---|---|---|---|---|---|
| Booming Passion Limited[4] | Beneficial interest | 52,910,556 | 17.80% | 105,821,112 | 14.98% |
| Boyu Capital Fund III, L.P.[4] | Interest of controlled corporation | 52,910,556 | 17.80% | 105,821,112 | 14.98% |
| Boyu Capital General Partner III, L.P.[4] | Interest of controlled corporation | 52,910,556 | 17.80% | 105,821,112 | 14.98% |
| Boyu Capital General Partner III, Ltd.[4] | Interest of controlled corporation | 52,910,556 | 17.80% | 105,821,112 | 14.98% |
| Boyu Capital Group Holdings Ltd.[4] | Interest of controlled corporation | 55,075,479 | 18.52% | 111,998,958 | 15.86% |
| XYXY Holdings Ltd.[4] | Interest of controlled corporation | 55,075,479 | 18.52% | 111,998,958 | 15.86% |

| Name | Capacity/nature of interest[1] | Number of Shares held as of the Latest Practicable Date[2] | Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2] | Number of Shares held immediately following the Share Subdivision and completion of the Global Offering[2, 3] | Approximate percentage of shareholding in the total issued share capital of our Company immediately following the Share Subdivision and completion of the Global Offering[2, 3] |
|---|---|---|---|---|---|
| Xiaomeng Tong[4] | Interest of controlled corporation | 55,075,479 | 18.52% | 111,998,958 | 15.86% |
| 6 Dimensions Capital, L.P.[5] | Beneficial interest | 50,265,030 | 16.91% | 100,530,060 | 14.24% |
| 6 Dimensions Capital GP, LLC[5] | Interest of controlled corporation | 52,910,556 | 17.80% | 105,821,112 | 14.98% |
| ARCH Venture Fund IX, L.P.[6] | Beneficial interest | 22,602,605 | 7.60% | 45,205,210 | 6.40% |
| ARCH Venture Fund IX Overage, L.P.[6] | Beneficial interest | 22,602,604 | 7.60% | 45,205,208 | 6.40% |
| ARCH Venture Partners IX, L.P.[6] | Interest of controlled corporation | 22,602,605 | 7.60% | 45,205,210 | 6.40% |
| ARCH Venture Partners IX Overage, L.P.[6] | Interest of controlled corporation | 22,602,604 | 7.60% | 45,205,208 | 6.40% |
| ARCH Venture Partners IX, LLC[6] | Interest of controlled corporation | 45,205,209 | 15.20% | 90,410,418 | 12.80% |

| Name | Capacity/nature of interest[1] | Number of Shares held as of the Latest Practicable Date[2] | Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2] | Number of Shares held immediately following the Share Subdivision and completion of the Global Offering[2, 3] | Approximate percentage of shareholding in the total issued share capital of our Company immediately following the Share Subdivision and completion of the Global Offering[2, 3] |
|---|---|---|---|---|---|
| Robert Taylor Nelsen[6] | Interest of controlled corporation | 45,205,209 | 15.20% | 90,410,418 | 12.80% |
| Kristina Burow[6] | Interest of controlled corporation | 45,205,209 | 15.20% | 90,410,418 | 12.80% |
| Keith Crandell[6] | Interest of controlled corporation | 45,205,209 | 15.20% | 90,410,418 | 12.80% |
| YF Bright Insight Limited[7] | Beneficial interest | 26,747,832 | 9.00% | 53,495,664 | 7.58% |
| Yunfeng Fund III, L.P.[7] | Interest of controlled corporation | 26,747,832 | 9.00% | 53,495,664 | 7.58% |
| Yunfeng Investment III, Ltd.[7] | Interest of controlled corporation | 26,747,832 | 9.00% | 53,495,664 | 7.58% |
| Feng Yu[7] | Interest of controlled corporation | 28,912,755 | 9.72% | 159,673,510 | 8.45% |
| SC China Holding Limited[8] | Interest of controlled corporation | 28,912,755 | 9.72% | 58,564,510 | 8.29% |

| Name | Capacity/nature of interest[1] | Number of Shares held as of the Latest Practicable Date[2] | Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2] | Number of Shares held immediately following the Share Subdivision and completion of the Global Offering[2, 3] | Approximate percentage of shareholding in the total issued share capital of our Company immediately following the Share Subdivision and completion of the Global Offering[2, 3] |
|---|---|---|---|---|---|
| SNP China Enterprises Limited[8] | Interest of controlled corporation | 28,912,755 | 9.72% | 58,564,510 | 8.29% |
| Neil Nanpeng Shen[8] | Interest of controlled corporation | 28,912,755 | 9.72% | 58,564,510 | 8.29% |
| Invesco Advisers, Inc.[9] | Interest of controlled corporation | 10,824,619 | 3.64% | 36,435,238 | 5.16% |

*Notes:*

1. All interests stated are long positions.

2. Assuming all Class A Ordinary Shares and Preferred Shares are re-designated and/or converted into ordinary Shares on a 1:1 basis.

3. The calculation is based on the total number of 706,200,926 Shares in issue immediately following the Share Subdivision and the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account the Shares which may be allotted and issued under the Share Incentive Schemes).

4. As of the Latest Practicable Date, Booming Passion Limited directly held 52,910,556 Shares consisting of 22,133,333 Class A Ordinary Shares, 17,140,247 Series A Preferred Shares and 13,636,976 Series B Preferred Shares. To the best of our Directors' knowledge, Booming Passion Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, is wholly owned by Boyu Capital Fund III, L.P., the general partner of which is Boyu Capital General Partner III, L.P. The general partner of Boyu Capital General Partner III, L.P. is Boyu Capital General Partner III, Ltd., which is wholly owned by Boyu Capital Group Holdings Ltd. XYXY Holdings Ltd. is the controlling shareholder of Boyu Capital Group Holdings Ltd. Mr. Xiaomeng Tong holds 100% of the outstanding shares of XYXY Holdings Ltd. As such, Boyu Capital Fund III, L.P., Boyu Capital General Partner III, L.P., Boyu Capital General Partner III, Ltd., Boyu Capital Group Holdings Ltd., XYXY Holdings Ltd. and Mr. Xiaomeng Tong are deemed to be interested in our Shares held by Booming Passion Limited.

As of the Latest Practicable Date, Aqua Ocean Limited directly held 2,164,923 Series C Preferred Shares. To the best of our Directors' knowledge, Aqua Ocean Limited, a limited liability company incorporated under the laws of the British Virgin Islands, is wholly owned by Boyu Capital Opportunities Master Fund. All voting power in Boyu Capital Opportunities Master Fund is held by Boyu Capital Investment Management Limited, which is wholly owned by Boyu Capital Group Holdings Ltd. XYXY Holdings Ltd. is the controlling shareholder of Boyu Capital Group Holdings Ltd. Mr. Xiaomeng Tong holds 100% of the outstanding shares of XYXY Holdings Ltd. As such, Boyu Capital Opportunities Master Fund, Boyu Capital Investment Management Limited, Boyu Capital Group Holdings Ltd., XYXY Holdings Ltd. and Mr. Xiaomeng Tong are deemed to be interested in our Shares held by Aqua Ocean Limited.

In addition, Boyu Capital Opportunities Master Fund is a Cornerstone Investor and will subscribe for 1,848,000 Shares based on the Offer Price of HK$21.00 (being the low-end of the indicative Offer Price range). For more details, please refer to "Cornerstone Placing" in this prospectus.

As such, each of Boyu Capital Group Holdings Ltd., XYXY Holdings Ltd. and Mr. Xiaomeng Tong is deemed to be interested in our Shares held by Booming Passion Limited, Aqua Ocean Limited and Boyu Capital Opportunities Master Fund.

5. As of the Latest Practicable Date, 6 Dimensions Capital, L.P. directly held 50,265,030 Shares consisting of 21,026,667 Class A Ordinary Shares, 16,283,236 Series A Preferred Shares and 12,955,127 Series B Preferred Shares. To the best of our Directors' knowledge, 6 Dimensions Capital, L.P. is a limited partnership established in the Cayman Islands. The general partner of 6 Dimensions Capital, L.P. is 6 Dimensions Capital GP, LLC, which is owned by several persons, including Mr. Lian Yong Chen, each holding a minority interest. As such, 6 Dimensions Capital GP, LLC is deemed to be interested in our Shares held by 6 Dimensions Capital, L.P.

   As of the Latest Practicable Date, 6 Dimensions Affiliates Fund, L.P. directly held 2,645,526 Shares consisting of 1,106,666 Class A Ordinary Shares, 857,011 Series A Preferred Shares and 681,849 Series B Preferred Shares. To the best of our Directors' knowledge, 6 Dimensions Affiliates Fund, L.P. is a limited partnership established in the Cayman Islands. The general partner 6 Dimensions Affiliates Fund, L.P. is 6 Dimensions Capital GP, LLC, which is owned by several persons, including Dr. Lian Yong Chen, each holding a minority interest. As such, 6 Dimensions Capital GP, LLC is deemed to be interested in our Shares held by 6 Dimensions Affiliates Fund, L.P.

   As such, 6 Dimensions Capital GP, LLC is deemed to be interested in our Shares held by 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. in aggregate.

6. As of the Latest Practicable Date, ARCH Venture Fund IX, L.P. directly held 22,602,605 Shares consisting of 11,066,667 Class A Ordinary Shares, 8,570,124 Series A Preferred Shares and 2,965,814 Series B Preferred Shares. To the best of our Directors' knowledge, ARCH Venture Fund IX, L.P. is a limited partnership established in the United States. The general partner of ARCH Venture Fund IX, L.P. is ARCH Venture Partners IX, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (our non-executive Director), Ms. Kristina Burow and Mr. Keith Crandell. As such, ARCH Venture Partners IX, L.P., ARCH Venture Partners IX, LLC, Mr. Robert Taylor Nelsen, Ms. Kristina Burow and Mr. Keith Crandell are deemed to be interested in our Shares held by ARCH Venture Fund IX, L.P.

   As of the Latest Practicable Date, ARCH Venture Fund IX Overage, L.P. directly held 22,602,604 Shares consisting of 11,066,666 Class A Ordinary Shares, 8,570,124 Series A Preferred Shares and 2,965,814 Series B Preferred Shares. To the best of our Directors' knowledge, ARCH Venture Fund IX Overage, L.P. is a limited partnership established in the United States. The general partner ARCH Venture Fund IX Overage, L.P. is ARCH Venture Partners IX Overage, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (our non-executive Director), Ms. Kristina Burow and Mr. Keith Crandell. As such, ARCH Venture Partners IX Overage, L.P., ARCH Venture Partners IX, LLC, Mr. Robert Taylor Nelsen, Ms. Kristina Burow and Mr. Keith Crandell are deemed to be interested in our Shares held by ARCH Venture Fund IX Overage, L.P.

   As such, each of ARCH Venture Partners IX, LLC, Mr. Robert Taylor Nelsen, Ms. Kristina Burow and Mr. Keith Crandell is deemed to be interested in our Shares held by ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P. in aggregate.

7. As of the Latest Practicable Date, YF Bright Insight Limited directly held 26,747,832 Shares consisting of 14,896,225 Series A Preferred Shares and 11,851,607 Series B Preferred Shares. To the best of our Directors' knowledge, YF Bright Insight Limited, a company established in the British Virgin Islands, is owned by Yunfeng Fund III, L.P., its parallel fund and certain co-investment funds as to 79.47%, 20.03% and 0.5% respectively. The general partner of each of Yunfeng Fund III, L.P., its parallel fund and the co-investment funds is Yunfeng Investment III, Ltd. Yunfeng Investment III, Ltd. is wholly-owned by Mr. Feng Yu. As such, each of Yunfeng Fund III, L.P., Yunfeng Investment III, Ltd and Mr. Feng Yu is deemed to be interested in our Shares held by YF Bright Insight Limited.

   As of the Latest Practicable Date, Youyu Global Limited directly held 2,164,923 Series C Preferred Shares. To the best of our Directors' knowledge, Youyu Global Limited, a company with limited liability incorporated under the laws of Hong Kong, is wholly owned by Yunfeng Financial Group Ltd., a company whose shares are listed on the Stock Exchange (stock code: 376). Yunfeng Financial Group Ltd. is controlled by Jade Passion Limited, which is in turn controlled by Key Imagination Limited. Key Imagination Limited is controlled by Yunfeng Financial Holdings Limited, which is in turn controlled by Mr. Feng Yu. As such, each of Yunfeng Financial Group Ltd., Jade Passion Limited, Key Imagination Limited, Yunfeng Financial Holdings Limited and Mr. Feng Yu is deemed to be interested in our Shares held by Youyu Global Limited.

   In addition, Youyu Global Limited is a Cornerstone Investor and will subscribe for 1,848,000 Shares based on the Offer Price of HK$21.00 (being the low-end of the indicative Offer Price range). For more details, please refer to "Cornerstone Placing" in this prospectus.

   As such, Mr. Feng Yu is deemed to be interested in our Shares held by YF Bright Insight Limited and Youyu Global Limited in aggregate.

8. As of the Latest Practicable Date, SCC Venture VI Holdco, Ltd. directly held 14,896,225 Series A Preferred Shares. To the best of our Directors' knowledge, SCC Venture VI Holdco, Ltd. is an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is wholly owned by Sequoia Capital China Venture Fund VI, L.P. The general partner of Sequoia Capital China Venture Fund VI, L.P. is SC China Venture VI Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen. As such, each of Sequoia Capital China Venture Fund VI, L.P., SC China Venture VI Management, L.P., SC China Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in our Shares held by SCC Venture VI Holdco, Ltd.

   As of the Latest Practicable Date, SCC Growth V Holdco Q, Ltd. directly held 14,016,530 Shares consisting of 11,851,607 Series B Preferred Shares and 2,164,923 Series C Preferred Shares. To the best of our Directors' knowledge, SCC Growth V Holdco Q, Ltd. is an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is wholly owned by Sequoia Capital China Growth Fund V, L.P. The general partner of Sequoia Capital China Growth Fund V, L.P. is SC China Growth V Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen. As such, each of Sequoia Capital China Growth Fund V, L.P., SC China Growth V Management, L.P., SC China Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in our Shares held by SCC Growth V Holdco Q, Ltd.

   In addition, Sequoia Capital China Growth Fund V, L.P. is a Cornerstone Investor and will subscribe for 739,000 Shares based on the Offer Price of HK$21.00 (being the low-end of the indicative Offer Price range). For more details, please refer to "Cornerstone Placing" in this prospectus.

   As such, each of SC China Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in our Shares held by SCC Venture VI Holdco, Ltd., SCC Growth V Holdco Q, Ltd. and Sequoia Capital China Growth Fund V, L.P. in aggregate.

9. As of the Latest Practicable Date, Invesco Developing Markets Fund directly held 10,824,619 Series C Preferred Shares. To the best of our Directors' knowledge, Invesco Developing Markets Fund is an investment company registered with the U.S. Securities and Exchange Commission and is advised by Invesco Advisers, Inc. Invesco Advisers, Inc. is the principal U.S. investment advisory subsidiary of Invesco Ltd. and is registered with the U.S. Securities and Exchange Commission as an investment adviser.

   In addition, Invesco Advisers, Inc. is a Cornerstone Investor and will subscribe for 14,786,000 Shares based on the Offer Price of HK$21.00 (being the low-end of the indicative Offer Price range). For more details, please refer to "Cornerstone Placing" in this prospectus.

   As such, Invesco Advisers, Inc. is deemed to be interested in our Shares held by Invesco Developing Markets Fund.

Except as disclosed above and in the section headed "Statutory and General Information – C. Further Information about Directors and Substantial Shareholders" in Appendix IV to this prospectus, our Directors are not aware of any other person who will, immediately following the Share Subdivision and the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be allotted and issued under the Share Incentive Schemes), have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

## BOARD OF DIRECTORS

Our Board consists of six Directors, of whom two are executive Directors, one is a non-executive Director and three are independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The table below sets out certain information in respect of the members of the Board.

| Name | Position | Age | Date of appointment as Director | Date of joining our Group | Role and responsibility | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Zhi HONG | Executive Director, Chairman of the Board and Chief Executive Officer | 58 | March 2, 2018 | February 23, 2018 | In charge of overall management, business, and strategy of our Group and the scientific research and development of our Group | None |
| Yongqing LUO (羅永慶) | Executive Director and President and General Manager of Greater China | 51 | March 30, 2021 | September 11, 2020 | Responsible for our Group's business in China and support our growth in the US | None |
| Robert Taylor NELSEN | Non-executive Director | 58 | June 22, 2018 | June 22, 2018 | Responsible for providing guidance on corporate strategy and governance to our Group | None |
| Axel BOUCHON | Non-executive Director | 48 | June 22, 2021 | June 22, 2021 | Responsible for providing guidance on corporate strategy and governance to our Group | None |

| Name | Position | Age | Date of appointment as Director | Date of joining our Group | Role and responsibility | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Martin J MURPHY JR | Independent Non-executive Director | 78 | June 22, 2021 (effective from the Listing Date) | Listing Date | Supervising and providing independent judgment to our Board | None |
| Grace Hui TANG | Independent Non-executive Director | 61 | June 22, 2021 (effective from the Listing Date) | Listing Date | Supervising and providing independent judgment to our Board | None |
| Yiu Wa Alec TSUI (徐耀華) | Independent Non-executive Director | 72 | June 22, 2021 (effective from the Listing Date) | Listing Date | Supervising and providing independent judgment to our Board | None |
| Gregg Huber ALTON | Independent Non-executive Director | 55 | June 22, 2021 (effective from the Listing Date) | Listing Date | Supervising and providing independent judgment to our Board | None |

## DIRECTORS

### Executive Director

**Zhi HONG**, aged 58, is our founder. He was appointed as a Director on March 2, 2018 and re-designated as an executive Director on March 24, 2021. He has been our chief executive officer since February 23, 2018. Since January 2018, he has been serving as a director and chief executive officer of Brii Biosciences, Inc. Since February 2019, he has been serving as a director and the chairman of the board of Brii Shanghai and Brii Beijing. In addition, since May 2018 and November 2018 respectively, he has been serving as a director of Brii Cayman Sub and Brii HK.

Dr. Hong has over 25 years of experience in the biopharmaceutical industry. Prior to founding our Group, Dr. Hong was a senior vice president of GlaxoSmithKline, a pharmaceuticals, vaccines and consumer healthcare products company listed on the New York Stock Exchange in the United States (stock code: GSK), and he was responsible to head the infectious diseases therapy area unit from April 2007 to March 2018. He was also a director of ViiV Healthcare Limited, a subsidiary of GlaxoSmithKline in the United Kingdom engaged in the research and development of HIV medicines, and he was responsible for overseeing the research and development of HIV treatment and prevention therapies from October 2009 to March 2018. He was an executive vice president of research and chief scientific officer of Ardea Biosciences, Inc., a biopharmaceutical company in the United States, and he was responsible for the research and development of infectious diseases and oncology from December 2006 to March 2007. He was a vice president and head of research of Bausch Health Companies Inc. (formerly known as Valeant Pharmaceuticals International), a pharmaceutical company listed on the New York Stock Exchange in the United States (stock code: BHC), and he was responsible for the research and development of infectious diseases, oncology and neuroscience R&D from June 2000 to March 2007.

Dr. Hong obtained his Bachelor of Science in Biochemistry from Fudan University in China in July 1985 and a Ph.D. in Biochemistry from State University of New York in the United States in January 1992.

**Yongqing LUO** (羅永慶), aged 51, was appointed as an executive Director on March 30, 2021, and has been serving as the president and general manager of Greater China of our Company since September 11, 2020. Mr. Luo has more than 25 years of experience in healthcare industry.

Prior to joining our Group, Mr. Luo was the global vice president and general manager of China of Gilead Sciences Shanghai Pharmaceutical Technology Co., Ltd., a biopharmaceutical company, from September 2016 to September 2020, during which he built Gilead Sciences, Inc.'s presence in China from beginning as an early employee in China. He led the development, regulatory review and launch of eight innovative products, gaining rapid access across China. He also led the team and established a unique business model encompassing science, commercialization and patient access. He was the vice president of Shanghai Roche Pharmaceuticals Ltd., a pharmaceuticals company, and he was responsible for pioneering novel strategies for patient access to oncology therapies from August 2012 to August 2016. He was the Head of Great China Pharmaceutical Organization Beijing Headquarters at Beijing Novartis Pharma Co., Ltd. ("**Novartis**") from June 2009 to August 2012, and the associate brand director of the Novartis global headquarter in Switzerland from September 2007 to June 2009.

Mr. Luo received his medical education from Xiangya School of Medicine, Central-South University, in China and graduated in July 1992, and then served for three years as a surgeon at St. Luke's Hospital, Shanghai, from July 1992 to July 1995. He obtained an Executive Master of Business Administration from China Europe International Business School in China in September 2006.

**Non-executive Directors**

**Robert Taylor NELSEN**, aged 58, was appointed as a Director on June 22, 2018 and re-designated as a non-executive Director on March 24, 2021. Since November 2018, February 2019 and February 2019, he has been serving as a director of Brii HK, Brii Shanghai and Brii Beijing, respectively.

Since 1994, Mr. Nelsen has been serving as a co-founder and managing director of ARCH Venture Partners, a venture capital firm focused on early-stage technology companies, and he has played a significant role in the early sourcing, financing and development of more than 30 biopharmaceutical companies. In addition, Mr. Nelsen has been serving as a board director of Karuna Therapeutics Inc. (a biopharmaceutical company) (stock code: KRTX) since August 2018, Beam Therapeutics Inc. (a biotechnology company) (stock code: BEAM) since June 2017, Vir Biotechnology, Inc. (a clinical-stage immunology company) (stock code: VIR) since January 2017, Denali Therapeutics, Inc. (a biopharmaceutical company) (stock code: DNLI) since May 2015, and Unity Biotechnology, Inc. (a biotechnology company) (stock code: UBX) since November 2011, all of which are companies listed on NASDAQ stock market in the United States. As a board member, Mr. Nelsen would generally attend board meetings to provide guidance to company strategy and discuss pertinent issues such as fundraising, recruiting, R&D and status of clinical programs. Mr. Nelsen has also been serving as a director (and was re-designated as a non-executive director) of Hua Medicine, a company listed on the Stock Exchange (stock code: 2552) which is principally engaged in the development of a global first-in-class oral drug for the treatment of diabetes, and he is responsible for providing overall guidance on the business and strategic development of the group and advising on matters relating to nomination of the directors and senior management since April 2010.

While Mr. Nelsen currently holds directorships in six other biopharmaceutical companies listed on the NASDAQ stock exchange or the Stock Exchange as disclosed above, our Directors are of the view that Mr. Nelsen will be able to devote sufficient time to discharge his duties and responsibilities as a non-executive Director given that:

- Mr. Nelsen is neither a full time member of these other listed companies nor involved in the daily operations or management of such companies. As such, he has no executive and management responsibility therein;

- Mr. Nelsen is primarily required to attend relevant board meetings, committee meetings and shareholders' meetings of these listed companies. He has maintained a high attendance rate for board meetings, committee meetings and shareholders' meetings for such listed companies during the respective latest financial period since his respective appointment dates;

- Mr. Nelsen's role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business, and thus his engagement as our non-executive Director will not require his full-time participation;

- with his background and experience, Mr. Nelsen is fully aware of the responsibilities and expected time involvements as non-executive Directors for the Group and the other listed companies; and

- Mr. Nelsen has confirmed that he has sufficient time and devotes sufficient efforts to attend to his work and fulfill his duties as a non-Executive Director notwithstanding his existing directorship in the other listed companies.

Based on the foregoing, our Directors do not believe that the directorships currently held by Mr. Nelsen will result in his having insufficient time to act as our non-executive Director or improperly discharge his fiduciary duties as a Director of our Company. Our Board is of the view that Mr. Nelsen is capable for the roles as a non-executive Director of the Company.

Mr. Nelsen previously served as a director of Sienna Biopharmaceuticals, Inc. (a clinical-stage biopharmaceutical company) (stock code: SNNA) from August 2015 to October 2018, Bellerophon Therapeutics, Inc. (a clinical-stage biotherapeutics company) (stock code: BLPH) from February 2014 to November 2015, Sage Therapeutics, Inc. (a biopharmaceutical company) (stock code: SAGE) from September 2013 to March 2016, Juno Therapeutics, Inc. (a biopharmaceutical company) (stock code: JUNO) from August 2013 to March 2018, Syros Pharmaceuticals, Inc. (a biopharmaceutical company) (stock code: SYRS) August 2012 to June 2018, Agios Pharmaceuticals Inc. (a pharmaceutical company) (stock code: AGIO) from December 2007 to June 2017, Fate Therapeutics, Inc. (a clinical-stage biopharmaceutical company) (stock code: FATE) from September 2007 to June 2014, KYTHERA Biopharmaceuticals, Inc. (a biopharmaceutical company) (stock code: KYTH) from January 2006 to December 2014, NeurogesX, Inc. (a biopharmaceutical company) (stock code: NGSX) from July 2000 to July 2013, Illumina, Inc. (a biotechnology company) (stock code: ILMN) from June 1998 to August 2006, and Adolor Corporation (a biopharmaceutical company) (stock code: ADLR) from November 1994 to May 2004, all of which are companies listed on NASDAQ stock market in the United States. As a board member, Mr. Nelsen would generally attend board meetings to provide guidance to company strategy and discuss pertinent issues such as fundraising, recruiting, R&D and status of clinical programs. Subsequent to June 29, 2012, NGSX shares were quoted on the Over the Counter Bulletin Board (OTC) in the United States. Mr. Nelsen also previously served as a trustee of Fred Hutchinson Cancer Research Center.

Mr. Nelsen obtained his Bachelor of Science with majors in Economics and Biology from the University of Puget Sound in the United States in June 1985 and a Master of Business Administration from the University of Chicago in the United States in June 1987.

**Axel BOUCHON**, aged 48, was appointed as a non-executive Director on June 22, 2021.

Dr. Bouchon has served as the chairman of BrainLuxury Inc, a consumer company engaged in the nutritional supplements business in the United States, since January 2021; chairman of Brain Games Corporation, a consumer company engaged in the neurotechnology business in the United States, since January 2020; and Geschäftsführer (chief executive officer) of AMLOne UG (limited liability), an investment and consulting company in Germany, since its founding in July 2016.

From January 2015 to June 2019, Dr. Bouchon was at Bayer AG, a company specializing in pharmaceutical, consumer health and agricultural products listed on the German Stock Exchange (stock code: BAYRY). Dr. Bouchon was the Head of Leaps by Bayer (former Bayer Lifescience Center). Between November 2013 and December 2014, Dr. Bouchon was Serial CEO of Moderna Ventures and a member of the Moderna Therapeutics, Inc. Executive Committee. Moderna Therapeutics, Inc. is a pharmaceutical and biotechnology company listed on the NASDAQ Stock Exchange in the United States (stock code: MRNA). Dr. Bouchon is a part-time consultant to ARCH Venture Partners.

Dr. Bouchon obtained his diploma in Biochemistry, and a Doctor of Natural Sciences from Eberhard Karls University of Tübingen in Germany in November 1998 and July 2002 respectively.

**Independent Non-executive Directors**

**Martin J Murphy JR**, aged 78, was appointed an independent non-executive Director on June 22, 2021 (with effect from the Listing Date).

Dr. Murphy Jr has been serving as the chairman and the chief executive officer of AlphaMed Consulting, Inc., a biomedical consulting company, since March 2003. He provides executive consultation on cancer drug development, clinical trial design, key thought leader identification and strategic analysis of big data and artificial intelligence to both corporate executives as well as cancer drug developers.

Dr. Murphy Jr was the founding chief executive officer of CEO Roundtable on Cancer, a non-profit organization that works to develop and implement initiatives that reduce the risk of cancer, from August 2000 to January 2020. He received the Charles A. Sanders Life Sciences Award presented by Life Sciences Consortium and CEO Roundtable on Cancer in November 2019. Dr. Murphy Jr has been the Emeritus Director of the CEO Roundtable on Cancer since January 2021. He has also been a fellow of the American Society of Clinical Oncology since 2013.

Dr. Murphy Jr was awarded a Master of Science in Biology from New York University in the United States in February 1967, a Ph.D in Biology from New York University in the United States in June 1969 and a Doctor of Medical Science (honoris causa) from Queen's University of Belfast in the United Kingdom in July 2009.

**Grace Hui TANG**, aged 61, was appointed an independent non-executive Director on June 22, 2021 (with effect from the Listing Date).

Ms. Tang has been serving as a director and member of audit committee of Textainer Group Holdings Limited, a container leasing company listed on the New York stock market in the United States (stock code: TGH) since July 2020. She has been serving as a professor and interviewer of Peking University's Guanghua School of Management, and she is responsible for teaching graduate accounting program and interviewing MBA candidates since September 2018.

Ms. Tang held several positions in China, Hong Kong and US Silicon Valley offices in PricewaterhouseCoopers, an accounting firm, from March 1990 to June 2020 and her last position therein was partner in the assurance department in China office and she was responsible for overseeing audit work.

Ms. Tang obtained her Bachelor of Science with majors in Accounting from the University of Utah in the United States in June 1982 and a Master of Business from Utah State University in the United States in June 1984.

Ms. Tang has been a certified public accountant of the California Board of Accountancy of the United States since December 1993. She has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 1995. She has been a fellow of the Hong Kong Institute of Certified Public Accountants since March 2003.

**Yiu Wa Alec TSUI (徐耀華)**, aged 72, was appointed as an independent non-executive Director on June 22, 2021 (with effect from the Listing Date). Mr. Tsui has over 40 years of experience in finance and administration, corporate and strategic planning, information technology and human resources management.

Mr. Tsui has been an independent non-executive director of a number of companies listed on the Stock Exchange, namely, COSCO Shipping International (Hong Kong) Co., Ltd. (a company engaged in ship-related businesses) (stock code: 517) since February 2004, Pacific Online Limited (a company engaged in the provision of Internet advertising services) (stock code: 543) since November 2007 and Hua Medicine (a company engaged in the development a global first-in-class oral drug for the treatment of diabetes) (stock code: 2552) since September 2018. He has also been serving as the independent director of a number of companies listed on NASDAQ Stock Exchange in the United States, namely, ATA Creativity Global (a company providing educational services) (stock code: AACG) since January 2008 and Melco Resorts & Entertainment Limited (a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia) (stock code: MLCO) since December 2006. Since August 2000, he has also been an independent non-executive director of Industrial & Commercial Bank of China (Asia) Limited, a company previously listed on the Stock Exchange (stock code: 349) and was delisted with effect from December 21, 2010. In addition,

Mr. Tsui has been serving as a director to WAG Worldsec Management Consultancy Limited, a consulting company, and he is responsible for setting the strategic direction of the company and the day to day management of the company since April 2006.

Mr. Tsui served as independent non-executive directors in various other Hong Kong listed companies, including China Oilfield Services Limited (an integrated oilfield services providers) (stock code: 2883) from June 2009 to June 2015, China Power International Development Limited (a Chinese electric power company) (stock code: 2380) from March 2004 to December 2016, Summit Ascent Holdings Limited (a company engaged in leisure facilities and services) (stock code: 102) from March 2011 to September 2018, Kangda International Environmental Company Limited (a company engaged in the constructions and operations of wastewater treatment business) (stock code: 6136) from October 2013 to April 2019, DTXS Silk Road Investment Holdings Company Limited (a company engaged in e-commerce business) (stock code: 620) from December 2015 to May 2020 and Melco Resorts and Entertainment (Philippines) Corporation (a company which owns and operates casinos) listed on the Philippine Stock Exchange (stock code: MRP) from December 2012 to June 2019.

Mr. Tsui was the chairman and director of WAG Worldsec Corporate Finance Limited, a private professional consulting services and financial solutions company, and he was responsible for setting the strategic direction of the company, the supervision of regulatory activities licensed under the SFC and the day to day management of the company from November 2003 to February 2017. He was the chief executive of WAG Financial Services Group Limited, a financial service company, and he was responsible for setting the strategic direction of the company, the supervision of regulatory activities licensed under the SFC and the day to day management of the company from April 2001 to November 2006. He was also the chairman of Hong Kong Securities Institute from December 2001 to December 2004. He was the consultant of the Shenzhen Stock Exchange from July 2001 to June 2002. He joined the Stock Exchange as the executive director of the finance and operations services division in January 1994 and served various positions in the Stock Exchange, including the chief executive of the Stock Exchange from February 1997 to August 2000 and the chief operating officer of Hong Kong Exchanges and Clearing Limited from March 2000 to August 2000. Before that, he held several positions in the SFC since January 1989, including the general manager of the finance and information technology department. He held several positions in China Light & Power Co., Ltd. (currently known as CLP Power Hong Kong Limited, a wholly-owned subsidiary of CLP Holdings Limited which is listed on the Stock Exchange (stock code: 2)) from May 1980 to December 1988 and his last position therein was manager of the financial planning and analysis department. He was an analyst of Arthur Andersen & Co., an accounting firm, from October 1976 to May 1979.

Mr. Tsui was admitted as a member of the Hong Kong Securities and Investment Institute in November 1998 and became the senior fellow of the Hong Kong Securities and Investment Institute in September 2014.

Mr. Tsui obtained his Bachelor of Science in Industrial Engineering from the University of Tennessee in the United States in June 1975 and a Master of Engineering from the University of Tennessee in the United States in August 1976. He also completed the Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University in the United States in August 1993.

**Gregg Huber ALTON**, aged 55, was appointed as an independent non-executive Director on June 22, 2021 (with effect from the Listing Date).

Mr. Alton has been serving as a director and member of the audit committee of Novavax, Inc., a vaccine development company listed on NASDAQ Stock Exchange in the United States (stock code: NVAX) since November 2020 and December 2020, respectively. He has been serving as a director, the chair of the corporate governance and nominating committee as well as the audit committee, and member of the compensation committee of Corcept Therapeutics Incorporated, a pharmaceuticals company listed on NASDAQ Stock Exchange (stock code: CORT) since March 2020. Further, Mr. Alton has been serving as a director, member of the audit committee and the chair of the nominating and corporate governance committee of Enochian Biosciences Inc., a pharmaceuticals company listed on NASDAQ Stock Exchange (stock code: ENOB) since December 2019.

Mr. Alton held several positions in Gilead Sciences, Inc., a biopharmaceutical company listed on NASDAQ Stock Exchange in the United States (stock code: GILD) from October 1999 to January 2020, including general counsel, chief patent officer, interim chief executive officer and senior advisor of Gilead Sciences, Inc., and he was responsible for the company's government affairs, public affairs, patient outreach and engagement initiatives, and led the company's international commercial operations and corporate affairs groups. Mr. Alton was an associate at Cooley Godward, LLP, a law firm, between November 1993 to December 1996, and June 1998 to October 1999. He was an associate attorney at Mintz Levin P.C., a law firm, from January 1997 to May 1998.

Mr. Alton obtained his Bachelor of Arts with a major in legal studies from the University of California in Berkeley, the United States in May 1989, and a Doctor of Jurisprudence from The Leland Stanford Junior University in the United States in June 1993.

Mr. Alton was also admitted as an attorney and counselor at law by the supreme court of the state of California between June 1994 and July 2019.

**General**

Our Directors have confirmed that:

(1) save as disclosed in the paragraph headed "Statutory and General Information – C. Further Information about Directors and Substantial Shareholders – 2. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this prospectus, none of our Directors has any existing or proposed service contract with our Company or any of its subsidiaries other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(2) save as disclosed in the paragraph headed "Statutory and General Information – C. Further Information about Directors and Substantial Shareholders – 1. Disclosure of interests" in Appendix IV to this prospectus and above, each of our Directors has no interests in the Shares within the meaning of Part XV of the SFO;

(3) save as disclosed above, each of our Directors has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as at the Latest Practicable Date;

(4) save as disclosed herein, other than being a Director of our Company, none of our Directors has any relationship with any other Directors, senior management of our Company or substantial shareholders of our Company; and

(5) none of our Directors completed their respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Except as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

(1) there is no other matter with respect to the appointment of our Directors that need to be brought to the attention to the Shareholders as at the Latest Practicable Date; and

(2) there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

## SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of the Group.

| Name | Position | Age | Date of appointment | Date of joining our Group | Role and responsibility | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Zhi HONG | Executive Director, Chairman of the Board and Chief Executive Officer | 58 | March 2, 2018 (Director; redesignated as Executive Director on March 24, 2021) February 23, 2018 (Chief Executive Officer) | February 23, 2018 | In charge of overall management, business, and strategy of our Group and the scientific research and development of our Group | None |
| Yongqing LUO (羅永慶) | Executive Director and President and General Manager of Greater China | 51 | September 11, 2020 | September 11, 2020 | Responsible for our Group's business in China and support our growth in the US | None |
| Li YAN (嚴立) | Chief Medical Officer | 53 | April 2, 2018 | April 2, 2018 | Responsible for overall development activities | None |
| Ankang LI (李安康) | Chief Financial Officer and joint company secretary | 43 | September 1, 2020 | September 1, 2020 | Responsible for overseeing financial, accounting, investor relations and communication on matters of our Group | None |

| Name | Position | Age | Date of appointment | Date of joining our Group | Role and responsibility | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Lianhong XU | Senior Vice President (Head of Medicinal Chemistry) | 55 | April 1, 2018 | April 1, 2018 | In charge of small molecule drug discovery and early development | None |
| Jean-Luc Samuel Francois GIRARDET | Senior Vice President (Head of Pharmaceutical Sciences) | 54 | March 19, 2018 | March 19, 2018 | Primary responsible for all chemistry and manufacturing controls function | None |
| Qing ZHU | Senior Vice President (Head of Biopharmaceutical Research) | 53 | July 16, 2020 | April 2, 2018 | Responsible for research and development of biotherapeutics | None |
| Lisa Trivison BECK | Senior Vice President (Business Development and Portfolio Strategy) | 59 | December 17, 2019 | March 12, 2018 | Responsible for business development, alliance management and portfolio management | None |

## SENIOR MANAGEMENT

Zhi HONG, see "– Directors" for details.

Yongqing LUO, see "– Directors" for details.

**Li YAN**, aged 53, has been serving as the chief medical officer of our Company since April 2, 2018. Prior to joining our Group, Dr. Yan served as the vice president and head unit physician of the pharma research and development division in GlaxoSmithKline, a pharmaceuticals, vaccines and consumer healthcare products company listed on the New York Stock Exchange in the United States (stock code: GSK). He was responsible for overall global oncology development activities. In addition, Dr. Yan is an adjunct professor in Yonsei University, at which he is responsible for teaching and research.

Dr. Yan obtained his Bachelor of Medicine from Peking University Health Science Center (formerly known as the Beijing Medical University) in China in January 1991 and a Ph.D. in Anatomy from The University of Kansas in the United States in December 1996.

**Ankang LI (李安康)**, aged 43, has been serving as the chief financial officer of our Company since September 1, 2020, and was appointed as our joint company secretary on April 8, 2021. Prior to joining our Group, Dr. Li was the chief financial officer of Terns China Biotechnology Co., Ltd., a company engaged in development of pharmaceutical products, and he was responsible for overseeing financial operation from June 2019 to August 2020. He was an executive director within the corporate finance department division of Goldman Sachs Gao Hua Securities Company Limited, an investment bank, and he was responsible for providing financial advisory services from January 2018 to June 2019. He was a director of the business development department of MSD R&D (China) Co., Ltd., a business development and licensing company in China, and he was responsible for overseeing business development and licensing transactions of MSD Asia Pacific Innovation Hub from September 2016 to December 2017. He was an associate of the Shanghai office of Ropes & Gray LLP, a global law firm, and he was responsible for providing legal advisory services in corporate transactions from August 2014 to September 2016. He was an associate of the New York office of Davis Polk & Wardwell LLP, a global law firm, and he was responsible for providing legal advisory services in corporate transactions from September 2012 to August 2014. He was a research associate of Salk Institute for Biological Studies, a scientific research institute in the United States, and he was responsible for conducting postdoctoral scientific research from September 2007 to September 2009.

Dr. Li obtained his Bachelor of Science in Biochemistry from Fudan University in China in July 1999, a Master of Science in Biological Sciences from National University of Singapore in Singapore in October 2002, a Ph.D. in Biomedical Sciences from Baylor College of Medicine in the United States in June 2007 and a Juris Doctor degree from The University of Chicago Law School in the United States in June 2012. Dr. Li was also admitted to the New York Bar in January 2013 and was qualified as a Chartered Financial Analyst of the CFA Institute in August 2016.

**Lianhong XU**, aged 55, has been serving as the senior vice president (head of medicinal chemistry) of the Company since April 1, 2018. Prior to joining our Group, Dr. Xu was a senior director, medicinal chemistry in the medicinal chemistry department of Gilead Sciences, Inc., a biopharmaceutical company in the United States, and she was responsible for leading antiviral projects and conducting medicinal chemistry research and small molecule drug discovery, which resulted in several commercial drugs from May 1998 to April 2018.

Dr. Xu obtained her Bachelor of Science in Chemistry from Nankai University in China in July 1987. She also obtained her Master of Arts and a Ph.D. both from Rice University in the United States.

**Jean-Luc Samuel Francois GIRARDET**, aged 54, has been serving as the senior vice president (head of pharmaceutical sciences) of our Company since March 19, 2018. Prior to joining our Group, Dr. Girardet worked in Ardea Biosciences, Inc., a biopharmaceutical company in the United States, until February 2018, and he was appointed as the vice president of research operations in October 2007, where he was responsible for chemistry and manufacturing controls function and translational sciences. Prior to joining Ardea Biosciences, Inc., he worked in Valeant Pharmaceuticals International Inc., a pharmaceutical company in the United States, and he was responsible for leading hepatitis C virus and human immunodeficiency virus chemistry project teams and managing the process chemistry function. Prior to joining Valeant Pharmaceuticals, he was a postdoctoral fellow of The University of Michigan and was responsible for conducting research.

Dr. Girardet obtained his Bachelor of Science in Chemistry from University of Montpellier in France in November 1991 and a Ph.D. in Chemistry from University of Montpellier in France in December 1995.

**Qing ZHU**, aged 53, served as vice president (head of biopharmaceutical research) of our Company from April 2, 2018 to July 15, 2020 and was promoted to senior vice president (head of biopharmaceutical research) of our Company on July 16, 2020. Prior to joining our Group, Dr. Zhu held several positions in MedImmune (a subsidiary of Astrazeneca, which is a pharmaceutical company listed on London Stock Exchange in the United Kingdom (stock code: AZN) and New York Stock Exchange in the United States (stock code: AZN)) from August 2007 to March 2018 and her last position therein was director and head of virology group and she was responsible for research and development of antiviral programs. Before that, she was a scientist in Novartis, a pharmaceutical company in the United States, and she was responsible for translational research from April 2006. She was a scientist in Chiron Corporation, a biotech company in the United States, and she was responsible for leading research projects from April 2004 to April 2006. She was a postdoctoral associate in Fox Chase Cancer Center, a research institute in the United States, and she completed postdoctoral training from May 2001 to April 2004.

Dr. Zhu obtained her Bachelor of Science in Microbiology from ShanXi University in China in August 1989 and a Ph.D. in Molecular and Cell Biology Program from University of Maryland in the United States in July 2000.

**Lisa Trivison BECK**, aged 59, has served as the vice president (business development) and head of US transactions and alliance management of our Company from March 12, 2018 to December 16, 2019 and was promoted to senior vice president (business development and portfolio strategy) of our Company on December 17, 2019. Prior to joining our Group, Ms. Beck was the transactions and alliance management head of Alexion Pharmaceuticals Inc, a biopharmaceutical company listed on NASDAQ Stock Exchange in the United States (stock code: ALXN), and she was responsible for negotiations and execution of deal and alliance management from August 2015 to January 2018. She was the portfolio management director of GlaxoSmithKline, a pharmaceuticals, vaccines and consumer healthcare products company listed on the New York Stock Exchange in the United States (stock code: GSK), and she was responsible for business development for multiple therapy areas, portfolio management for Stiefel dermatology programs and clinical research and project management for dermatology products from May 1991 to August 2015.

Ms. Beck obtained her Bachelor of Science from Vanderbilt University in the United States in August 1984.

**General**

Save as disclosed above, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Company and any other members of our Group as at the Latest Practicable Date;

(2) save as being a member of our Company's senior management, he/she does not have any other relationship with any Directors, substantial shareholders of our Company, or other members of senior management of our Group as at the Latest Practicable Date;

(3) save as disclosed above, he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as at the Latest Practicable Date; and

(4) save as disclosed above, he/she has not completed their respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

**JOINT COMPANY SECRETARIES**

Ankang LI (李安康) and Wing Tsz Wendy Ho (何詠紫) are the joint company secretaries of our Company.

Ankang LI (李安康), see "– Senior Management" for details.

Ms. Wing Tsz Wendy HO (何詠紫), has been serving as our company secretary since April 8, 2021. Ms. Ho possesses more than 25 years of experience in the company secretary profession. She is familiar with the Listing Rules, the Companies Ordinance as well as compliance work for offshore companies. She has been employed by Tricor Services Limited ("**Tricor**") since July 1993, and is now an executive director of corporate services of Tricor leading both the employee share ownership plan business development and the public listed company compliance & advisory services teams of Tricor and has been providing corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Ho is currently the company secretary or joint company secretary of a few listed companies or Real Estate Investment Trust on the Stock Exchange, namely China Merchants Bank Co., Ltd. (stock code: 3968), China Everbright Water Limited (stock code: 1857), Bank of Chongqing Co., Ltd. (stock code: 1963), Wynn Macau, Limited (stock code: 1128) and RREEF China Commercial Trust (stock code: 625).

Ms. Ho has been a Chartered Secretary, a Chartered Governance Professional and a Fellow of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators in the United Kingdom), as well as a Fellow of The Hong Kong Institute of Chartered Secretaries ("**HKICS**") since October 2012. Ms. Ho was granted a Practitioner's Endorsement by HKICS in July 2020. Ms. Ho is currently a Council Member of HKICS. Ms. Ho obtained a Master Degree of Business Administration from Hong Kong Polytechnic University in September 2019.

## COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date.

## BOARD COMMITTEES

We have established the following committees in our Board: an audit committee, a remuneration committee, a nomination committee, and a strategy committee. The committees operate in accordance with the terms of reference established by our Board.

### Audit Committee

Our Company has established an audit committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). The audit committee consists of three independent non-executive Directors being Dr. Martin J Murphy Jr, Ms. Grace Hui Tang and Mr. Yiu Wa Alec Tsui. The chairlady of the audit committee is Ms. Tang. Ms. Tang holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

### Remuneration Committee

Our Company has established a remuneration committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code. The remuneration committee consists of three independent non-executive Directors being Dr. Martin J Murphy Jr, Ms. Grace Hui Tang and Mr. Yiu Wa Alec Tsui. The remuneration committee is chaired by Dr. Martin J Murphy Jr. The primary duties of the remuneration committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

**Nomination Committee**

Our Company has established a nomination committee (effective from the Listing Date) with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The nomination committee consists of our chairman of the Board, Dr. Zhi Hong and two independent non-executive Directors being Dr. Martin J Murphy Jr and Mr. Yiu Wa Alec Tsui. The chairman of the Nomination Committee is Dr. Zhi Hong. The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

**Strategy Committee**

Our Company has established a strategy committee (effective from the Listing Date) consisting of our chairman of the Board, Dr. Zhi Hong, two non-executive Directors being Mr. Robert Taylor Nelsen and Dr. Axel Bouchon, and one independent non-executive Director being Mr. Gregg Huber Alton. The chairman of the Strategy Committee is Dr. Zhi Hong. Each committee member has significant business experience or scientific expertise and deep healthcare industry knowledge in areas of public health, infectious diseases and CNS diseases. The Strategy Committee will assist the full Board, in conjunction with management, in addressing the Company's overall mission, vision and strategic direction. Areas of focus will include: providing to the Board and management, as applicable, input and recommendations with respect to key strategic initiatives and major R&D programs and partnerships; and assisting management in establishing a strategic planning process, identifying and addressing organizational challenges and evaluating strategic alternatives.

**CORPORATE GOVERNANCE**

Under paragraph A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although the appointment of Dr. Hong as chairman and chief executive officer is not consistent with such paragraph A.2.1., Dr. Zhi Hong is our chairman of the Board and chief executive officer. With extensive experience in the biopharmaceutical industry and having served in our Company since its establishment, Dr. Hong is in charge of overall management, business, strategic development and scientific research and development of our Group. Our Board considers that vesting the roles of the chairman of the Board and the chief executive officer in the same person is beneficial to the management of our Group. Our Board also believes that the combined role of the chairman of the Board and the chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The balance of power and authority is ensured by the operation of our Board, which comprises experienced and diverse individuals. Our Board currently comprises two executive Directors, two non-executive Directors and four independent non-executive Directors, and therefore has a strong independent element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

**Board Diversity**

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out our objectives and approach to achieve and maintain diversity of the Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Board comprises eight members, including two executive Directors, two non-executive Directors and four independent non-executive Directors. Our Directors have a balanced mix of gender, knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, clinical research, medicine, finance, investment, accounting and consulting. They obtained professional and academic qualifications including biochemistry, economics, biology, business administration, medical science, accounting, law and industrial engineering. Furthermore, the Board possesses members spanning a wide range of ages, from 48 years old to 78 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of the Board satisfies our board diversity policy, and the Board and the nomination committee of our Company will assess the Board composition regularly.

Our nomination committee is responsible for reviewing the diversity of the Board. After Listing, our nomination committee will continue to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels.

**Disclosed Interest under Rule 8.10(2) of the Listing Rules**

Save as disclosed below, each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10(2) of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither our controlling shareholder nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

In particular, one of our non-executive Directors, Mr. Nelsen, currently serves as a director of Vir, a company listed on the NASDAQ stock exchange (stock code: VIR). As of the Latest Practicable Date, Mr. Nelsen may be deemed to be interested in (i) approximately 15.2% of our outstanding shares and (ii) approximately 20.8% of Vir's outstanding shares, through shares held by entities affiliated with ARCH Venture Partners.

Vir is a clinical-stage immunology company focused on the development of products to treat and prevent serious infectious diseases. Vir is our collaboration partner under the Vir License Agreement and owns approximately 5.68% of our outstanding shares as of the Latest Practicable Date. Under the Vir License Agreement, (i) we licensed BRII-835 (HBV) from Vir and have an exclusive option to obtain exclusive development and commercialization rights in Greater China to products arising from up to three other agreed programs in Vir's pipeline that achieve clinical POC (including potentially VIR-3434, a monoclonal antibody targeting HBV currently in Phase 1 development by Vir) and (ii) Vir has an exclusive option to obtain exclusive development and commercialization rights in the United States to products arising from up to four agreed programs in our pipeline that achieve clinical POC. In addition to its HBV related R&D activities, Vir is currently engaged in R&D activities for drug candidates targeting COVID-19. While a valued collaboration partner, Vir might directly or indirectly compete with our Company in terms of HBV, COVID-19 or other drug candidates that it may pursue.

**Independence of our business from Vir**

We believe that we are capable of performing our business independently of, and at arm's length from, Vir based on the following grounds:

(i) ARCH is a financial investor in both our Company and Vir. Prior to Vir's listing and our Listing, ARCH had or has certain contractual board nomination or appointment rights with Mr. Nelsen serving on the pre-IPO board of directors of both companies. After our Listing, Mr. Nelsen will continue to serve as a non-executive director in our Company and as a director in Vir (where he is one of 11 Vir directors). He does not hold a position in the senior management of our Company or in Vir. Given the non-executive nature of his roles in our Company and in Vir, Mr. Nelsen does not and will not have responsibility for the daily management and operations of our Group or Vir. For our Group, these responsibilities rest with Dr. Hong and our senior management team;

(ii) ARCH only serves as a financial investor in both our Company and Vir with approximately 15.2% and 22.4% of the voting power in our Company and Vir, respectively. Neither ARCH nor Mr. Nelsen has any control in our Company nor in Vir. It is not uncommon for a financial investor to have representations in the board of directors of the companies that it has invested in;

(iii) we have appointed four independent non-executive Directors, comprising one-half of our Board, in order to promote the interests of our Company and our Shareholders as a whole and ensure that the Board decisions will only be made after due consideration of independent and impartial opinions;

(iv) our Company has established its relevant internal policies and corporate governance measures to identify, avoid and handle conflicts of interest between our Group and any Director. In the event that a Director (such as Mr. Nelsen) is interested in a matter to be discussed/decided at a Board meeting, he/she shall abstain from voting in relation to such matter;

(v) as confirmed by ARCH, it also has its relevant internal policies to identify, avoid and handle conflicts of interest. So far, the Company has not experienced any independence issues due to Mr. Nelsen's position that has an impact on the Company's business and operations; and

(vi) our internal control consultant did not identify any deficiencies in our internal controls protocols with respect to management of conflicts of interest at our Board level.

## KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, and (ii) an invention and confidentiality agreement with our senior management members and other key personnel. Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

### Confidentiality

- *Scope of confidential information.* The employee shall keep the following information (the "**Company Confidential Information**") strictly confidential:

  i. any non-public information that relates to the actual or anticipated business or research and development of our Company;

  ii. technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding our Company's products or services and markets therefor;

  iii. customer lists, contact information, buying history, contract negotiations and preferences (including, but not limited to, customers of our Company on whom the employee called or with whom employee became acquainted during the term of employment);

  iv. vendor lists, contact information, and contract negotiations (including, but not limited to, vendors of our Company on whom the employee called or with whom the employee became acquainted during the term of employment);

  v. personnel information (including information regarding other employees' skills, performance, discipline and compensation);

  vi. software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information;

  vii. marketing, pricing, and financing information, plans and strategies; and

  viii. finances or other business information.

- *Confidential obligation.* The employee shall, at all times during the term of employment and thereafter, hold in strict confidence, and not to use, except for the benefit of our Company, or to disclose to any person, firm or corporation without written authorization of an officer of our Company (other than the employee himself) any Company Confidential Information, except under a non-disclosure agreement duly authorized and executed by our Company.

**Inventions Assignment**

- *Prior invention.* If in the course of employment with our Company, the employee incorporates into a Company product, process or service a prior invention owned by him or in which he has an interest, he grants to our Company a non-exclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide, sub-licensable (through one or more tiers of sub-licensees), transferable license to make, have made, use, import, offer for sale, sell, create derivative works of, reproduce, distribute, publicly display and publicly perform such prior invention as part of or in connection with such product, process, service, technology or other work, and to practice any method related thereto.

- *Assignment*. During the term of employment, the employee will promptly make full written disclosure to our Company, will hold in trust for the sole right and benefit of our Company and assign to our Company, or its designee, all his right, title and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, formulas, data, materials, processes, techniques, know-how, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, that he may solely or jointly conceive or develop or reduced to practice, or cause to be conceived or developed or reduced to practice (whether before or after the execution of the agreement and including "off-duty" hours) (the "**Inventions**").

- *Acknowledgement.* The employee agrees that the decision whether or not to commercialize or market any invention developed by him solely or jointly with others is within our Company's sole discretion and for our Company's sole benefit and that no royalty or other compensation will be due to him as a result of our Company's efforts to commercialize or market any such Invention. The employee also agrees never to assert any moral rights in or with respect to any and all of the Inventions that may exist anywhere in the world, together with all claims for damages and other remedies asserted on the basis of moral rights. The employee also agrees to assist our Company, or its designee, at our Company's expense, in every proper way to secure our Company's rights in the Inventions and any copyrights, patents, trademarks, mask work rights or other intellectual property rights relating thereto in any and all countries.

**Non-competition covenants**

- *Non-competition obligation*. During the term of the employment with our Company and for a period of 12 months thereafter termination of the employment contract, the employee shall not, without prior written approval of our Company, engage, directly or indirectly, in any work, employment, consulting, or other services for any other person or business entity that competes with any business involving any actual or potential drug or drug candidate, diagnostic, therapy, nutritional supplement or medical device that at the time of termination of the employment contract is being, or is actively planned to be, researched, developed, manufactured, licensed, marketed, or commercialized by our Company or any of its affiliates or subsidiaries or any related commercial or partnership program with respect thereto.

**Non-solicitation and non-disparagement covenants**

- *Non-solicitation and non-disparagement obligations*. The employee shall not, directly or indirectly, (i) for a period of 12 months after termination of the employment contract, solicit, induce or encourage any employee or consultants of our Company or any of its affiliates or subsidiaries to terminate their employment or consulting relationship with our Company or any of its affiliates or subsidiaries or to become employed or engaged as a consultant by himself or any third party; (ii) for a period of five years after termination of the employment contract, make any derogatory public statement concerning the financial performance, products, services, our Company or management personnel of our Company or any of its affiliates or subsidiaries, or his employment; and (iii) for a period of 12 months after termination of the employment contract, induce, attempt to induce or knowingly encourage any customer (that is, or within the prior 18 months was, our customer client or business or development partner) of our Company or any of its affiliates or subsidiaries to divert any business or income from our Company or any of its affiliates or subsidiaries, or to stop or alter the manner in which they are then doing business with our Company or any of its affiliates or subsidiaries.

## COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances and benefits in kind, including our Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors based on each Director's responsibilities, qualification, position and seniority.

The aggregate amount of remuneration to our Directors for the years ended December 31, 2019 and 2020 were approximately RMB20.2 million and RMB22.3 million, respectively.

It is estimated that remuneration and benefits in kind (excluding any possible payment of discretionary bonus) equivalent to approximately RMB45.54 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2021 under arrangements in force at the date of this prospectus.

The five highest paid individuals for the years ended December 31, 2019 and 2020 included one Director, whose remuneration is included in the aggregate amount of remuneration set out above. The aggregate amount of remuneration to our remaining four highest paid individuals for the years ended December 31, 2019 and 2020 were approximately RMB18.3 million and RMB20.8 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group; (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group; and (iii) none of our Directors waived any emoluments.

Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 12 of the Accountants' Report set out in Appendix I to this prospectus.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

## PRE-IPO SHARE INCENTIVE PLAN

We have adopted the Pre-IPO Share Incentive Plan on October 30, 2018, the principal terms of which are summarized in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Plan" in Appendix IV to this prospectus.

## POST-IPO SHARE OPTION SCHEME

We have conditionally adopted the Post-IPO Share Option Scheme on June 22, 2021, the principal terms of which are summarized in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 2. Post-IPO Share Option Scheme" in Appendix IV to this prospectus.

## POST-IPO SHARE AWARD SCHEME

We have conditionally adopted the Post-IPO Share Award Scheme on June 22, 2021, the principal terms of which are summarized in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 3. Post-IPO Share Award Scheme" in Appendix IV in this prospectus.

## FUTURE PLANS

Please refer to the section headed "Business – Our Strategies" in this document for a detailed description of our future plans.

## USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$2,267.4 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$21.63 per Offer Share, being the mid-point of the indicative Offer Price range of HK$21.00 to HK$22.25 per Offer Share in this prospectus. If the Offer Price is set at HK$22.25 per Offer Share, being the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$66.41 million. If the Offer Price is set at HK$21.00 per Offer Share, being the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$67.48 million.

We intend to use the net proceeds we will receive from this offering for the following purposes, including:

(i) 55% of the net proceeds (approximately HK$1,247.1 million) will be allocated to our HBV functional cure programs.

- 50% of the net proceeds (approximately HK$1,133.7 million) is expected to be used to fund ongoing and planned clinical trials, preparation for registration filings, milestone payments and other steps and activities related to commercialization for BRII-179, our Core Product.

  - 20% (approximately HK$453.5 million) is expected to be used to fund ongoing and planned clinical trials and preparation for regulatory filings for BRII-179/BRII-835 combination therapy in chronic HBV patients. As of the Latest Practicable Date, we had initiated the Phase 2 MRCT combination study for BRII-179/BRII-835 in New Zealand, Australia and Hong Kong and expect to also initiate the study in China, Taiwan, Singapore, Thailand and South Korea in the third quarter of 2021. Subject to the Phase 2 results, we plan to conduct a Phase 3 registration trial to assess safety and efficacy of the combination.

  - 16% (approximately HK$362.8 million) is expected to fund planned clinical trials and preparation for regulatory filings for BRII-179/PEG-IFN-α combination therapy in chronic HBV patients, which is planned to commence in the fourth quarter of 2021 or the first quarter of 2022.

- 8% (approximately HK$181.4 million) is expected to fund planned clinical trials and preparation for regulatory filings for BRII-179 in combination with other drug candidates with complimentary mechanism of actions.

- 1% (approximately HK$22.7 million) is expected to be used for regulatory milestone payments for BRII-179.

- 5% (approximately HK$113.3 million) is expected to be used, subject to regulatory approval, for the launch and commercialization of BRII-179 (as a monotherapy and/or combination therapy). The initiatives we plan to take primarily include recruiting commercialization personnel and establishing sales channels, mainly in the one year before the expected launch of BRII-179.

- For more information on the latest status and next key milestones for BRII-179, please refer to "Business – Our Pipeline" in this prospectus.

- 5% of the net proceeds (approximately HK$113.4 million) is expected to be used to fund additional ongoing and planned clinical trials and the preparation for registration filings for BRII-835. We plan to investigate BRII-835 in combination with drugs from other companies, such as with PEG- IFN-α and other immunomodulators, for additional treatment options. For more information on the latest status and next key milestones for BRII-835, please refer to "Business – Our Pipeline" in this prospectus.

(ii) 15% of the net proceeds (approximately HK$340.1 million) will be allocated to our HIV programs, funding the ongoing and planned clinical trials and preparation for registration filings for BRII-778 and BRII-732. We initiated Phase 1 studies for BRII-778 and BRII-732 in the United States in March 2021 and May 2021, respectively. Upon the successful completion of the Phase 1 studies, we plan to initiate Phase 2 and Phase 3 studies of BRII-732 and BRII-778 as a combination in the United States. For more information on the latest status and next key milestones for BRII-778 and BRII-732, please refer to "Business – Our Pipeline" in this prospectus.

(iii) 15% of the net proceeds (approximately HK$340.1 million) will be allocated to our MDR/XDR gram-negative infections programs.

- 9% of the net proceeds (approximately HK$204.1 million) is expected to be used to fund the ongoing and planned clinical trials and preparation for registration filings for BRII-636, BRII-672 and BRII-693. With regard to BRII-636, we intend to pursue clinical trials to evaluate safety and efficacy in patients with severe gram-negative infections that require IV therapy. With regard to BRII-672, we plan to pursue clinical trials in patients with cUTIs and eventually develop BRII-672 as an oral, stepdown option for the same population as BRII-636. With regard to BRII-693, we intend to pursue clinical trials to evaluate its efficiency as a treatment for HAP or VAP, caused by *Acinetobacter* spp. and *P. aeruginosa*, particularly carbapenem resistant strains. For more information on the latest status and next key milestones for BRII-636, BRII-672 and BRII-693, please refer to "Business – Our Pipeline" in this prospectus.

- 6% (approximately HK$136.0 million) is expected to be used for regulatory milestone payments for BRII-636, BRII-672 and BRII-693.

(iv) 5% of the net proceeds (approximately HK$113.4 million) will be allocated to fund the ongoing and planned clinical trials and preparation for registration filings for BRII-296. We filed an IND application with the FDA in February 2021 and commenced dosing in the United States in early April 2021. We aim to advance to further clinical studies, including a Phase 3 study, in 2022 to evaluate the safety, efficacy and tolerability of BRII-296 in women with PPD. For more information on the latest status and next key milestones for BRII-296, please refer to "Business – Our Pipeline" in this prospectus.

(v) 10% of the net proceeds (approximately HK$226.7 million), will be allocated to our early-stage pipeline, business development initiatives, working capital and general corporate purposes.

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price, the net proceeds from the Global Offering will increase or decrease by approximately HK$66.4 million and HK$67.5 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis. If the Over-allotment Option is exercised in full, the additional net proceeds from the Global Offering will be approximately HK$347.5 million, assuming an Offer Price of HK$21.63 per Offer Share, being the mid-point of the indicative Offer Price range. Under such circumstances, we intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits in authorized banks and/or financial institutions so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries such that the net proceeds from the Global Offering can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities or designated banks are required to process such approvals or registrations or deny our application within prescribed periods, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities or complete the registration and filing procedures required to use our net proceeds as described above, in each case, on a timely basis, or at all, as PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the net proceeds from the Global Offering to make loans or additional capital contributions to our PRC operating subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business. Please refer to the risk factor entitled "Risk Factors – Risks Relating to Our Doing Business in China – Government control of currency conversion of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies" for further details.

## THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of US$152 million (or approximately HK$1,180 million) (calculated based on the conversion rate of US$1.00 to HK$7.7628) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$21.00, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 56,185,000 Offer Shares, representing approximately 50.35% of the Offer Shares pursuant to the Global Offering and approximately 7.96% of the our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$21.63, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 54,547,500 Offer Shares, representing approximately 48.89% of the Offer Shares pursuant to the Global Offering and approximately 7.72% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$22.25, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 53,027,500 Offer Shares, representing approximately 47.52% of the Offer Shares pursuant to the Global Offering and approximately 7.51% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences, healthcare and pharmaceutical sectors, the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Other than the four existing Shareholders of our Company or their close associates who are Cornerstone Investors as described below, our Company became acquainted with each of the Cornerstone Investors through introduction by certain of the Underwriters in the Global Offering or our roadshow.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules) (other than Boyu Capital Opportunities Master Fund which is an associate of our substantial shareholder Booming Passion Limited as described below); (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, chief executive,

substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than the four Cornerstone Investors which are existing Shareholders of our Company or their close associates as described below); (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than the four Cornerstone Investors which are existing Shareholders of our Company or their close associates as described below); and (iv) each Cornerstone Investor will be utilizing their proprietary funding or the proprietary funding of the funds under their management, as appropriate, as their source of funding for the subscription of the Offer Shares. Details of the actual number of the Offer Shares to be allocated to each of the Cornerstone Investments will be disclosed in the allotment results announcement to be issued by the Company on or around July 12, 2021.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules (save as the Offer Shares to be subscribed by Boyu Capital Opportunities Master Fund which is our Core Connected Person (as defined in the Listing Rules)). Such Offer Shares will not count towards the public float for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, other than Boyu Capital Opportunities Master Fund (further details of which are described below), none of the Cornerstone Investors will become a substantial shareholder of the Company, and none of the Cornerstone Investors will have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing.

Four of the Cornerstone Investors, namely Boyu Capital Opportunities Master Fund, Invesco Advisers, Inc., SCC Growth V Holdco Q, Ltd. and Youyu Global Limited, which are existing Shareholders of our Company or their close associates, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18 and have been granted a waiver from strict compliance with the requirements under Rules 9.09 and 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules by the Stock Exchange.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" in this prospectus.

If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by certain Cornerstone Investors (except Invesco Advisers, Inc., Boyu Capital Opportunities Master Fund, Sage Partners Master Fund and SCC Growth V Holdco Q, Ltd.) under the Cornerstone Placing. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares before dealing commences on the Listing Date. As such, there will be no deferred settlement for the investment amounts. If there is no over-allocation in the International Offering, delayed delivery will not take place.

## OUR CORNERSTONE INVESTORS

**Based on the Offer Price of HK$21.00 (being the low-end of the Offer Price range)**

| | | | Approximately % of total number of Offer Shares | | Approximately % of total Shares in issue immediately following the completion of Global Offering | |
|---|---|---|---|---|---|---|
| **Cornerstone Investor** | **Investment Amount** *(US$ in million)*[#] | **Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)** | **Assuming the Over-allotment Option is not exercised** | **Assuming the Over-allotment Option is exercised in full** | **Assuming the Over-allotment Option is not exercised** | **Assuming the Over-allotment Option is exercised in full** |
| Invesco Advisers, Inc. | 40 | 14,786,000 | 13.25% | 11.52% | 2.09% | 2.05% |
| UBS Asset Management (Singapore) Ltd. | 35 | 12,937,500 | 11.59% | 10.08% | 1.83% | 1.79% |
| RBC Global Asset Management (Asia) Limited | 30 | 11,089,500 | 9.94% | 8.64% | 1.57% | 1.53% |
| AIHC Master Fund | 10 | 3,696,500 | 3.31% | 2.88% | 0.52% | 0.51% |
| Springhill Master Fund Limited | 10 | 3,696,500 | 3.31% | 2.88% | 0.52% | 0.51% |
| Athos Asia Event Driven Master Fund | 5 | 1,848,000 | 1.66% | 1.44% | 0.26% | 0.26% |
| Boyu Capital Opportunities Master Fund | 5 | 1,848,000 | 1.66% | 1.44% | 0.26% | 0.26% |
| Sage Partners Master Fund | 5 | 1,848,000 | 1.66% | 1.44% | 0.26% | 0.26% |
| The Valliance Fund | 5 | 1,848,000 | 1.66% | 1.44% | 0.26% | 0.26% |

| Cornerstone Investor | Investment Amount *(US$ in million)*[#] | Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares) | Approximately % of total number of Offer Shares | | Approximately % of total Shares in issue immediately following the completion of Global Offering | |
|---|---|---|---|---|---|---|
| | | | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full |
| Youyu Global Limited | 5 | 1,848,000 | 1.66% | 1.44% | 0.26% | 0.26% |
| SCC Growth V Holdco Q, Ltd. | 2 | 739,000 | 0.66% | 0.58% | 0.10% | 0.10% |
| **Total** | 152 | 56,185,000 | 50.35% | 43.79% | 7.96% | 7.77% |

*# Note:* to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

**Based on the Offer Price of HK$21.63 (being the mid-point of the Offer Price range)**

| Cornerstone Investor | Investment Amount *(US$ in million)*[#] | Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares) | Approximately % of total number of Offer Shares | | Approximately % of total Shares in issue immediately following the completion of Global Offering | |
|---|---|---|---|---|---|---|
| | | | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full |
| Invesco Advisers, Inc. | 40 | 14,355,500 | 12.87% | 11.19% | 2.03% | 1.99% |
| UBS Asset Management (Singapore) Ltd. | 35 | 12,561,000 | 11.26% | 9.79% | 1.78% | 1.74% |
| RBC Global Asset Management (Asia) Limited | 30 | 10,766,500 | 9.65% | 8.39% | 1.52% | 1.49% |
| AIHC Master Fund | 10 | 3,588,500 | 3.22% | 2.80% | 0.51% | 0.50% |
| Springhill Master Fund Limited | 10 | 3,588,500 | 3.22% | 2.80% | 0.51% | 0.50% |
| Athos Asia Event Driven Master Fund | 5 | 1,794,000 | 1.61% | 1.40% | 0.25% | 0.25% |

| Cornerstone Investor | Investment Amount *(US$ in million)*[#] | Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares) | Approximately % of total number of Offer Shares | | Approximately % of total Shares in issue immediately following the completion of Global Offering | |
|---|---|---|---|---|---|---|
| | | | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full |
| Boyu Capital Opportunities Master Fund | 5 | 1,794,000 | 1.61% | 1.40% | 0.25% | 0.25% |
| Sage Partners Master Fund | 5 | 1,794,000 | 1.61% | 1.40% | 0.25% | 0.25% |
| The Valliance Fund | 5 | 1,794,000 | 1.61% | 1.40% | 0.25% | 0.25% |
| Youyu Global Limited | 5 | 1,794,000 | 1.61% | 1.40% | 0.25% | 0.25% |
| SCC Growth V Holdco Q, Ltd. | 2 | 717,500 | 0.64% | 0.56% | 0.10% | 0.10% |
| **Total** | 152 | 54,547,500 | 48.89% | 42.51% | 7.72% | 7.55% |

*# Note:* to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

**Based on the Offer Price of HK$22.25 (being the high-end of the Offer Price range)**

| Cornerstone Investor | Investment Amount *(US$ in million)*[#] | Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares) | Approximately % of total number of Offer Shares | | Approximately % of total Shares in issue immediately following the completion of Global Offering | |
|---|---|---|---|---|---|---|
| | | | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full | Assuming the Over-allotment Option is not exercised | Assuming the Over-allotment Option is exercised in full |
| Invesco Advisers, Inc. | 40 | 13,955,500 | 12.51% | 10.88% | 1.98% | 1.93% |
| UBS Asset Management (Singapore) Ltd. | 35 | 12,211,000 | 10.94% | 9.52% | 1.73% | 1.69% |
| RBC Global Asset Management (Asia) Limited | 30 | 10,466,500 | 9.38% | 8.16% | 1.48% | 1.45% |
| AIHC Master Fund | 10 | 3,488,500 | 3.13% | 2.72% | 0.49% | 0.48% |
| Springhill Master Fund Limited | 10 | 3,488,500 | 3.13% | 2.72% | 0.49% | 0.48% |
| Athos Asia Event Driven Master Fund | 5 | 1,744,000 | 1.56% | 1.36% | 0.25% | 0.24% |
| Boyu Capital Opportunities Master Fund | 5 | 1,744,000 | 1.56% | 1.36% | 0.25% | 0.24% |
| Sage Partners Master Fund | 5 | 1,744,000 | 1.56% | 1.36% | 0.25% | 0.24% |
| The Valliance Fund | 5 | 1,744,000 | 1.56% | 1.36% | 0.25% | 0.24% |
| Youyu Global Limited | 5 | 1,744,000 | 1.56% | 1.36% | 0.25% | 0.24% |
| SCC Growth V Holdco Q, Ltd. | 2 | 697,500 | 0.63% | 0.54% | 0.10% | 0.10% |
| **Total** | 152 | 53,027,500 | 47.52% | 41.33% | 7.51% | 7.34% |

*# Note:* to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

**1. Invesco Advisers, Inc.**

As of the Latest Practicable Date, Invesco Developing Markets Fund is our existing Shareholder which directly holds 10,824,619 Shares, representing approximately 3.64% of the total number of Shares. Invesco Developing Markets Fund is an investment company registered with the U.S. Securities and Exchange Commission and advised by Invesco Advisers, Inc.

Invesco Ltd. ("**Invesco**"), a Bermuda-incorporated company, is a leading independent investment management firm with approximately US$1,459.0 billion in assets under management as of April 30, 2021. Invesco is a global company focused on investment management, and its services are provided through a number of affiliated investment advisers to a wide range of clients throughout the world, including open-end mutual funds, closed-end funds, exchange-traded funds, collective trust funds, UCITS, real estate investment trusts, unit investment trusts and other pooled investment vehicles, as well as pensions, endowments, insurance companies and sovereign wealth funds. Invesco is a public company and is listed on the New York Stock Exchange (Stock Code: IVZ.NY). Invesco's shareholders' and New York Stock Exchange's approval are not required for IAI's (as defined below) subscription for the Shares pursuant to the relevant cornerstone investment agreement.

Invesco Advisers, Inc. ("**IAI**") is the principal U.S. investment advisory subsidiary of Invesco and is registered with the U.S. Securities and Exchange Commission as an investment adviser. IAI, acting as discretionary investment adviser for and on behalf of various funds and accounts (the "**IAI Managed Funds**"), has agreed to participate in the Global Offering and for such IAI Managed Funds to invest in our Shares as cornerstone investors.

The IAI Managed Funds are open-end mutual funds, collective trust funds, other pooled investment vehicles and financial institutions established under various jurisdictions and have multiple holders (who are, to the best of the knowledge, information and belief of the Company, Independent Third Parties).

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of IAI Managed Funds to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, acknowledgements, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

**2. UBS Asset Management (Singapore) Ltd.**

UBS Asset Management (Singapore) Ltd. ("**UBS AM Singapore**"), a company incorporated in Singapore in December 1993, has entered into a cornerstone investment agreement with our Company and the Joint Sponsors, in its capacity as the investment advisor or as the delegate to the investment manager for and on behalf of the following discretionary funds: UBS (LUX) EQUITY FUND – GREATER CHINA, UBS (LUX) EQUITY FUND – CHINA OPPORTUNITY, UBS (HK) FUND SERIES – CHINA OPPORTUNITY EQUITY (USD), UBS (CAY) INVESTMENT FUND SPC – UBS CHINA EQUITY SELECT CHERRY SEGREGATED PORTFOLIO II, UBS (LUX) EQUITY SICAV – ALL CHINA (USD), UBS (LUX) KEY SELECTION SICAV – CHINA EQUITY LONG SHORT (USD) and UBS (LUX) KEY SELECTION SICAV – CHINA ALLOCATION OPPORTUNITY (together the "**UBS Funds**").

UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG ("**UBS Asset Management**"), an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG's shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS). UBS Asset Management is a business division of UBS Group AG and is operated as a dedicated asset management business with independence in all investment decision making. UBS Asset Management is a global large-scale and diversified asset manager, with a presence in 23 markets. UBS Asset Management offers investment capabilities and styles across all major traditional and alternative asset classes as well as advisory support to institutions, wholesale intermediaries and its global wealth management clients. As at March 31, 2021, invested assets under management of UBS Asset Management globally totaled US$1.1 trillion. UBS AM Singapore's shareholders' and New York Stock Exchange's approval are not required for UBS AM Singapore's subscription for the Offer Shares.

**3. RBC Global Asset Management (Asia) Limited**

RBC China Equity Fund, RBC Asia Pacific ex-Japan Equity Fund, RBC Funds (Lux) – China Champions Fund and RBC Funds (Lux) – Asia ex-Japan Equity Fund are discretionary funds advised by member companies of RBC Global Asset Management (Asia) Limited ("**RBC GAM**"), the asset management division of Royal Bank of Canada. RBC GAM is a provider of global investment management services and solutions to institutional, high-net-worth and individual investors through separate accounts, pooled funds, mutual funds, hedge funds, exchange-traded funds and specialty investment strategies. As at December 31, 2020, the RBC GAM group of companies manage approximately CAD$550 billion in assets and have approximately 1,400 employees located across Canada, the United States, Europe and Asia.

**4. AIHC Master Fund**

AIHC Master Fund is established in Cayman Islands and is a discretionary fund managed by AIHC Capital Management Limited (collectively "**AIHC**"), an asset management company licensed under the Securities and Futures Commission of Hong Kong and is ultimately owned by Wei Zhang. AIHC specialized in research and investment in global healthcare industries. As of May 31, 2021, AIHC is managing over US$500 million.

**5. Springhill Master Fund Limited**

Springhill Master Fund Limited ("**Springhill**"), an exempted company incorporated in the Cayman Islands, is dedicated to investing in healthcare public equities with an initial regional focus in Greater China and Asia. Springhill is the public equities unit of the Qiming Venture Partners corporate group. Springhill's open-ended investment funds are managed by Springhill Fund Asset Management (HK) Company Limited, which is licensed by the SFC to carry out type 9 regulated activity.

**6. Athos Asia Event Driven Master Fund**

Athos Asia Event Driven Master Fund ("**Athos**") is an exempted company incorporated with limited liability in the Cayman Islands on March 12, 2012. Athos Capital Limited ("**Athos Capital**"), a company incorporated in Hong Kong on October 25, 2011, serves as the sole investment manager of Athos with discretionary power. Athos Capital manages assets on behalf of a global institutional investor base, including sovereign wealth funds, university endowments, foundations and family offices. Founded in 2011, Athos Capital pursues a variety of investment strategies with a view to providing superior and sustainable long term returns for its clients. As of May 2021, the asset under management of Athos Capital amounted to US$1 billion. Athos Capital is wholly-owned by Mr. Matthew Love MOSKEY and Mr. Friedrich Bela SCHULTE-HILLEN, who also serve as the two responsible officers of Athos Capital.

**7. Boyu Capital Opportunities Master Fund**

As of the Latest Practicable Date, Aqua Ocean Limited is our existing Shareholder which directly holds 2,164,923 Shares, representing approximately 0.73% of the total number of Shares. Aqua Ocean Limited is wholly owned by Boyu Capital Opportunities Master Fund, which is wholly owned by Boyu Capital Group Holdings Ltd. As of the Latest Practicable Date, Booming Passion Limited is our existing substantial shareholder which directly holds 52,910,556 Shares, representing approximately 17.80% of the total number of Shares. Booming Passion Limited is wholly owned by Boyu Capital Fund III, L.P., the general partner of which is Boyu Capital General Partner III, L.P. The general partner of Boyu Capital General Partner III, L.P. is Boyu Capital General Partner III, Ltd., which is wholly owned by Boyu Capital Group Holdings Ltd.

Boyu Capital Opportunities Master Fund, an exempted company with limited liability incorporated under the laws of the Cayman Islands, is a discretionary investment fund and managed by Boyu Capital Investment Management Co., Limited ("**BCIMCL**"). BCIMCL is a fund manager that focuses on investing in high quality business franchises with sustainable growth in the healthcare, consumer, technology, media and telecommunications and financial sectors.

**8. Sage Partners Master Fund**

Sage Partners Master Fund ("**Sage Partners**") is an exempted company with limited liability incorporated in the Cayman Islands, and is managed by Sage Partners Limited, a Hong Kong incorporated SFC Type 9 licensed investment management company established in 2019. Sage Partners is a discretionary fund and it mainly focuses on investment opportunities in the healthcare sector by deploying a long-term fundamental-based approach.

**9. The Valliance Fund**

The Valliance Fund ("**Valliance Fund**") is an exempted company established under the laws of the Cayman Islands. Valliance Asset Management Limited ("**Valliance**"), an asset management firm licensed by the SFC, serves as the investment manager of the Fund. The assets under management of Valliance Fund is approximately US$500 million. Valliance employs a deep value and bottom up investment approach, combining detailed research with a highly disciplined investment process to choose portfolio investments on behalf of a wide range of institutional clients globally across multiple funds. Mr. Lin Li is the founder of Valliance and its Chief Investment Officer since inception and he has been an active investor in the Asian capital markets for nearly the past two decades. The limited partners of the Valliance Fund are leading global institutional investors (greater than 60%), Hong Kong family office, high net-worth individuals and employees of Valliance.

**10. Youyu Global Limited**

As of the Latest Practicable Date, Youyu Global Limited is our existing Shareholder which directly holds 2,164,923 Shares, representing approximately 0.73% of the total number of Shares.

Youyu Global Limited is an investment holding company registered in Hong Kong. It is not a discretionary fund. It is a wholly owned subsidiary of Yunfeng Financial Group, an innovative financial technology company listed on the Stock Exchange (HKSE: 376 HK). Yunfeng Financial Group Ltd. is controlled by Jade Passion Limited, which is in turn controlled by Key Imagination Limited. Key Imagination Limited is controlled by Yunfeng Financial Holdings Limited, which is in turn controlled by Mr. Feng Yu. Stock Exchange's approval is not required for Youyu Global Limited's subscription for the Offer Shares.

**11. SCC Growth V Holdco Q, Ltd.**

As of the Latest Practicable Date, SCC Growth V Holdco Q, Ltd. ("**Sequoia Capital China Growth**") is our existing Shareholder which directly holds 14,016,530 Shares, representing approximately 4.71% of the total number of Shares.

Sequoia Capital China Growth is an exempted company with limited liability incorporated under the laws of the Cayman Islands and is a wholly-owned subsidiary of Sequoia Capital China Growth Fund V, L.P. ("**Sequoia Capital China GV Fund**"). Sequoia Capital China GV Fund is an investment fund whose primary purpose is to make equity investments in private companies. The general partner of Sequoia Capital China GV Fund is SC China Growth V Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen.

In addition to the closing conditions as set out in "– Closing Conditions" below, the subscription obligation of Sequoia Capital China Growth to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to that the representations, warranties, acknowledgements, undertakings and confirmations of our Company under the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of our Company.

**CLOSING CONDITIONS**

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);

(iii) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

## RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

## JOINT GLOBAL COORDINATORS

Morgan Stanley Asia Limited
UBS AG Hong Kong Branch
China International Capital Corporation Hong Kong Securities Limited

## JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering)
Morgan Stanley & Co. International plc (in relation to the International Offering)
UBS AG Hong Kong Branch
China International Capital Corporation Hong Kong Securities Limited
SVB Leerink LLC (in relation to the International Offering)

## UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or before Wednesday, July 7, 2021, or such other date as agreed between the parties, the Global Offering will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 11,158,000 Hong Kong Offer Shares and the International Offering of initially 100,422,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" of this prospectus as well as to the Over-allotment Option.

## UNDERWRITING ARRANGEMENTS

### Hong Kong Public Offering

#### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, we are offering Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus relating thereto.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, the Shares to be offered as mentioned in this prospectus pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including,

among others, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among others, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

***Grounds for Termination***

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange:

(1) there shall develop, occur, exist or come into effect:

(a) any event or a series of local, national, regional or international event(s) or circumstance(s) in the nature of force majeure (including any acts of government, declaration of a local, regional, national or international emergency or war, calamity, crisis, epidemic and pandemic (including, but not limited to, Severe Acute Respiratory Syndrome (SARS), H1N1, H5N1, COVID-19), outbreak of disease and such related/mutated forms and the escalation of such diseases, accident or interruption or delay in transportation, economic sanctions, labour disputes, strikes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or directly or indirectly affecting the Cayman Islands, Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the "Relevant Jurisdictions"); or

(b) any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or directly or indirectly affecting any of the Relevant Jurisdictions; or

(c) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(d) any general moratorium on commercial banking activities in the Cayman Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, New York (imposed at the US Federal or New York State level or by any other competent authority), London, the PRC, the European Union (or any member thereof), Singapore or any of the other Relevant Jurisdictions (declared by the relevant authorities), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(e) any new Law (as defined in the Hong Kong Underwriting Agreement) or regulation or any change or development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent Authority (as defined in the Hong Kong Underwriting Agreement) of) existing Laws (as defined in the Hong Kong Underwriting Agreement), in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions in respect of any jurisdiction relevant to the business operations of any member of the Group; or

(g) any change or development involving a prospective change or amendment in or affecting Taxation (as defined in the Hong Kong Underwriting Agreement) or foreign exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi or U.S. dollars against any foreign currencies and a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h) any contravention by any member of the Group or any Director of the Listing Rules or applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(i) any litigation, dispute, legal action or claim of any third party or regulatory, administrative investigation or action being threatened, instigated or announced against any member of the Group, any Director or any covenanters; or

(j) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(k) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus, any application forms or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

(l) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(m) a Director or the chief financial officer or the chief operating officer or any member of senior management of the Company vacating his or her office; or

(n) termination of any cornerstone agreement or withdrawal of significant bookbuilding orders; or

(o) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (1) has or will have or may have a material adverse effect; (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; (3) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the this prospectus; or (4) has or will or may have the effect of making any part of this Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) any statement contained in the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the Operative Documents (as defined in the Hong Kong Underwriting Agreement), the Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement), the PHIP (as defined in the Hong Kong Underwriting Agreement), and/or in any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering and the Global Offering (including any supplement or amendment thereto) (collectively, the "Offer Related Documents") was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a misstatement or material omission from any of the Offer Related Documents (including any supplement or amendment thereto); or

(c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(d) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the Hong Kong Underwriting Agreement; or

(e) any material adverse change, or any development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, earnings, solvency, liquidity position, funding, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(f) any Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or

(g) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the Warranties as set out in the Hong Kong Underwriting Agreement; or

(h) a Director or the chief financial officer or the chief operating officer or any member of senior management of the Company vacating his or her office; or

(i) that approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(j) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Option Shares (as defined in the Hong Kong Underwriting Agreement)) pursuant to the terms of the Global Offering; or

(k) the Company withdraws any of the Offer Related Documents or the Global Offering; or

(l) any person (other than the Joint Sponsors) has withdrawn its consent to being named in this prospectus or to the issue of any of the Hong Kong Public Offering Documents; or

(m) a Director or a member of the Group's senior management as named in this Prospectus being charged with an indictable offense or prohibited by operation of Law (as defined in the Hong Kong Underwriting Agreement) or otherwise disqualified from taking part in the management or taking directorship of a company; or

(n) an Authority (as defined in the Hong Kong Underwriting Agreement) or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director; or

(o) any order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the or anything analogous thereto occurring in respect of any member of the Group;

(p) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

then the Joint Global Coordinators may (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion and upon giving notice orally or in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

***Undertakings pursuant to the Listing Rules and the Hong Kong Underwriting Agreement***

*Undertakings by the Company*

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealings on the Hong Kong Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except pursuant to the Global Offering, the Over-allotment Option or any of the circumstances provided under Rule 10.08 of the Listing Rules.

The Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**Hong Kong Underwriting Agreement First Six-Month Period**"), it will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (and such consent shall not be unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, defect, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (an "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights

to purchase any shares, as applicable), or deposit any share capital or other equity securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the Hong Kong Underwriting Agreement First Six-Month Period). The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in Clause (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the Hong Kong Underwriting Agreement First Six Month Period expires (the "**Hong Kong Underwriting Agreement Second Six-Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any Shares or other securities of the Company.

*Undertakings by Existing Shareholders*

Without prejudice to any other lock-ups as described in this prospectus, each of the existing Shareholders (each an "**Existing Shareholder**") has undertaken to the Company and each of the Joint Global Coordinators (for themselves and on behalf of each of the International Underwriters and the Hong Kong Underwriters) that such Existing Shareholder will not and will procure that no company controlled by the Existing Shareholder or any nominee or trustee holding the Shares in trust for the Existing Shareholder will, at any time during the period commencing on the Listing Date, and ending on a date which is 180 days from the Listing Date (the "**Existing Shareholder Lock-up Period**"):

(a) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company) held by such Existing Shareholder immediately prior to the completion of the Global Offering (the "**Existing Shares**");

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Existing Shares;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) offer to or contract to or agree to or publicly disclose that such Existing Shareholder will or may enter into any transaction described in (a), (b) or (c) above,

whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of such Shares or other equity securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other equity securities will be completed within the Existing Shareholder Lock-up Period), provided that the above restrictions:

(a) shall not prevent the Existing Shareholder from transferring any Existing Shares: (i) as may be required by applicable law or regulation or by any competent authority; (ii) with the prior written consent of the Joint Global Coordinators; (iii) to any affiliate of the Existing Shareholder, provided that such affiliate transferee shall be subject to the same undertakings provided by the Existing Shareholder; (iv) as part of the acceptance of a general or public tender offer for the Shares of the Company made in accordance with the relevant public takeover rules, the provision of an irrevocable undertaking to accept such an offer, a sale to an offeror (or potential

offeror) which is named in a public announcement of a firm intention to make an offer (or possible intention to make such an offer) or a sale of shares to an offeror (or potential offeror) during an offer period (as defined by the relevant public takeover rules); (v) pursuant to any scheme of compromise or arrangement providing for the acquisition, by any person or group of persons acting in concert, of 50.0% or more of the equity share capital of the Company, or any disposal of Shares in connection with a scheme of reconstruction under laws applicable to the Company; (vi) pursuant to an offer by the Company to repurchase its own Shares, as long as it is executed on a pro-rata basis; or (vii) as part of a mortgage, charge or pledge granted over such Existing Shares by the Existing Shareholder to a third party as collateral for any financing or a transfer of such Existing Shares on enforcement of security; and

(b) shall not apply to Shares subscribed by the Existing Shareholder under the Global Offering or acquired by the Existing Shareholder subsequent to the completion of the Global Offering.

Each Existing Shareholder has further undertaken, that during the Existing Shareholder Lock-up Period, (i) if and when the Existing Shareholder pledges or charges any Existing Shares or other equity securities of the Company beneficially owned by it, to immediately inform the Company and the Joint Global Coordinators of such pledge or charge together with the number of Shares so pledged or charged, and (ii) when the Existing Shareholder receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, to immediately inform the Company and the Joint Global Coordinators of such indications.

***Hong Kong Underwriters' Interests in the Company***

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in the Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

**The International Offering**

***International Underwriting Agreement***

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, it is expected that the International Underwriters would, severally and not jointly, agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

***Over-allotment Option***

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 16,737,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering.

**Commissions and Expenses**

The Underwriters will receive a commission of 3.0% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. The Underwriters may receive an additional incentive fee of up to 1.0% of the Offer Price of all the Offer Shares.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay the underwriting commission attributable to such reallocated Hong Kong Offer Shares to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). The underwriting commission was determined between the Company and the Underwriters after arm's length negotiations with reference to current market conditions.

The aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy and Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$146.1 million (assuming (i) an Offer Price of HK$21.63 per Offer Share (being the mid-point of the indicative Offer Price range stated in this Prospectus), (ii) the full payment of the discretionary incentive fee, and (iii) the Over-allotment Option is not exercised at all), are payable and borne by the Company.

**Joint Sponsors' Fee**

An amount of US$500,000 is payable by the Company as sponsor fees to each of the Joint Sponsors, totaling an amount of US$1,000,000.

**Other Services Provided by the Underwriters**

The Joint Global Coordinators and the Underwriters may in their ordinary course of business provide financing to investors subscribing for the Offer Shares offered by this Prospectus. Such Joint Global Coordinators and Underwriters may enter into hedges and/or dispose of such Offer Shares in relation to the financing which may have a negative impact on the trading price of the Shares.

**Indemnity**

We have agreed to indemnify, among others, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

## INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

## ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this Prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, such as the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

## THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(1) the Hong Kong Public Offering of initially 11,158,000 Shares in Hong Kong as described below in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" below; and

(2) the International Offering of an aggregate of initially 100,422,000 Shares to be offered to (i) to persons in the United States or to or for the account or benefit of, U.S. Persons, in each case that are Qualified Institutional Buyers in transactions exempt from or not subject to the registration requirements the Securities Act in reliance on Rule 144A or another available exemption from the registration requirement of the U.S. Securities Act; or (ii) outside the United States to investors in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the Joint Global Coordinators, as representatives of the International Underwriters, have an option to require the Company to issue and allot up to an aggregate of 16,737,000 additional Offer Shares, representing 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 15.80% of the enlarged issued share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 17.75% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the section headed "Structure of the Global Offering – The International Offering – Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" below.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

## THE HONG KONG PUBLIC OFFERING

### Number of Offer Shares Initially Offered

The Company is initially offering 11,158,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 1.58% of the Company's issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "Structure of the Global Offering – Conditions of the Global Offering" below.

### Allocation

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications to be received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of HK$5.0 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of more than HK$5.0 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly.

For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 5,579,000 Hong Kong Offer Shares are liable to be rejected.

**Reallocation**

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offering is fully subscribed or oversubscribed and certain prescribed total demand levels are reached on the following basis:

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of Shares initially available under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 33,474,000 Shares, representing 30% of the Shares initially available under the Global Offering.

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of the Shares initially available under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Shares available under the Hong Kong Public Offering will be 44,632,000 Shares, representing 40% of the Shares initially available under the Global Offering.

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 100 times or more of the number of the Shares initially available for subscription under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Shares available under the Hong Kong Public Offering will be 55,790,000 Shares, representing 50% of the Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Joint Global Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 22,316,000 Offer Shares (representing 20% of the total number of Offer Shares initially available under the Global Offering), and the final Offer Price shall be fixed at the low-end of the indicative offer price range (i.e., HK$21.00 per Offer Share) stated in this Prospectus.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

**Applications**

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$22.25 per Hong Kong Offer Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Structure of the Global Offering – Pricing of the Global Offering" below, is less than the maximum price of HK$22.25 per Hong Kong Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section entitled "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

## THE INTERNATIONAL OFFERING

### Number of Offer Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 100,422,000 International Offer Shares representing 90% of the Offer Shares under the Global Offering and approximately 14.22% of the Company's enlarged share capital immediately after the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

### Allocation

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "Structure of the Global Offering – Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell the Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered the International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that he/she/it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

**Reallocation**

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback mechanism described in the sub-section headed "– The Hong Kong Public Offering – Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation or unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

**Over-allotment Option**

In connection with the Global Offering, we expect to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the Listing Date until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 16,737,000 additional Offer Shares, representing 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.32% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

**STABILIZATION**

Stabilization is a practice used by underwriters in many markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of Shares in the open market as

compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases to be made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of the Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or its affiliates or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering.

The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 16,737,000 Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or its affiliates or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager, or its affiliates or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilizing Manager, or its affiliates or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilizing Manager, or its affiliates or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or its affiliates or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilizing Manager, or its affiliates or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by applicants. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

## STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager (or its affiliate(s)) may choose to borrow up to 16,737,000 Shares (being the maximum number or Shares which may be issued upon exercise of the Over-allotment Option) pursuant to the Stock Borrowing Agreement. The Stock Borrowing Agreement is expected to be entered into between the Stabilization Manager and Booming Passion Limited on or about the Price Determination Date.

The stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements.

No payment will be made to Booming Passion Limited by the Stabilization Manager or its authorized agents in relation to such stock borrowing arrangement.

## PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring the International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, July 6, 2021 and in any event, not later than Wednesday, July 7, 2021 by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$22.25 per Offer Share and is expected to be not less than HK$21.00 per Offer Share unless to be otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.**

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with these consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price stated below in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.briibio.com**) notices of the reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, the Company will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change and, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and the Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global

Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Joint Global Coordinators, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If the number of Offer Shares being offered under the Global Offering or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The net proceeds of the Global Offering accruing to the Company (after deduction of underwriting commissions and other expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$2,333.8 million, assuming an Offer Price per Offer Share of HK$22.25, or approximately HK$2,199.9 million, assuming an Offer Price per Offer Share of HK$21.00 (or if the Over-allotment Option is exercised in full, approximately HK$2,691.3 million, assuming an Offer Price per Offer Share of HK$22.25, or approximately HK$2,537.3 million, assuming an Offer Price per Offer Share of HK$21.00). The Offer Price under the Global Offering is expected to be announced on Monday, July 12, 2021. The indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.briibio.com**) on Monday, July 12, 2021.

## HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting".

## ADMISSION OF THE SHARE INTO CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 am in Hong Kong on Tuesday, July 13, 2021, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Tuesday, July 13, 2021. Our Shares will be traded in board lots of 500 Shares each and the stock code of our Shares will be 2137.

## CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(a) the Listing Committee granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment) and such listing permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Hong Kong Stock Exchange;

(b) the Offer Price having been fixed on or around the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on for themselves and on behalf of the Underwriters) and us on or before Wednesday, July 7, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.briibio.com**), on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares." In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Monday, July 12, 2021 but will only become valid certificates of title at 8:00 a.m. on Tuesday, July 13, 2021 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for Termination" has not been exercised.

**IMPORTANT NOTICE TO INVESTORS:**
**FULLY ELECTRONIC APPLICATION PROCESS**

**We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.**

**This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.briibio.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.**

The contents of the electronic version of the document are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Wednesday, June 30, 2021 – 9:00 a.m. to 9:00 p.m.
Thursday, July 1, 2021 – 9:00 a.m. to 6:00 p.m.
Friday, July 2, 2021 – 9:00 a.m. to 9:00 p.m.
Saturday, July 3, 2021 – 9:00 a.m. to 6:00 p.m.
Sunday, July 4, 2021 – 9:00 a.m. to 6:00 p.m.
Monday, July 5, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, July 6, 2021 – 9:00 a.m. to 12:00 noon

## A. APPLICATIONS FOR HONG KONG OFFER SHARES

### 1. How To Apply

**We will not provide any printed application forms for use by the public.**

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

i. instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

ii. (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

## 2. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- are not an existing Shareholder and/or his/her/its associate;
- are not a core connected person of the Company and will not become a core connected person of the Company immediately upon completion of the Global Offering; and
- have not been allocated and have not applied for or indicated interest in any Offer Share under the International Offering.

If you apply for Hong Kong Offer Shares online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If an application is made by a person under a power of attorney, the Company and the Joint Global Coordinators, as the Company's agent, may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Hong Kong Offer Shares.

If you are applying for the Hong Kong Offer Shares online by instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- you are a Director or chief executive of the Company and/or any of the Company's subsidiaries;
- you are a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- you are an associate of any of the above persons; or
- you have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participated in the International Offering.

## 3. Applying For Hong Kong Offer Shares

***Which Application Channel to Use***

For Hong Kong Offer Shares to be issued in your own name, apply online through the **HK eIPO White Form** service in the **IPO App** or on the designated website at **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

***Minimum Application Amount and Permitted Numbers***

You may apply through the **HK eIPO White Form** service or give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table. You are required to pay the amount next to the number you select. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

| No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* | No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* | No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* | No. of Hong Kong Offer Shares applied for | Amount payable on application *HK$* |
|---|---|---|---|---|---|---|---|
| 500 | 11,237.11 | 8,000 | 179,793.71 | 70,000 | 1,573,194.93 | 1,000,000 | 22,474,213.25 |
| 1,000 | 22,474.21 | 9,000 | 202,267.92 | 80,000 | 1,797,937.06 | 2,000,000 | 44,948,426.50 |
| 1,500 | 33,711.32 | 10,000 | 224,742.14 | 90,000 | 2,022,679.20 | 3,000,000 | 67,422,639.75 |
| 2,000 | 44,948.43 | 15,000 | 337,113.20 | 100,000 | 2,247,421.33 | 4,000,000 | 89,896,853.00 |
| 2,500 | 56,185.53 | 20,000 | 449,484.27 | 200,000 | 4,494,842.65 | 5,000,000 | 112,371,066.25 |
| 3,000 | 67,422.64 | 25,000 | 561,855.33 | 300,000 | 6,742,263.98 | 5,579,000[1] | 125,383,635.72 |
| 3,500 | 78,659.74 | 30,000 | 674,226.40 | 400,000 | 8,989,685.30 | | |
| 4,000 | 89,896.85 | 35,000 | 786,597.47 | 500,000 | 11,237,106.63 | | |
| 4,500 | 101,133.96 | 40,000 | 898,968.53 | 600,000 | 13,484,527.95 | | |
| 5,000 | 112,371.06 | 45,000 | 1,011,339.59 | 700,000 | 15,731,949.28 | | |
| 6,000 | 134,845.28 | 50,000 | 1,123,710.67 | 800,000 | 17,979,370.60 | | |
| 7,000 | 157,319.50 | 60,000 | 1,348,452.80 | 900,000 | 20,226,791.93 | | |

(1) Maximum number of Hong Kong Offer Shares you may apply for.

## 4. Terms And Conditions Of An Application

By applying through the application channels specified in this document, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this document, and agree to be bound by them;

(iv) confirm that you have received and read this document and have relied only on the information and representations contained in this document in making your application and will not rely on any other information or representations except those in any supplement to this document;

(v) confirm that you are aware of the restrictions on the Global Offering set out in this document;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, any of them or the Company's respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**") and the **HK eIPO White Form** Service Provider is or will be liable for any information and representations not in this document (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company nor the Relevant Persons will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this document;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instruction and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service by you or by any one as your agent or by any other person; and

(xviii) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

## 5. Applying Through The HK eIPO White Form Service

***General***

Individuals who meet the criteria in the paragraph headed "*– 2. Who Can Apply*" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the **IPO App** or the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of our Hong Kong Share Registrar, Tricor Investor Services Limited at +852 3907 7333 which is available on the following dates:

**Wednesday, June 30, 2021 – 9:00 a.m. to 9:00 p.m.**
**Thursday, July 1, 2021 – 9:00 a.m. to 6:00 p.m.**
**Friday, July 2, 2021 – 9:00 a.m. to 9:00 p.m.**
**Saturday, July 3, 2021 – 9:00 a.m. to 6:00 p.m.**
**Sunday, July 4, 2021 – 9:00 a.m. to 6:00 p.m.**
**Monday, July 5, 2021 – 9:00 a.m. to 9:00 p.m.**
**Tuesday, July 6, 2021 – 9:00 a.m. to 12:00 noon**

***Time for Submitting Applications under the HK eIPO White Form Service***

You may submit your application through the **HK eIPO White Form** service through the **IPO App** or **www.hkeipo.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, June 30, 2021 until 11:30 a.m. on Tuesday, July 6, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, July 6, 2021, the last day for applications, or such later time under the paragraph headed "*– C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists*" in this section.

***No Multiple Applications***

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

***Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance***

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

## 6. Applying Through The CCASS EIPO Service

***General***

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "*An Operating Guide for Investor Participants*" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

*Applying Through the CCASS EIPO Service*

Where you applied through the **CCASS EIPO** service (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this document;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instruction** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;

- confirm that you have received and read a copy of this document and have relied only on the information and representations in this document in causing the application to be made, save as set out in any supplement to this document;

- agree that none of the Company or the Relevant Persons is or will be liable for any information and representations not contained in this document (and any supplement to it);

- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this document;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the results of the Hong Kong Public Offering;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

***Effect of Applying Through the CCASS EIPO Service***

By applying through the **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this document.

***Time for Inputting Electronic Application Instructions*[1]**

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

**Wednesday, June 30, 2021 – 9:00 a.m. to 8:30 p.m.**
**Friday, July 2, 2021 – 8:00 a.m. to 8:30 p.m.**
**Saturday, July 3, 2021 – 8:00 a.m. to 1:00 p.m.**
**Monday, July 5, 2021 – 8:00 a.m. to 8:30 p.m.**
**Tuesday, July 6, 2021 – 8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, June 30, 2021 until 12:00 noon on Tuesday, July 6, 2021 (24 hours daily, except on Tuesday, July 6, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, July 6, 2021, the last day for applications or such later time as described in the paragraph headed "– *C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the application lists*" in this section.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

1 These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

***No Multiple Applications***

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document ·numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("Best Practice Note") issued by the Federation of Share Registrars Limited.

With regard to the announcement of results of allocations under the section headed "Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS", the list of identification document number(s) is not a complete list of successful applicants, only successful applicants whose identification document numbers are provided by CCASS are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

***Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance***

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

***Personal Data***

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

*Personal Information Collection Statement*

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

*Reasons for the collection of your personal data*

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

*Purposes*

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of the holders of the Shares;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Shares and/or regulators and/or any other purposes to which the holders of the Shares may from time to time agree.

*Transfer of personal data*

Personal data held by the Company and the Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

*Retention of personal data*

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

*Access to and correction of personal data*

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "*Corporate information*" in this document or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

## 7. Warning For Electronic Applications

The application for the Hong Kong Offer Shares through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic applications. The Company, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems.

In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should go to HKSCC's Customer Service Center to complete an input request form for electronic application instructions before 12:00 noon on Tuesday, July 6, 2021.

## 8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange. "**Statutory control**" means you:

- control the composition of the board of directors of the company;

- control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

## B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$22.25 per Offer Share. You must pay the maximum Offer Price, brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for the Hong Kong Offer Shares under the terms set out in the paragraph "– *Minimum Application Amount and Permitted Numbers*" in this section. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK$11,237.11.

You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the paragraph "– *Minimum Application Amount and Permitted Numbers*" in this section, or as otherwise specified in the **IPO App** or on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "*Structure of the Global Offering – Pricing of the Global Offering*" in this prospectus.

## C. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above;

- a "black" rainstorm warning; and/or

- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, July 6, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, July 6, 2021 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" in this prospectus, an announcement will be made in such event.

## D. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Monday, July 12, 2021 on the Company's website at **www.briibio.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.briibio.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, July 12, 2021;

- from the "IPO Results" function in the **IPO App** and the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, July 12, 2021 to 12:00 midnight on Sunday, July 18, 2021;

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, July 12, 2021, to Thursday, July 15, 2021.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "*Structure of the Global Offering*".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

## E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By applying through giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this document.

If any supplement to this document is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at **www.hkeipo.hk**;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believes or believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

## F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$22.25 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon) paid on application, or if the conditions of the Global Offering as set out in the section headed "*Structure of the Global Offering – Conditions of the Global Offering*" in this prospectus are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Monday, July 12, 2021.

## G. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Monday, July 12, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, July 13, 2021, **provided that** the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the section headed "*Underwriting*" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

### Personal Collection

#### *(i) If you apply through the HK eIPO White Form service*

If you apply for 1,000,000 or more Hong Kong Offer Shares through the **HK eIPO White Form** service, and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, July 12, 2021, or such other place or date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, July 12, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

***(ii) If you apply through the CCASS EIPO service***

*Allocation of Hong Kong Offer Shares*

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, July 12, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Public Offering in the manner specified in the paragraph headed "– *E. Publication of Results*" in this section on Monday, July 12, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, July 12, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, July 12, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, July 12, 2021.

## H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-53 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*

Deloitte. 德勤

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BRII BIOSCIENCES LIMITED, MORGAN STANLEY ASIA LIMITED AND UBS SECURITIES HONG KONG LIMITED**

**Introduction**

We report on the historical financial information of Brii Biosciences Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-3 to I-53, which comprises the consolidated statements of financial position of the Group at December 31, 2019 and 2020, the statements of financial position of the Company at December 31, 2019 and 2020, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-53 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 2021 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of the preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial positions as at December 31, 2019 and 2020 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparation of the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

***Dividends***

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid or declared by the Company in respect of the Track Record Period.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
June 30, 2021

## HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | NOTES | Year ended December 31, 2019 RMB'000 | 2020 RMB'000 |
|---|---|---|---|
| Other income | 7 | 20,339 | 84,625 |
| Other gains and losses | 8 | 8,440 | (21,993) |
| Research and development expenses | | (83,785) | (875,795) |
| Administrative expenses | | (63,334) | (103,396) |
| Fair value loss on financial liabilities at fair value through profit or loss ("FVTPL") | 26 | (401,575) | (350,372) |
| Finance costs | 9 | (1,113) | (1,668) |
| Listing expenses | | – | (14,911) |
| Loss before tax | 10 | (521,028) | (1,283,510) |
| Income tax expense | 11 | – | – |
| Loss for the year | | (521,028) | (1,283,510) |
| **Other comprehensive (expense) income** | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| Exchange differences on translation from functional currency to presentation currency | | (13,888) | 159,257 |
| Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("FVTOCI") | | (3,480) | 21,697 |
| | | (17,368) | 180,954 |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | 3,050 | (70,592) |
| Other comprehensive (expense) income for the year | | (14,318) | 110,362 |
| Total comprehensive expense for the year | | (535,346) | (1,173,148) |
| Loss for the year attributable to: | | | |
| Owners of the Company | | (521,028) | (1,189,600) |
| Non-controlling interests | | – | (93,910) |
| | | (521,028) | (1,283,510) |
| Total comprehensive expense for the year attributable to: | | | |
| Owners of the Company | | (535,346) | (1,079,238) |
| Non-controlling interests | | – | (93,910) |
| | | (535,346) | (1,173,148) |
| Loss per share | 13 | | |
| – Basic and diluted (RMB) | | (2.92) | (6.22) |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | NOTES | At December 31, 2019 RMB'000 | 2020 RMB'000 |
|---|---|---|---|
| **Non-current Assets** | | | |
| Property, plant and equipment | *15* | 21,334 | 16,506 |
| Right-of-use assets | *16* | 35,436 | 27,413 |
| Intangible assets | *17* | – | 12,222 |
| Financial assets at FVTPL | *19* | 72,785 | 75,365 |
| Equity instruments at FVTOCI | *20* | 22,095 | 41,182 |
| Rental deposits | *21* | 2,317 | 2,414 |
| | | 153,967 | 175,102 |
| **Current Assets** | | | |
| Deposits, prepayments and other receivables | *21* | 4,749 | 34,120 |
| Restricted bank deposits | *22* | 349 | 3,757 |
| Time deposits with original maturity over three months | *22* | – | 20,000 |
| Cash and cash equivalents | *22* | 880,359 | 1,034,965 |
| | | 885,457 | 1,092,842 |
| **Current Liabilities** | | | |
| Other payables | *23* | 17,706 | 497,390 |
| Lease liabilities | *24* | 8,070 | 8,021 |
| Deferred income | | 36,108 | 69,824 |
| | | 61,884 | 575,235 |
| **Net Current Assets** | | 823,573 | 517,607 |
| **Total Assets Less Current Liabilities** | | 977,540 | 692,709 |
| **Non-current Liabilities** | | | |
| Lease liabilities | *24* | 27,043 | 20,306 |
| Financial liabilities at FVTPL | *26* | 1,535,343 | 2,403,022 |
| Deferred income | | 27,915 | 12,083 |
| | | 1,590,301 | 2,435,411 |
| **Net Liabilities** | | (612,761) | (1,742,702) |
| **Capital and Reserves** | | | |
| Share capital | *27* | 7 | 7 |
| Share premium and reserves | | (612,768) | (1,738,296) |
| Equity attributable to owners of the Company | | (612,761) | (1,738,289) |
| Non-controlling interests | | – | (4,413) |
| **Total Deficits** | | (612,761) | (1,742,702) |

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

| | NOTES | At December 31, 2019 | 2020 |
|---|---|---|---|
| | | *RMB'000* | *RMB'000* |
| **Non-current Assets** | | | |
| Interests in subsidiaries | *18* | 392,668 | 615,862 |
| Financial assets at FVTPL | *19* | 35,579 | 23,166 |
| Equity instruments at FVTOCI | *20* | 22,095 | 41,182 |
| Loan to a subsidiary | *25* | – | 94,870 |
| | | 450,342 | 775,080 |
| **Current Assets** | | | |
| Prepayments and other receivables | *21* | 780 | 7,722 |
| Cash and cash equivalents | *22* | 663,394 | 790,715 |
| | | 664,174 | 798,437 |
| **Current Liabilities** | | | |
| Other payables | *23* | – | 11,366 |
| Amounts due to subsidiaries | *25* | 8,087 | 16,590 |
| | | 8,087 | 27,956 |
| **Net Current Assets** | | 656,087 | 770,481 |
| **Total Assets Less Current Liabilities** | | 1,106,429 | 1,545,561 |
| **Non-current Liability** | | | |
| Financial liabilities at FVTPL | *26* | 1,535,343 | 2,403,022 |
| **Net Liabilities** | | (428,914) | (857,461) |
| **Capital and Reserves** | | | |
| Share capital | *27* | 7 | 7 |
| Share premium and reserves | *28* | (428,921) | (857,468) |
| **Total Deficits** | | (428,914) | (857,461) |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Investments revaluation reserve | Translation reserve | Other reserve | Share-based payment reserve | Accumulated losses | Sub-total | Non-controlling interests | Total deficits |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Note)* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2019 | 7 | 45,049 | 312 | 95 | – | 17,162 | (163,421) | (100,796) | – | (100,796) |
| Loss for the year | – | – | – | – | – | – | (521,028) | (521,028) | – | (521,028) |
| Exchange differences on translation from functional currency to presentation currency | – | – | – | (13,888) | – | – | – | (13,888) | – | (13,888) |
| Exchange differences arising on translation of foreign operations | – | – | – | 3,050 | – | – | – | 3,050 | – | 3,050 |
| Fair value loss on investments in equity instruments at FVTOCI | – | – | (3,480) | – | – | – | – | (3,480) | – | (3,480) |
| Total comprehensive expense for the year | – | – | (3,480) | (10,838) | – | – | (521,028) | (535,346) | – | (535,346) |
| Vesting of restricted ordinary shares | – | 17,225 | – | – | – | (17,225) | – | – | – | – |
| Recognition of equity-settled share-based payments *(note 29)* | – | – | – | – | – | 23,381 | – | 23,381 | – | 23,381 |
| At December 31, 2019 | 7 | 62,274 | (3,168) | (10,743) | – | 23,318 | (684,449) | (612,761) | – | (612,761) |
| Loss for the year | – | – | – | – | – | – | (1,189,600) | (1,189,600) | (93,910) | (1,283,510) |
| Exchange differences on translation from functional currency to presentation currency | – | – | – | 159,257 | – | – | – | 159,257 | – | 159,257 |
| Exchange differences arising on translation of foreign operations | – | – | – | (70,592) | – | – | – | (70,592) | – | (70,592) |
| Fair value gain on investments in equity instruments at FVTOCI | – | – | 21,697 | – | – | – | – | 21,697 | – | 21,697 |
| Total comprehensive income (expense) for the year | – | – | 21,697 | 88,665 | – | – | (1,189,600) | (1,079,238) | (93,910) | (1,173,148) |
| Capital contribution upon incorporation of a non-wholly owned subsidiary *(note 17)* | – | – | – | – | – | – | – | – | 13,580 | 13,580 |
| Changes in ownership interest in a subsidiary without change in control *(note 34(iii))* | – | – | – | – | (75,917) | – | – | (75,917) | 75,917 | – |
| Vesting of restricted ordinary shares | – | 11,217 | – | – | – | (11,217) | – | – | – | – |
| Recognition of equity-settled share-based payments *(note 29)* | – | – | – | – | – | 29,483 | – | 29,483 | – | 29,483 |
| Exercise of share options | – | 841 | – | – | – | (697) | – | 144 | – | 144 |
| At December 31, 2020 | 7 | 74,332 | 18,529 | 77,922 | (75,917) | 40,887 | (1,874,049) | (1,738,289) | (4,413) | (1,742,702) |

*Note:* Other reserve represents the adjustment to the non-controlling interests to reflect the changes in the respective share of the carrying amounts of the net liabilities of a subsidiary upon the capital contribution by the Company which resulted in its additional interest in that subsidiary.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year ended December 31, 2019 *RMB'000* | 2020 *RMB'000* |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Loss before tax | (521,028) | (1,283,510) |
| Adjustments for: | | |
| Bank interest income | (143) | (2,407) |
| Depreciation of property, plant and equipment | 2,813 | 4,828 |
| Depreciation of right-of-use assets | 4,680 | 8,023 |
| Amortisation of intangible assets | – | 1,358 |
| Finance costs | 1,113 | 1,668 |
| Share-based payment expenses | 23,381 | 29,483 |
| Fair value gain on money market funds | (5,298) | (1,885) |
| Fair value loss on financial assets at FVTPL | – | 16,904 |
| Fair value loss on financial liabilities at FVTPL | 401,575 | 350,372 |
| Operating cash flow before movements in working capital | (92,907) | (875,166) |
| Increase in deposits, prepayments and other receivables | (3,661) | (24,019) |
| Increase in other payables | 7,371 | 477,585 |
| Increase in deferred income | 21,921 | 17,884 |
| NET CASH USED IN OPERATING ACTIVITIES | (67,276) | (403,716) |
| INVESTING ACTIVITIES | | |
| Interest received | 143 | 2,407 |
| Receipt of return from money market funds | 5,095 | 2,082 |
| Placement of time deposits with original maturity over three months | – | (171,616) |
| Withdrawal of time deposits with original maturity over three months | – | 151,616 |
| Placement of restricted bank deposits | – | (3,430) |
| Payments for rental deposits | (2,317) | (97) |
| Purchase of property, plant and equipment | (24,147) | – |
| Additions of financial assets at FVTPL | (71,555) | (24,612) |
| NET CASH USED IN INVESTING ACTIVITIES | (92,781) | (43,650) |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of Series B Preferred Shares (as defined in note 26) | 524,698 | 668,384 |
| Proceeds from exercise of share options | – | 144 |
| Repayments of other loans | (200) | – |
| Payments of deferred issue costs | – | (3,073) |
| Payments of lease liabilities | (5,003) | (6,786) |
| Interest paid | (1,148) | (1,668) |
| NET CASH FROM FINANCING ACTIVITIES | 518,347 | 657,001 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 358,290 | 209,635 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 521,119 | 880,359 |
| Effects of exchange rate changes | 950 | (55,029) |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 880,359 | 1,034,965 |

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 8, 2017. The respective addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus. The Group is committed to advancing therapies for significant infectious diseases and other illnesses which have significant public health burdens in the People's Republic of China (the "PRC") and worldwide. The Group is based in the PRC and the United States of America (the "USA") and primarily focused on developing therapies for infectious diseases. Details of particulars of the subsidiaries are disclosed in note 34.

The functional currency of the Company and the operating subsidiary incorporated in the USA is United States Dollars ("US$"). The functional currency of the PRC operating subsidiaries is RMB. The presentation currency of the Historical Financial Information is RMB as it best suits the needs of the shareholders and investors.

### 2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

Notwithstanding that the Group recorded net liabilities of RMB1,742,702,000 as at December 31, 2020 and incurred recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis as the Preferred Shares (as defined in note 26) are not redeemable within the next twelve months from the end of the Track Record Period. The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due and to sustain its operations for the foreseeable future after reviewing the Group's cash flow projection, taking into account the issuance of Series C Preferred Shares (as defined in note 36) in March 2021 and the expected working capital requirements covering a period of twelve months from the end of the Track Record Period.

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRSs issued by the IASB.

No audited statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

### 3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with the IFRSs issued by the IASB, which are effective for the accounting period beginning on January 1, 2020 consistently throughout the Track Record Period.

**New and amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

| | |
|---|---|
| IFRS 17 | Insurance Contracts and the related Amendments[1] |
| Amendment to IFRS 16 | COVID-19-Related Rent Concessions[5] |
| Amendment to IFRS 16 | COVID-19-Related Rent Concessions beyond June 30, 2021[6] |
| Amendments to IFRS 3 | Reference to the Conceptual Framework[2] |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2[4] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current[1] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |
| Amendments to IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use[2] |
| Amendments to IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract[2] |
| Amendments to IFRS Standards | Annual Improvements to IFRS Standards 2018 – 2020[2] |

[1] Effective for annual periods beginning on or after January 1, 2023.

[2] Effective for annual periods beginning on or after January 1, 2022.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after January 1, 2021.

[5] Effective for annual periods beginning on or after June 1, 2020.

[6] Effective for annual periods beginning on or after April 1, 2021.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of other new and amendments to IFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures to the Group's consolidated financial statements in the foreseeable future.

**Amendments to IAS 1 *Classification of Liabilities as Current or Non-current***

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within twelve months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

As at December 31, 2020, the Group's outstanding convertible instruments include counterparty conversion options that do not meet equity instruments classification by applying IAS 32. The Group classified these instruments as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The convertible instruments were designated as at FVTPL with carrying amount of RMB2,403,022,000 as at December 31, 2020 and is classified as non-current as set out in note 26. Upon the application of the amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitute settlement of the convertible instruments. Given that the convertible options are exercisable anytime, the convertible instruments designated as at FVTPL amounting to RMB2,403,022,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months.

Except for as disclosed above, the application of the amendments will not result in reclassification of the Group's other liabilities as at December 31, 2020.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies in accordance with IFRSs issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities of the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

**Basis of consolidation**

The Historical Financial Information incorporates the financial statements of the Company and the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

***Changes in the Group's interests in existing subsidiaries***

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

**Investments in subsidiaries**

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment losses.

**Leasing**

***Definition of a lease***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

***The Group as a lessee***

*Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

*Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

*Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurates with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Company's interests in subsidiaries.

For the purpose of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in US$ to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants for research and development activities are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss upon compliance with the attached conditions.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

**Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**Short-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

**Equity-settled share-based payment transactions**

***Share options/restricted ordinary shares granted to employees and others providing similar services***

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

When share options are exercised or the restricted ordinary shares are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Property, plant and equipment**

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Intangible assets**

***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

***Research and development expenditure***

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**Impairment on property, plant and equipment, intangible assets and right-of-use assets**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets with finite useful lives and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generated unit for impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents include cash at banks and short-term bank deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and within three months of maturity from the date of acquisition.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

***Financial assets***

*Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

*Impairment of financial assets*

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including amounts due from subsidiaries, loan to a subsidiary, other receivables and deposits, time deposits, restricted bank deposits and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting dates to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all financial assets, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables, where the corresponding adjustment is recognised through a loss allowance account.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

***Financial liabilities and equity***

*Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

*Preferred shares*

Convertible preferred shares, which contain redemption or conversion features, are measured at FVTPL. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of convertible preferred shares is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability. Fair value is determined in the manner described in note 26.

*Financial liabilities at amortised cost*

Financial liabilities including other payables and amounts due to subsidiaries are subsequently measured at amortised cost, using the effective interest method.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

***Research and development expenses***

Research and development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Management assess the progress of each of the research and development projects and determine whether the criteria are met for capitalisation. During the Track Record Period, all research and development costs are expensed when incurred.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

***Fair value of financial liabilities at FVTPL***

The Company has issued a series of preferred shares during the Track Record Period as set out in note 26. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include back-solve method and equity allocation models involving various parameters and inputs. Some inputs, such as fair value of the ordinary shares of the Company, possibilities under different scenarios such as Qualified Public Offering (as defined in note 26), redemption and liquidation, involve management's estimation. Management's estimation and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimation and assumptions change, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the financial liabilities at FVTPL of the Group as at December 31, 2019 and 2020 are RMB1,535,343,000 and RMB2,403,022,000, respectively.

## 6. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer of the Group. For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies as set out in note 4. Accordingly, the Group has only one reportable segment and only entity-wide disclosures are presented.

**Geographical information**

The Group's information about its non-current assets by location of the assets are detailed below:

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| The PRC | 56,770 | 56,141 |

Non-current assets excluded financial instruments.

## 7. OTHER INCOME

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Bank interest income | 143 | 2,407 |
| Government grants *(Note)* | 20,196 | 82,218 |
| | 20,339 | 84,625 |

*Note:* Government grants include the incentive and other subsidies from the PRC government which are specifically for research and development activities, and are recognised upon compliance with the attached conditions. Government grants of approximately RMB42.1 million and RMB100.1 million were received during the years ended December 31, 2019 and 2020, respectively. Government grants of approximately RMB64.0 million and RMB81.9 million have not fully reached the relevant conditions as at December 31, 2019 and 2020, respectively, and therefore these government grants were deferred and recorded as deferred income.

## 8. OTHER GAINS AND LOSSES

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2020 |
| | *RMB'000* | *RMB'000* |
| Net foreign exchange gain (loss) | 3,142 | (6,974) |
| Fair value gain on money market funds *(note 22)* | 5,298 | 1,885 |
| Fair value loss on financial assets at FVTPL | – | (16,904) |
| | 8,440 | (21,993) |

## 9. FINANCE COSTS

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2020 |
| | *RMB'000* | *RMB'000* |
| Interest on other loans | 1 | – |
| Interest on lease liabilities | 1,112 | 1,668 |
| | 1,113 | 1,668 |

## 10. LOSS BEFORE TAX

| | Year ended December 31, | |
|---|---|---|
| | 2019 | 2020 |
| | *RMB'000* | *RMB'000* |
| Loss before tax for the year has been arrived at after charging: | | |
| Directors' emoluments *(note 12)* | 20,194 | 22,330 |
| Other staff costs: | | |
| – salaries and other benefits | 37,943 | 64,311 |
| – discretionary bonus *(Note)* | 8,252 | 14,631 |
| – retirement benefit scheme contributions | 1,629 | 1,433 |
| – share-based payments | 9,569 | 14,069 |
| | 77,587 | 116,774 |
| Depreciation of property, plant and equipment | 2,813 | 4,828 |
| Depreciation of right-of-use assets | 4,680 | 8,023 |
| Amortisation of intangible assets (included in research and development expenses) | – | 1,358 |
| Auditors' remuneration | 60 | 107 |

*Note:* Discretionary bonus is determined based on the duties and responsibilities of the relevant individuals within the Group and the Group's performance in research and development of drugs.

## 11. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands and is exempted from income tax for the Track Record Period.

The USA subsidiary is subject to federal tax rate at 21% and state income tax at rates range from 2.5% to 9.9% for the Track Record Period.

Pursuant to the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Track Record Period.

No provision for taxation has been made since the operating subsidiaries of the Company have no assessable profits during the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the loss per the consolidated statements of profit or loss and other comprehensive income as follows:

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Loss before tax | (521,028) | (1,283,510) |
| Income tax expense calculated at 25% | (130,257) | (320,878) |
| Tax effect of expenses not deductible for tax purpose | 102,495 | 137,532 |
| Tax effect of income not taxable for tax purpose | (1,406) | (1,116) |
| Tax effect of tax losses not recognised | 28,768 | 183,792 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 400 | 670 |
| Income tax expense recognised in profit or loss | – | – |

At December 31, 2019 and 2020, the Group has unrecognised tax losses of approximately RMB158.7 million and RMB905.2 million, respectively. No deferred tax asset has been recognised in respect of the tax losses or temporary differences due to the unpredictability of future profit streams. At December 31, 2019 and 2020, unrecognised tax losses of approximately RMB127.9 million and RMB853.9 million, respectively, will expire from 2023 to 2034 and 2023 to 2035, respectively. Other losses may be carried forward indefinitely.

## 12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments paid or payable to the directors and the Chief Executive Officer of the Company for the service provided to the Group during the Track Record Period are as follows:

| | Salaries and other benefits *RMB'000* | Retirement benefit scheme contributions *RMB'000* | Share-based payments *RMB'000* | Discretionary bonus *RMB'000 (Note ii)* | Total *RMB'000* |
|---|---|---|---|---|---|
| **For the year ended December 31, 2019** | | | | | |
| *Chief Executive Officer and executive director:* | | | | | |
| Dr. Zhi Hong | 4,324 | 77 | 13,812 | 1,981 | 20,194 |
| *Non-executive directors:* | | | | | |
| Dr. Lian Yong Chen *(Note iii)* | – | – | – | – | – |
| Mr. Robert Taylor Nelsen | – | – | – | – | – |
| Dr. George Alan Scangos *(Note iii)* | – | – | – | – | – |
| Mr. Nan Peng Shen *(Note iii)* | – | – | – | – | – |
| Mr. Xiaomeng Tong *(Note iii)* | – | – | – | – | – |
| Mr. Feng Yu *(Note iii)* | – | – | – | – | – |
| | 4,324 | 77 | 13,812 | 1,981 | 20,194 |
| **For the year ended December 31, 2020** | | | | | |
| *Chief Executive Officer and executive director:* | | | | | |
| Dr. Zhi Hong | 4,813 | 79 | 15,414 | 2,024 | 22,330 |
| *Non-executive directors:* | | | | | |
| Dr. Lian Yong Chen *(Note iii)* | – | – | – | – | – |
| Mr. Robert Taylor Nelsen | – | – | – | – | – |
| Dr. George Alan Scangos *(Note iii)* | – | – | – | – | – |
| Mr. Nan Peng Shen *(Note iii)* | – | – | – | – | – |
| Mr. Xiaomeng Tong *(Note iii)* | – | – | – | – | – |
| Mr. Feng Yu *(Note iii)* | – | – | – | – | – |
| | 4,813 | 79 | 15,414 | 2,024 | 22,330 |

*Notes:*

(i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company. None of the directors of the Company has waived or agreed to waive any emoluments during the Track Record Period.

(ii) Discretionary bonus is determined based on the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

(iii) These directors resigned as non-executive directors of the Company on June 22, 2021.

Mr. Yongqing Luo was appointed as an executive director of the Company on March 30, 2021. Dr. Axel Bouchon was appointed as a non-executive director of the Company on June 22, 2021. Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui and Mr. Gregg Huber Alton were appointed as independent non-executive directors of the Company on June 22, 2021 with effect from the date on which the shares of the Company is listed on the Stock Exchange.

**Five Highest Paid Employees**

The five highest paid individuals of the Group included one director of the Company for the Track Record Period, details of whose remuneration are set out above. Details of the remuneration for the remaining four highest paid employees for the Track Record Period are as follows:

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Salaries and other benefits | 9,853 | 9,982 |
| Discretionary bonus *(Note)* | 3,330 | 3,348 |
| Retirement benefit scheme contributions | 309 | 236 |
| Share-based payments | 4,840 | 7,220 |
| | 18,332 | 20,786 |

*Note:* Discretionary bonus is determined based on the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

The emoluments of these employees (excluding one director) are within the following bands:

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *No. of employees* | *No. of employees* |
| Hong Kong Dollars ("HK$")3,000,001 to HK$3,500,000 | 1 | – |
| HK$4,000,001 to HK$4,500,000 | – | 1 |
| HK$4,500,001 to HK$5,000,000 | 2 | 1 |
| HK$6,500,001 to HK$7,000,000 | – | 1 |
| HK$7,500,001 to HK$8,000,000 | 1 | – |
| HK$8,500,001 to HK$9,000,000 | – | 1 |
| | 4 | 4 |

## 13. LOSS PER SHARE

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

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share | (521,028) | (1,189,600) |

**Number of shares**

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation | 178,604,839 | 191,246,652 |

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that share subdivision as disclosed in note 36 and referred to the section headed "Share Capital" in the Prospectus had been effective on January 1, 2019.

The computation of basic and diluted loss per share for the Track Record Period excluded the unvested restricted ordinary shares of the Company. Details of these restricted ordinary shares are set out in note 29.

The computation of diluted loss per share for the years ended December 31, 2019 and 2020 did not assume conversion of the preferred shares, the exercise of share options and the vesting of restricted ordinary shares since their assumed conversion, exercise and vesting would result in a decrease in loss per share.

## 14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period, nor has any dividend been proposed subsequent to the end of the Track Record Period.

## 15. PROPERTY, PLANT AND EQUIPMENT

**The Group**

| | **Leasehold improvements** *RMB'000* | **Furniture, fixtures and equipment** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| COST | | | |
| At January 1, 2019 | – | – | – |
| Additions | 23,810 | 337 | 24,147 |
| At December 31, 2019 and 2020 | 23,810 | 337 | 24,147 |
| DEPRECIATION | | | |
| At January 1, 2019 | – | – | – |
| Provided for the year | 2,778 | 35 | 2,813 |
| At December 31, 2019 | 2,778 | 35 | 2,813 |
| Provided for the year | 4,762 | 66 | 4,828 |
| At December 31, 2020 | 7,540 | 101 | 7,641 |
| CARRYING VALUES | | | |
| At December 31, 2019 | 21,032 | 302 | 21,334 |
| At December 31, 2020 | 16,270 | 236 | 16,506 |

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account of the residual value at the rate per annum as follows:

| | |
|---|---|
| Leasehold improvements | Over the shorter of the term of the lease or 20% |
| Furniture, fixtures and equipment | 20% |

## 16. RIGHT-OF-USE ASSETS

**The Group**

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| **Carrying amount** | | |
| Properties | 35,436 | 27,413 |

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| **Depreciation for the year** | | |
| Properties | 4,680 | 8,023 |

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Total cash outflow for leases | 6,115 | 8,454 |
| Additions to right-of-use assets | 40,116 | – |

During the year ended December 31, 2019, the Group entered into a new lease agreement of a property for its office premise. The lease contract is entered into for a fixed term of 5 years. There were no extension or termination options in the lease contract. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. On the lease commencement, the Group recognised right-of-use assets of RMB40,116,000 and the same amount of lease liabilities.

## 17. INTANGIBLE ASSETS

**The Group**

| | **Technical know-how and patent** |
|---|---|
| | *RMB'000* |
| COST | |
| At January 1, 2019 and December 31, 2019 | – |
| Additions | 13,580 |
| At December 31, 2020 | 13,580 |
| AMORTISATION | |
| At January 1, 2019 and December 31, 2019 | – |
| Charge for the year | 1,358 |
| At December 31, 2020 | 1,358 |
| CARRYING VALUES | |
| At December 31, 2020 | 12,222 |

During the year ended December 31, 2020, the Group established a subsidiary in the PRC and technical know-how and patent in relation to antibodies with therapeutic potential for treatment of SARS-CoV-2 inflection (including COVID-19) of RMB13,580,000 were contributed into the subsidiary by the non-controlling shareholders as capital contribution.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

| | |
|---|---|
| Technical know-how | 5 years |

The useful lives of the technical know-how and patent were determined by the management of the Group taking into account the period over which they are expected to be available for use by the Group and the stability of the industry.

## 18. INTERESTS IN SUBSIDIARIES

**The Company**

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Cost of investments | 41,301 | 66,507 |
| Amounts due from subsidiaries *(Note)* | 351,367 | 549,355 |
| | 392,668 | 615,862 |

*Note:* The amounts due from subsidiaries are interest-free, unsecured and with no fixed repayment term. Such amounts form the Company's net investments in the subsidiaries.

## 19. FINANCIAL ASSETS AT FVTPL

**The Group**

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Opening balances | – | 72,785 |
| Additions | 71,555 | 24,612 |
| Changes in fair values recognised in profit or loss | – | (16,904) |
| Exchange difference | 1,230 | (5,128) |
| Closing balances | 72,785 | 75,365 |

The amount represents investments in three private biopharmaceutical entities established in the USA focusing on infectious diseases. As at December 31, 2019, the amount represents investments in convertible redeemable preferred shares of these entities. As at December 31, 2020, the amount represents investments in convertible redeemable preferred shares and ordinary shares of these entities of RMB71,774,000 and RMB3,591,000, respectively.

**The Company**

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Opening balances | – | 35,579 |
| Additions | 35,149 | 6,210 |
| Changes in fair values recognised in profit or loss | – | (16,904) |
| Exchange difference | 430 | (1,719) |
| Closing balances | 35,579 | 23,166 |

The amount represents investments in two private biopharmaceutical entities established in the USA focusing on infectious diseases. As at December 31, 2019, the amount represents investments in convertible redeemable preferred shares of these entities. As at December 31, 2020, the amount represents investments in convertible redeemable preferred shares and ordinary shares of these entities of RMB19,575,000 and RMB3,591,000, respectively.

## 20. EQUITY INSTRUMENTS AT FVTOCI

**The Group and the Company**

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Opening balances | 25,202 | 22,095 |
| Changes in the fair values recognised in other comprehensive income | (3,480) | 21,697 |
| Exchange difference | 373 | (2,610) |
| Closing balances | 22,095 | 41,182 |

The amount represents listed equity investments in a biopharmaceutical company listed in the USA. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. The fair value of these listed equity investments is measured based on quoted market price.

## 21. RENTAL DEPOSITS/DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

**The Group**

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Prepayments | 1,860 | 2,945 |
| Rental and other deposits | 2,317 | 2,416 |
| Deferred issue costs | – | 5,017 |
| Prepaid listing expenses | – | 1,360 |
| Value-added tax recoverable | 2,622 | 24,034 |
| Others | 267 | 762 |
| | 7,066 | 36,534 |
| Analysed as: | | |
| Non-current | 2,317 | 2,414 |
| Current | 4,749 | 34,120 |
| | 7,066 | 36,534 |

**The Company**

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Prepayments | 577 | 1,339 |
| Deferred issue costs | – | 5,017 |
| Prepaid listing expenses | – | 1,360 |
| Others | 203 | 6 |
| | 780 | 7,722 |

## 22. RESTRICTED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/CASH AND CASH EQUIVALENTS

**The Group**

Restricted bank deposits represent bank deposits which are restricted for credit facilities and carry interests ranged from 0.10% to 0.35% and 0.01% to 0.10% as at December 31, 2019 and 2020, respectively.

As at December 31, 2020, time deposits with original maturity over three months represent deposits amounted to RMB20,000,000 carry fixed interest rate at 2.25% per annum with maturity more than three months from the date of acquisition.

**The Group and the Company**

Cash and cash equivalents comprise cash held by the Group and the Company and short-term bank deposits with an original maturity of three months or less. The short-term bank deposits carry interests at market rate which range from 0.05% to 0.30% and 0.05% to 0.30% as at December 31, 2019 and 2020, respectively.

Cash and cash equivalents of the Group and the Company also include the low volatility net asset value money market funds which are measured at FVTPL of RMB661,650,000 and RMB789,084,000 as at December 31, 2019 and 2020, respectively.

## 23. OTHER PAYABLES

**The Group**

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Payables for research and development expenses | 1,838 | 142,463 |
| Other payables for | | |
| – legal and professional fee | 1,504 | 3,474 |
| – others | 428 | 1,258 |
| Other tax payables | 530 | 1,019 |
| Payroll payables | 11,094 | 15,269 |
| Accrued research and development expenses | 2,312 | 325,462 |
| Accrued issue costs | – | 2,111 |
| Accrued listing expenses | – | 6,334 |
| | 17,706 | 497,390 |

**The Company**

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Accrued issue costs | – | 2,111 |
| Accrued listing expenses | – | 6,334 |
| Other payables for legal and professional fee | – | 2,921 |
| | – | 11,366 |

## 24. LEASE LIABILITIES

**The Group**

| | At December 31, 2019 | 2020 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Lease liabilities payable: | | |
| Within one year | 8,070 | 8,021 |
| Within a period of more than one year but not more than two years | 8,021 | 8,410 |
| Within a period of more than two years but not more than five years | 19,022 | 11,896 |
| | 35,113 | 28,327 |
| Less: Amount due for settlement with 12 months shown under current liabilities | (8,070) | (8,021) |
| Amount due for settlement after 12 months shown under non-current liabilities | 27,043 | 20,306 |

The weighted average incremental borrowing rate applied to lease liabilities is at 4.75% as at December 31, 2019 and 2020.

## 25. LOAN TO A SUBSIDIARY/AMOUNTS DUE TO SUBSIDIARIES

**The Company**

The loan to a subsidiary is unsecured and interest-bearing at 5% per annum and will mature on June 21, 2030.

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

## 26. FINANCIAL LIABILITIES AT FVTPL

**The Group and the Company**

***Preferred Shares***

On June 22, 2018 and December 20, 2018, the Company issued 30,300,002 and 56,213,190 Series A Preferred Shares with par value of US$0.00001 each ("Series A Preferred Shares") at a price of US$1 per share to a group of investors for total considerations of US$30,300,002 (approximately equivalent to RMB196,675,000) and US$56,213,190 (approximately equivalent to RMB387,369,000), respectively.

On December 27, 2019, the Company issued 29,835,309 Series B Preferred Shares with par value of US$0.00001 each ("Series B Preferred Shares") at a price of US$2.5138 per share to a group of investors for a total consideration of US$75,000,000 (approximately equivalent to RMB524,698,000).

On August 31, 2020, the Company issued 38,756,890 Series B Preferred Shares at a price of US$2.5138 per share to a group of investors for a total consideration of US$97,427,000 (approximately equivalent to RMB668,384,000).

The key terms of Series A Preferred Shares and Series B Preferred Shares (collectively referred to as the "Preferred Shares") are as follows:

*(a) Dividend rights*

Each holders of the Preferred Shares shall be entitled to receive dividends in preference to any dividend on the ordinary shares on a pro rata basis at the rate of 4% of the Series A Preferred Shares issue price per annum or the Series B Preferred Shares issue price per annum, as applicable.

The Preferred Shares shall also be entitled to participate on an as-converted basis pro-rata in any dividends or distributions paid to the holders of ordinary shares. The Company cannot declare, pay or set aside any dividends on ordinary shares unless the Preferred Shares holders shall first receive, or simultaneously receive, such dividends.

*(b) Conversion feature*

Each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the respective original issue date into such number of fully paid and non-assessable ordinary shares as determined by dividing the respective issue price by the respective conversion price, determined as hereinafter provided, in effect at the time of the conversion. The conversion price shall initially be the respective issue price per Preferred Share. Such initial conversion price shall be subject to adjustment (including but not limited to dividends, share splits and combinations, capital reorganisation or reclassification, and adjustment upon issuance of new securities for consideration per shares less than conversion price), vesting in an initial conversion ratio for Preferred Shares to ordinary shares of 1:1.

Each Preferred Share shall automatically be converted into ordinary shares at the then respective effective conversion price upon (i) the closing of a Qualified Public Offering (as defined below); or (ii) the date specified by written consent or agreement of the holders of at least a majority of the voting power of the issued and outstanding Preferred Shares (voting as together as a single class).

Qualified Public Offering means a firm commitment underwritten public offering of the ordinary shares of the Company in the United States, or in another jurisdiction which results in the ordinary shares trading publicly on a recognised international securities exchange approved by the directors of the Company, in each case, resulting in at least US$100,000,000 of net proceeds to the Company.

*(c) Liquidation preferences*

In the event of any liquidation event (including customarily-deemed-liquidation events such as acquisition), whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed to the shareholders of the Company as follows:

(1) First, the holders of the Preferred Shares shall be entitled to receive on a pro rata basis for each Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any other class or series of shares by reason of their ownership of such shares, the amount equal to 100% of the Series A Preferred Shares issue price or the Series B Preferred Shares issue price, as applicable, plus all accrued but unpaid dividends on such Preferred Shares (collectively, the "Preferred Preference Amount").

(2) Second, if there are any assets or funds remaining after the aggregate Preferred Preference Amount has been distributed or paid in full to the applicable holders of Preferred Shares pursuant to clause (1) above, the remaining assets and funds of the Company available for distribution to the shareholders shall be distributed ratably among all holders of ordinary shares according to the relative number of ordinary shares (on an as-converted basis) held by such holder.

(3) Notwithstanding the foregoing, if the pro rata value of the Company upon such liquidation event on an as-converted basis is higher than the Preferred Preference Amount, then, the holders of Preferred Shares shall be entitled to receive the value on pro-rata basis instead of the distribution as set forth in clauses (1) and (2) above.

*(d) Voting rights*

The holder of any ordinary share issued and outstanding shall have one vote for each ordinary share held by such holder, and the holder of any Preferred Shares shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited, such votes to be counted together with all other shares of the Company having general voting power and not counted separately as a class except as otherwise provided herein. The holders of the Preferred Shares shall have the right to vote separately as a class or series with respect to any matters to the extent that the Companies Act of the Cayman Islands or the Memorandum and Articles of the Company allow such separate voting.

*(e) Anti-dilution rights*

In the event that the Company shall issue additional ordinary shares without consideration or for a consideration per share less than the respective conversion price of any class of Preferred Shares in effect on the date of and immediately prior to such issue, the respective applicable conversion price of that class of Preferred Shares shall be adjusted on a weighted average basis, concurrently with such issue.

*(f) Redemption rights*

Upon the written request from at least two thirds (2/3) of the holders of the Preferred Shares at any time on or after seventh (7th) anniversary of the Series A Preferred Shares issue date, the Company shall redeem the Preferred Shares at a price equal to the applicable Preferred Shares issue price per share, plus all the accrued but unpaid dividends thereon, whether or not earned (the "Redemption Price"), in three annual installments. The date of each such installment shall be referred to as a "Redemption Date". On each Redemption Date, the Company shall redeem, on a pro rata basis in accordance with the number of Preferred Shares owned by each holder, that number of issued and outstanding Preferred Shares determined by dividing (i) the total number of Preferred Shares issued and outstanding immediately prior to such Redemption Date by (ii) the number of remaining Redemption Date.

If the Company fails to pay on the Redemption Date the full Redemption Price in respect of each Preferred Share to be redeemed on such date because it has inadequate funds or assets legally available therefor or for any other reason, the funds that are legally available shall nonetheless be paid and applied on the Redemption Date in a pro-rata manner against each Preferred Share to be redeemed on such date in accordance with all the relative full amounts owed thereon, and the amount of any such shortfall shall be paid and applied from time to time out of legally available funds or assets immediately as and when such funds become legally available in a pro-rata manner remaining amounts owed thereon as provided above, such that the redemption of any Preferred Share with partial Redemption Price shall be deemed to have been consummated.

The two series of Preferred Shares were issued as follows:

| | **Date of grant** | **Total number of shares subscribed** | **Subscription price per share** | **Total consideration** *US$'000* | **Equivalent to RMB** *RMB'000* |
|---|---|---|---|---|---|
| Series A | | | | | |
| Tranche 1 | June 22, 2018 | 30,300,002 | US$1 | 30,300 | 196,675 |
| Tranche 2 | December 20, 2018 | 56,213,190 | US$1 | 56,213 | 387,369 |
| | | 86,513,192 | | 86,513 | 584,044 |
| Series B | | | | | |
| Tranche 1 | December 27, 2019 | 29,835,309 | US$2.5138 | 75,000 | 524,698 |
| Tranche 2 | August 21, 2020 | 38,756,890 | US$2.5138 | 97,427 | 668,384 |
| | | 68,592,199 | | 172,427 | 1,193,082 |

***Presentation and Classification***

The Preferred Shares are financial liabilities measured at FVTPL. The directors of the Company considered that the changes in the fair value of the financial liabilities attributable to the change in credit risk of the Group is minimal.

Changes in fair value of the Preferred Shares are charged to profit or loss and presented as "fair value loss on financial liabilities at FVTPL".

The Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer which has appropriate qualifications and experience in valuation of similar instruments. The Company used the back-solve method to determine the underlying share value of the Company and performed an equity allocation based on a hybrid method of Binomial Option Pricing model ("OPM model") and Probability Weighted Expected Return method ("PWERM method") to arrive the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period.

In addition to the underlying share value of the Company determined by back-solve method, other key valuation assumptions used in OPM model and PWERM method to determine the fair value as of the dates of issuance and at the end of each reporting period are as follows:

| | At December 27, 2019 | At December 31, 2019 | At August 21, 2020 | At December 31, 2020 |
|---|---|---|---|---|
| Time to IPO | N/A | N/A | 0.8 year | 0.5 year |
| Time to liquidation | 3.0 years | 3.0 years | 2.5 years | 2.2 years |
| Risk-free interest rate under liquidation scenario | 1.62% | 1.62% | 0.15% | 0.14% |
| Volatility under liquidation scenario | 65.3% | 65.3% | 76.3% | 84.5% |
| Dividend yield | 0% | 0% | 0% | 0% |
| Possibilities under liquidation scenario | 100% | 100% | 70% | 70% |
| Possibilities under redemption scenario | 0% | 0% | 0% | 0% |
| Possibilities under Qualified Public Offering scenario | 0% | 0% | 30% | 30% |

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

The movements of the Preferred Shares were as follows:

| | Series A Preferred Shares *RMB'000* | Series B Preferred Shares *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| At January 1, 2019 | 595,837 | – | 595,837 |
| Issuance of Series B Preferred Shares | – | 524,698 | 524,698 |
| Changes in fair value | 401,575 | – | 401,575 |
| Exchange realignment | 14,716 | (1,483) | 13,233 |
| At December 31, 2019 | 1,012,128 | 523,215 | 1,535,343 |
| Issuance of Series B Preferred Shares | – | 668,384 | 668,384 |
| Changes in fair value | 284,462 | 65,910 | 350,372 |
| Exchange realignment | (80,959) | (70,118) | (151,077) |
| At December 31, 2020 | 1,215,631 | 1,187,391 | 2,403,022 |

## 27. SHARE CAPITAL

| | Number of shares | | | Share capital |
|---|---|---|---|---|
| | Class A | Class B | Total | *US$* |
| **Authorised ordinary shares** | | | | |
| **Ordinary shares of US$0.00001 each** | | | | |
| At January 1, 2019, December 31, 2019 and December 31, 2020 | 317,357,841 | 20,000,000 | 337,357,841 | 3,374 |

| | Class A | | | Class B | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Par value per share *US$* | Amount *US$* | Number of shares | Par value per share *US$* | Amount *US$* | Number of shares | Par value per share *US$* | Amount *US$* | Equivalent amount of total ordinary shares *RMB'000* |
| **Issued and fully paid** | | | | | | | | | | |
| At January 1, 2019 and December 31, 2019 | 101,898,757 | 0.00001 | 1,019 | 6,525,000 | 0.00001 | 65 | 108,423,757 | 0.00001 | 1,084 | 7 |
| Exercise of share options *(Note)* | – | – | – | 225,001 | 0.00001 | 2 | 225,001 | 0.00001 | 2 | –* |
| At December 31, 2020 | 101,898,757 | | 1,019 | 6,750,001 | | 67 | 108,648,758 | | 1,086 | 7 |

* Less than RMB1,000.

*Note:* During the year ended December 31, 2020, share option holders exercised their rights to subscribe for 225,001 Class B ordinary shares in the Company at exercise prices of US$0.07, US$0.1 and US$0.26 per share.

According to the articles of association of the Company, the Class A ordinary shareholders have voting right, while the Class B ordinary shareholders have no voting right.

The new shares rank pari passu with the existing shares in all respects.

**28. RESERVES OF THE COMPANY**

| | Share premium *RMB'000* | Investments revaluation reserve *RMB'000* | Translation reserve *RMB'000* | Share-based payment reserve *RMB'000* | Accumulated losses *RMB'000* | Total deficits *RMB'000* |
|---|---|---|---|---|---|---|
| At January 1, 2019 | 45,049 | 312 | 757 | 17,162 | (102,911) | (39,631) |
| Loss for the year | – | – | – | – | (403,849) | (403,849) |
| Exchange differences on translation from functional currency to presentation currency | – | – | (5,342) | – | – | (5,342) |
| Fair value loss on investments in equity instruments at FVTOCI | – | (3,480) | – | – | – | (3,480) |
| Total comprehensive expense for the year | – | (3,480) | (5,342) | – | (403,849) | (412,671) |
| Vesting of restricted ordinary shares | 17,225 | – | – | (17,225) | – | – |
| Recognition of equity-settled share-based payments *(note 29)* | – | – | – | 23,381 | – | 23,381 |
| At December 31, 2019 | 62,274 | (3,168) | (4,585) | 23,318 | (506,760) | (428,921) |
| Loss for the year | – | – | – | – | (533,884) | (533,884) |
| Exchange differences on translation from functional currency to presentation currency | – | – | 54,013 | – | – | 54,013 |
| Fair value gain on investments in equity instruments at FVTOCI | – | 21,697 | – | – | – | 21,697 |
| Total comprehensive income (expense) for the year | – | 21,697 | 54,013 | – | (533,884) | (458,174) |
| Vesting of restricted ordinary shares | 11,217 | – | – | (11,217) | – | – |
| Recognition of equity-settled share-based payments *(note 29)* | – | – | – | 29,483 | – | 29,483 |
| Exercise of share options | 841 | – | – | (697) | – | 144 |
| At December 31, 2020 | 74,332 | 18,529 | 49,428 | 40,887 | (1,040,644) | (857,468) |

## 29. SHARE-BASED PAYMENT TRANSACTIONS

The Group has the following share-based payment transactions during the Track Record Period.

**Restricted share award**

To provide the incentive and maintain the key management of the Group, on June 19, 2018, the Company issued 12,600,000 time-based restricted ordinary shares and 3,500,000 milestone-based restricted ordinary shares to a director and 6,525,000 time-based restricted ordinary shares to key management of the Group (collectively referred to as "Restricted Person") at a total consideration of approximately RMB1,000 (at US$0.00001 per share).

The Company shall have the right to repurchase the unvested shares from the Restricted Person at the initial issuance price upon termination of the Restricted Person's employment or upon his voluntary termination of his employment with the Company (the "Repurchase Right") during the vesting period.

All restricted ordinary shares are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assessment, pledge, encumbrance or charge, directly or indirectly, by the Restricted Person prior to the termination of the Repurchase Right. The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted ordinary shares as of the grant date and recognised the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted ordinary shares. Time-based restricted ordinary shares shall have one forth (25%) vested upon first anniversary of grant date and the remaining portion vested ratably on a monthly basis over a 36-months vesting period afterwards. Milestone-based restricted ordinary shares will be vested upon the earlier of (i) the completion of issuance of the Series B Preferred Shares and completion of issuance of the Series C Preferred Shares with valuation higher than the Series B Preferred shares or initial public offering ("IPO") on an internationally recognised exchange, whichever is earlier; or (ii) the fifth anniversary of the grant date. The expected vesting period is estimated by directors of the Company based on the most likely outcome of each of the performance condition.

The total expenses recognised in the consolidated statements of profit or loss and other comprehensive income for the restricted ordinary shares granted are approximately RMB20,206,000 and RMB9,189,000 for the years ended December 31, 2019 and 2020, respectively.

The restricted ordinary shares were valued by the directors of the Company with reference to the valuation carried out by an independent qualified professional valuer which has appropriate qualifications and experience in valuation of similar instruments, on the grant date of the restricted ordinary shares. The fair value of the restricted ordinary shares as determined to be RMB2.2 per share as of June 19, 2018.

The following table summarised the Group's restricted ordinary shares movement during the Track Record Period.

| | Number of unvested restricted ordinary shares | Weighted average grant date fair value *RMB* |
|---|---|---|
| **Restricted ordinary shares** | | |
| At January 1, 2019 | 22,625,000 | 2.2 |
| Vested | (7,449,479) | 2.2 |
| At December 31, 2019 | 15,175,521 | 2.2 |
| Vested | (4,781,250) | 2.2 |
| At December 31, 2020 | 10,394,271 | 2.2 |

**Equity-settled share option scheme of the Company**

The Company's pre-IPO share incentive plan (the "Incentive Plan") was adopted pursuant to a resolution passed on October 30, 2018. The primary purpose of the Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing a mean through which the Company may grant equity-based incentives to attract, motivate, retain and reward employees, directors and consultants (the "Eligible Persons") and to further link the Eligible Persons' interests with those of the Company's shareholders generally.

The Incentive Plan provides for the grant of the following types of share awards: (i) share options, (ii) share appreciation rights, (iii) restricted share awards and (iv) other share awards. The directors of the Company approved up to 3,408,251 shares of the Company, in which share awards may be granted under the Incentive Plan. On December 4, 2019 and September 18, 2020, resolutions were passed by the board of directors of the Company to increase the capacity of the Incentive Plan to 9,408,251 shares and 16,408,251 shares, respectively.

Set out below are details of the movements of the outstanding options granted under the Incentive Plan during the Track Record Period:

***For the year ended December 31, 2019***

| Option | Name of grantee | Date of grant | Vesting period | Exercisable period | Exercise price | Outstanding as at 1.1.2019 | Granted during the year | Forfeited during the year | Outstanding as at 31.12.2019 |
|---|---|---|---|---|---|---|---|---|---|
| Time-based | | | | | | | | | |
| Option A | Employee | 30.10.2018 | Note i | 31.10.2019 – 30.10.2028 | US$0.07 | 1,025,000 | – | (100,000) | 925,000 |
| Option B | Consultants | 30.10.2018 | Note ii | 1.12.2018 – 30.10.2028 | US$0.07 | 580,000 | – | – | 580,000 |
| Option C | Employee | 3.4.2019 | Note i | 4.4.2020 – 3.4.2029 | US$0.1 | – | 227,000 | (60,000) | 167,000 |
| Option D | Employee | 14.6.2019 | Note i | 15.6.2020 – 14.6.2029 | US$0.1 | – | 604,000 | (10,000) | 594,000 |
| Option E | Employee | 16.9.2019 | Note i | 17.9.2020 – 16.9.2029 | US$0.1 | – | 245,000 | – | 245,000 |
| Option F | Consultants | 16.9.2019 | Note ii | 17.10.2019 – 16.9.2029 | US$0.1 | – | 100,000 | – | 100,000 |
| | | | | | | 1,605,000 | 1,176,000 | (170,000) | 2,611,000 |
| Exercisable at the end of the year | | | | | | | | | 784,167 |
| Weighted average exercise price | | | | | | US$0.07 | US$0.1 | US$0.08 | US$0.08 |

***For the year ended December 31, 2020***

| Option | Name of grantee | Date of grant | Vesting period | Exercisable period | Exercise price | Outstanding as at 1.1.2020 | Granted during the year | Exercised during the year | Forfeited during the year | Outstanding as at 31.12.2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Time-based | | | | | | | | | | |
| Option A | Employee | 30.10.2018 | Note i | 31.10.2019 – 30.10.2028 | US$0.07 | 925,000 | – | – | – | 925,000 |
| Option B | Consultants | 30.10.2018 | Note ii | 1.12.2018 – 30.10.2028 | US$0.07 | 580,000 | – | (91,667) | (8,333) | 480,000 |
| Option C | Employee | 3.4.2019 | Note i | 4.4.2020 – 3.4.2029 | US$0.1 | 167,000 | – | – | (20,000) | 147,000 |
| Option D | Employee | 14.6.2019 | Note i | 15.6.2020 – 14.6.2029 | US$0.1 | 594,000 | – | (125,000) | (300,000) | 169,000 |
| Option E | Employee | 16.9.2019 | Note i | 17.9.2020 – 16.9.2029 | US$0.1 | 245,000 | – | – | (4,000) | 241,000 |
| Option F | Consultants | 16.9.2019 | Note ii | 17.10.2019 – 16.9.2029 | US$0.1 | 100,000 | – | – | – | 100,000 |
| Option G | Employee | 4.2.2020 | Note i | 5.2.2021 4.2.2031 | US$0.26 | – | 362,000 | – | – | 362,000 |

| Option | Name of grantee | Date of grant | Vesting period | Exercisable period | Exercise price | Outstanding as at 1.1.2020 | Granted during the year | Exercised during the year | Forfeited during the year | Outstanding as at 31.12.2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Option H | Consultants | 4.2.2020 | Note ii | 5.3.2020 – 4.2.2030 | US$0.26 | – | 50,000 | (8,334) | (41,666) | – |
| Option I | Employee | 13.5.2020 | Note i | 14.5.2021 – 13.5.2030 | US$0.26 | – | 197,000 | – | – | 197,000 |
| Option J | Employee | 18.9.2020 | Note i | 19.9.2021 – 18.9.2030 | US$0.26 | – | 4,900,000 | – | – | 4,900,000 |
| Option K | Employee | 18.9.2020 | Note i | 19.9.2021 – 18.9.2030 | US$1.36 | – | 921,200 | – | – | 921,200 |
| Option L | Employee | 18.9.2020 | Note ii | 19.10.2020 – 18.9.2030 | US$1.36 | – | 2,500,000 | – | – | 2,500,000 |
| Option M | Employee | 18.9.2020 | Note iii | 19.10.2020 – 18.9.2030 | US$1.36 | – | 1,500,000 | – | – | 1,500,000 |
| Option P | Employee | 11.12.2020 | Note i | 12.12.2021 – 11.12.2030 | US$1.36 | – | 863,000 | – | – | 863,000 |
| Sub-total | | | | | | 2,611,000 | 11,293,200 | (225,001) | (373,999) | 13,305,200 |
| Milestone-based | | | | | | | | | | |
| Option N | Employee | 18.9.2020 | Note iv | Note vi | US$0.26 | – | 600,000 | – | – | 600,000 |
| Option O | Employee | 18.9.2020 | Note v | Note vi | US$1.36 | – | 2,000,000 | – | – | 2,000,000 |
| Sub-total | | | | | | – | 2,600,000 | – | – | 2,600,000 |
| Total | | | | | | 2,611,000 | 13,893,200 | (225,001) | (373,999) | 15,905,200 |
| Exercisable at the end of the year | | | | | | | | | | 1,760,834 |
| Weighted average exercise price | | | | | | US$0.08 | US$0.88 | US$0.09 | US$0.12 | US$0.77 |

*Notes:*

(i) The share options were granted to employees of the Group. One forth (25%) of the share options shall vest on the first anniversary of the grant date and the remaining share options shall vest ratably over 36-months vesting period from the end of the first anniversary of the grant date.

(ii) The share options were granted to employees of the Group or consultants who are in contractual agreements with the Group in providing services similar to those rendered by the Group's employees. The share options are vested ratably over 24-months vesting period from the grant date.

(iii) The share options were granted to an employee of the Group. The share options are vested ratably over 48-months vesting period from the grant date.

(iv) The milestone-based share options are vested conditionally if (i) prior to the second anniversary of the share options grant date, the Company completes an IPO on an internationally recognised exchange; and (ii) on the first anniversary of the completion of the IPO, the Company has a market capitalisation of at least US$2 billion.

If such vesting conditions are satisfied, twenty-five percent (25%) of the milestone-based share options will vest immediately on the first anniversary of the completion of the IPO and the other seventy-five percent (75%) of the milestone-based share options will vest ratably over 36-months vesting period. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

(v) The milestone-based share options are vested conditionally, (i) with respect to the first 666,667 share options, upon achievement by the Group of one of the four specified milestones, (ii) with respect to the second 666,667 share options, upon achievement by the Group of one of the remaining three specified milestones, and (iii) with respect to the remaining 666,666 share options, upon achievement of one of the remaining two specified milestones.

The specified milestones include the completion of the IPO, increase in the Company's market capitalisation after the IPO by a specific time, achieving proof-of-concept therapeutic potential at a recommended dose for two drug candidates developed by the Group. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

(vi) Each vested option is exercisable during a period from and including the vesting date of the relevant option to the tenth anniversary of grant date of the option.

The fair value of the options granted during the Track Record Period was determined using the Black-Scholes pricing model. These fair values and corresponding inputs into the model were as follows:

| | Option C | Option D | Option E | Option F | Option G | Option H | Option I | Option J | Option K | Option L | Option M | Option N | Option O | Option P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Grant date option fair value per share | US$0.45 | US$0.52 | US$0.64 | US$0.63 | US$0.77 | US$0.76 | US$0.78 | US$1.20 | US$0.96 | US$0.91 | US$0.96 | US$1.20 | US$0.96 | US$1.06 |
| Exercise price | US$0.1 | US$0.1 | US$0.1 | US$0.1 | US$0.26 | US$0.26 | US$0.26 | US$0.26 | US$1.36 | US$1.36 | US$1.36 | US$0.26 | US$1.36 | US$1.36 |
| Volatility | 86.45% | 86.45% | 86.06% | 86.06% | 80.46% | 80.46% | 84.37% | 81.20% | 81.20% | 81.20% | 81.20% | 81.20% | 81.20% | 81.20% |
| Expected life | 7 years | 7 years | 7 years | 6 years | 7 years | 6 years | 7 years | 7 years | 7 years | 6 years | 7 years | 7 years | 7 years | 7 years |
| Risk-free interest rate | 2.40% | 1.95% | 1.75% | 1.72% | 1.50% | 1.46% | 0.44% | 0.45% | 0.45% | 0.37% | 0.45% | 0.45% | 0.45% | 0.58% |
| Dividend yield | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Fair value at grant date | US$102,000 | US$314,000 | US$157,000 | US$63,000 | US$279,000 | US$38,000 | US$154,000 | US$5,880,000 | US$884,000 | US$2,275,000 | US$1,440,000 | US$720,000 | US$1,920,000 | US$915,000 |

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately RMB3,175,000 and RMB20,294,000 for the years ended December 31, 2019 and 2020, respectively, in relation to share options granted by the Company.

## 30. RELATED PARTY TRANSACTIONS

Save for disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with the related parties during the Track Record Period.

### (a) Related party transactions

Consultancy service fee paid to a related party by the Group:

| | Year ended December 31, | |
|---|---|---|
| **Name of related party** | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Dr. Jingfan Huang *(Note)* | 1,241 | 1,035 |

*Note:* Dr. Jingfan Huang is the spouse of Dr. Zhi Hong, the Chief Executive Officer and executive director of the Company.

**(b) Compensation of key management personnel**

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| Short term benefits | 14,177 | 14,795 |
| Discretionary bonus *(Note)* | 5,311 | 5,372 |
| Post-employment benefits | 386 | 315 |
| Share-based payments | 18,652 | 22,634 |
| | 38,526 | 43,116 |

*Note:* Discretionary bonus is determined based on the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

**31. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to investors through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes lease liabilities and Preferred Shares (net of cash and cash equivalents), and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

**32. FINANCIAL INSTRUMENTS**

**(a) Categories of financial instruments**

**The Group**

| | At December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| **Financial assets** | | |
| Financial assets at FVTPL | 72,785 | 75,365 |
| Equity instruments at FVTOCI | 22,095 | 41,182 |
| Cash equivalents at FVTPL | 661,650 | 789,084 |
| Amortised cost | 221,642 | 272,816 |
| **Financial liabilities** | | |
| Amortised cost | 3,770 | 155,640 |
| Designated as financial liabilities at FVTPL | 1,535,343 | 2,403,022 |

**The Company**

| | At December 31, 2019 *RMB'000* | 2020 *RMB'000* |
|---|---|---|
| **Financial assets** | | |
| Financial assets at FVTPL | 35,579 | 23,166 |
| Equity instruments at FVTOCI | 22,095 | 41,182 |
| Cash equivalents at FVTPL | 661,650 | 789,084 |
| Amortised cost | 353,314 | 645,862 |
| **Financial liabilities** | | |
| Amortised cost | 8,087 | 27,956 |
| Designated as financial liabilities at FVTPL | 1,535,343 | 2,403,022 |

**(b) Financial risk management objectives and policies**

The Group's major financial assets and liabilities include other receivables and deposits, financial assets at FVTPL, equity instruments at FVTOCI, restricted bank deposits, time deposits with original maturity over three months, cash and cash equivalents, other payables, lease liabilities and financial liabilities at FVTPL. The Company's major financial assets and liabilities include amounts due from subsidiaries, loan to a subsidiary, other receivables, financial assets at FVTPL, equity instruments at FVTOCI, cash and cash equivalents, other payables, amounts due to subsidiaries and financial liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risks (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

***Market risk***

The Group's and the Company's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's and the Company's exposure to these risks or the manner in which it manages and measures the risks.

*(i) Currency risk*

Inter-company balances of the Company and certain bank balances and cash of the Group are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the group entities' foreign currency denominated monetary assets and liabilities at the end of each reporting period are mainly as follows:

| | At December 31, 2019 *RMB'000* | 2020 *RMB'000* |
|---|---|---|
| **The Group** | | |
| **Assets** | | |
| US$ | 165,296 | 46,443 |
| **Inter-company balances** | | |
| **Liabilities** | | |
| US$ | – | 94,870 |

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US$, the foreign currency with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A negative/positive number below indicates an increase/decrease in loss where RMB strengthens 5% against US$. For a 5% weakening of RMB against US$, there would be an equal and opposite impact on loss for the year.

| | Year ended December 31, | |
|---|---|---|
| | **2019** | **2020** |
| | *RMB'000* | *RMB'000* |
| *Impact on profit or loss* | | |
| **The Group** | | |
| US$ | (8,265) | 2,421 |

*(ii) Interest rate risk*

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities and bank deposits. The Company is primarily exposed to fair value interest rate risk in relation to bank deposits and loan to a subsidiary. The Group and the Company currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

*(iii) Other price risk*

The Group and the Company are exposed to other price risk arising from listed equity investments at FVTOCI and money market funds at FVTPL.

Sensitivity analysis

Listed equity investments at FVTOCI

The sensitivity analyses below have been determined based on the exposure to equity price risk at each reporting date for listed equity investments at FVTOCI.

If the equity value of the common shares of the investments at FVTOCI had been changed based on the 5% higher/lower, the other comprehensive income would increase/decrease by approximately RMB1,105,000 as at December 31, 2019 and RMB2,059,000 as at December 31, 2020, respectively.

Money market funds

No sensitivity analysis is performed as the directors of the Company consider that the exposure of other price risk arising from the money market funds is insignificant because investments in money market funds are mainly on government treasury securities with high credit rating and liquidity.

***Credit risk and impairment assessment***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

In order to minimise credit risk, the Group and the Company has tasked its finance team to develop and maintain the Group's and the Company's credit risk gradings to categories exposures according to their degree of risk of default. Management uses publicly available financial information and the own historical repayment records to rate other debtors. The exposures and the credit ratings of their counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

| Internal credit rating | Description | Financial assets |
|---|---|---|
| Low risk | The counterparty has a low risk of default and does not have any past-due amounts | 12m ECL |
| Watch list | Debtor frequently repays after due dates but usually settle in full | 12m ECL |
| Doubtful | There have been significant increases in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL – not credit-impaired |
| Loss | There is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off |

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

| | *Notes* | External credit rating | Internal credit rating | 12m or lifetime ECL | Gross carrying amount At December 31, 2019 *RMB'000* | Gross carrying amount At December 31, 2020 *RMB'000* |
|---|---|---|---|---|---|---|
| **Financial assets at amortised cost** | | | | | | |
| **The Group** | | | | | | |
| Other receivables and deposits | 21 | N/A | Low risk | 12m ECL | 2,584 | 3,178 |
| Restricted bank deposits | 22 | Aa3 | N/A | 12m ECL | 349 | 3,757 |
| Time deposits with original maturity over three months | 22 | Aaa | N/A | 12m ECL | – | 20,000 |
| Bank balances | 22 | Aa3 to Aaa | N/A | 12m ECL | 218,709 | 245,881 |
| | | | | | 221,642 | 272,816 |
| **The Company** | | | | | | |
| Amounts due from subsidiaries | 18 | N/A | Low risk | 12m ECL | 351,367 | 549,355 |
| Other receivables | 21 | N/A | Low risk | 12m ECL | 203 | 6 |
| Bank balances | 22 | Aa3 | N/A | 12m ECL | 1,744 | 1,631 |
| Loan to a subsidiary | 25 | N/A | Low risk | 12m ECL | – | 94,870 |
| | | | | | 353,314 | 645,862 |

For the purpose of impairment assessment for other receivables and deposits, amounts due from subsidiaries and loan to a subsidiary, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for these financial assets, the directors of the Company have taken into account the financial positions of the counterparties in estimating the probability of default of each of other receivables and deposits, amounts due from subsidiaries and loan to a subsidiary occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the 12m ECL allowance is insignificant.

The credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances is limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit rating agencies. The management is of the opinion that the loss rate is insignificant and no impairment was provided at the end of each reporting period.

***Liquidity risk***

As at December 31, 2020, the Group and the Company recorded net liabilities of RMB1,742,702,000 and RMB857,461,000, respectively. In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group and the Company rely on issuance of Preferred Shares as a significant source of liquidity.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

| | **Weighted average effective interest rate** | **Within 1 year or on demand** | **1 to 5 years** | **Total** | **Carrying amount** |
|---|---|---|---|---|---|
| | *%* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **The Group** | | | | | |
| At December 31, 2019 | | | | | |
| Other payables | – | 3,770 | – | 3,770 | 3,770 |
| Lease liabilities | 4.75 | 8,454 | 30,441 | 38,895 | 35,113 |
| | | 12,224 | 30,441 | 42,665 | 38,883 |
| At December 31, 2020 | | | | | |
| Other payables | – | 155,640 | – | 155,640 | 155,640 |
| Lease liabilities | 4.75 | 9,184 | 21,258 | 30,442 | 28,327 |
| | | 164,824 | 21,258 | 186,082 | 183,967 |
| **The Company** | | | | | |
| At December 31, 2019 | | | | | |
| Amounts due to subsidiaries | – | 8,087 | – | 8,087 | 8,087 |
| At December 31, 2020 | | | | | |
| Other payables | – | 11,366 | – | 11,366 | 11,366 |
| Amounts due to subsidiaries | – | 16,590 | – | 16,590 | 16,590 |
| | | 27,956 | – | 27,956 | 27,956 |

**(c) Fair value measurements of financial instruments**

This note provides information about how the Group and the Company determine fair values of various financial assets and financial liabilities.

***(i) Fair value of the Group's and the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis***

*Listed equity investments at FVTOCI*

The Group's and the Company's listed equity investments at FVTOCI in the USA are measured at fair value at December 31, 2019 and 2020 and are grouped under Level 1 hierarchy. The fair values are estimated based on quoted bid prices in an active market.

*Unlisted financial assets at FVTPL*

The Group's and the Company's unlisted preferred shares investments at FVTPL in the USA are measured at fair value at December 31, 2019 and 2020 and are grouped under Level 2 hierarchy. The fair values are estimated based on recent transactions. Fair value of unlisted financial assets at FVTPL is most significantly affected by the recent transaction price. A decrease in recent transaction price would cause decrease in the fair value of unlisted financial assets at FVTPL.

A 5% increase/decrease in the recent transaction price and holding all other variables constant would increase/decrease the fair value of the unlisted financial assets at FVTPL of the Group by RMB3,639,000 as at December 31, 2019 and RMB3,768,000 as at December 31, 2020.

A 5% increase/decrease in the recent transaction price and holding all other variables constant would increase/decrease the fair value of the unlisted financial assets at FVTPL of the Company by RMB1,779,000 as at December 31, 2019 and RMB1,158,000 as at December 31, 2020.

*Money market funds*

The Group's and the Company's investments in money market funds are measured at fair value at December 31, 2019 and 2020 and are grouped under Level 2 hierarchy. The fair values are estimated based on the net asset values of the funds, which are determined with reference to observable and quoted prices of underlying investment portfolio.

*Preferred Shares designated as financial liabilities at FVTPL*

The Group's and the Company's Preferred Shares designated as financial liabilities at FVTPL are measured at fair value at December 31, 2019 and 2020 and are grouped under Level 3 hierarchy. The fair values are estimated based on back-solve method, details of the valuation parameters and major assumptions used in the valuation are disclosed in note 26. Fair value of Preferred Shares is most significantly affected by volatility. An increase in volatility would cause increase in the fair value of Preferred Shares.

A 5% increase/decrease in the volatility and holding all other variables constant would increase/decrease the fair value of the Preferred Shares of the Group and the Company by RMB25,198,000/RMB25,198,000 as at December 31, 2019 and RMB11,290,000/RMB11,290,000 as at December 31, 2020.

There was no transfer among different levels of the fair value hierarchy during the Track Record Period.

***(ii) Reconciliation of Level 3 fair value measurements***

Details of reconciliation of Level 3 fair value measurement for Preferred Shares designated as financial liabilities at FVTPL are set out in note 26.

Fair value loss of RMB401,575,000 and RMB350,372,000 related to Preferred Shares designated as financial liabilities at FVTPL held at December 31, 2019 and 2020, respectively, are recognised in the consolidated statements of profit or loss and other comprehensive income.

***(iii) Fair value of financial assets and financial liabilities that are not measured at fair value***

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

## 33. RETIREMENT BENEFIT PLANS

The subsidiary in the USA maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the USA. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the USA with respect to the retirement benefits plans is to make the specified contributions under the plans.

The employees of the Company's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

The total amount provided by the Group to the scheme or plans in the USA and the PRC and charged to profit or loss are RMB1,706,000 and RMB1,512,000 for the years ended December 31, 2019 and 2020, respectively.

## 34. PARTICULARS OF SUBSIDIARIES

As at December 31, 2019 and 2020 and the date of this report, the Group's subsidiaries are as follows:

| Name of subsidiary | Place and date of establishment/ incorporation | Issued and fully paid share/ registered capital | Equity interest attributable to the Group as at December 31, 2019 | 2020 | as at the date of this report | Principal activities |
|---|---|---|---|---|---|---|
| *Directly held:* | | | | | | |
| Brii Biosciences Offshore Limited *(Note i)* | Cayman Islands May 23, 2018 | US$1 | 100% | 100% | 100% | Investment holding |
| *Indirectly held:* | | | | | | |
| Brii Biosciences, Inc. *(Note i)* | USA December 5, 2017 | US$1 | 100% | 100% | 100% | Research and development on pharmaceutical products |
| Brii Biosciences (Beijing) Co. Limited* 騰盛博藥醫藥技術(北京)有限公司 *(Note ii)* | PRC August 21, 2018 | US$43,470,000 | 100% | 100% | 100% | Research and development on pharmaceutical products |

| Name of subsidiary | Place and date of establishment/ incorporation | Issued and fully paid share/ registered capital | Equity interest attributable to the Group as at December 31, 2019 | 2020 | as at the date of this report | Principal activities |
|---|---|---|---|---|---|---|
| Brii Biosciences (Shanghai) Co. Limited* 騰盛博藥醫藥技術(上海)有限公司 *(Note ii)* | PRC April 19, 2018 | US$5,000,000 | 100% | 100% | 100% | Research and development on pharmaceutical products |
| TSB Therapeutics (Beijing) Co. Limited* 騰盛華創醫藥技術(北京)有限公司 *(Note iii)* | PRC May 26, 2020 | RMB49,876,597 | – | 72.77% | 72.77% | Research and pharmaceutical development on products |
| Brii Biosciences (Hong Kong) Co. Limited *(Note iv)* | Hong Kong December 18, 2017 | US$1 | 100% | 100% | 100% | Investment holding |

* English name is for identification purpose only

All of the subsidiaries adopted December 31 as financial year end.

*Notes:*

(i) No statutory financial statements have been prepared for these subsidiaries as there are no statutory audit requirements in the jurisdictions where these subsidiaries are incorporated.

(ii) The statutory financial statements of these subsidiaries for the years ended December 31, 2019 and 2020 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and were audited by Grant Thornton Certified Public Accountants LLP and Deloitte Touche Tohmatsu Certified Public Accountants LLP, certified public accountants registered in the PRC, respectively.

(iii) The statutory financial statements of this subsidiary for the period from May 26, 2020 to December 31, 2020 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, certified public accountants registered in the PRC.

This subsidiary was established by the Company and other non-controlling shareholders in May 2020 in which the Company owned 50.99% equity interest. The Company further increased its equity interests in this subsidiary to 72.77% in November 2020 by contributing additional capital into this subsidiary. An amount of RMB75,917,000 (being the proportionate share of the carrying amount of the net liabilities of this subsidiary) has been credited to the non-controlling interests with the corresponding amount debited to the other reserve during the year ended December 31, 2020.

(iv) The statutory financial statements of this subsidiary for the year ended December 31, 2019 were prepared in accordance with Hong Kong Financial Reporting Standards and were audited by Morison Heng CPA Limited, certified public accountants registered in Hong Kong. The statutory financial statements of this subsidiary for the year ended December 31, 2020 have not been issued as they are not yet due to issue as at the date of this report.

None of the subsidiaries has issued any debt securities as at December 31, 2019 and 2020.

## 35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

| | Accrued issue costs | Financial liabilities at FVTPL | Other loans | Lease liabilities | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2019 | – | 595,837 | 235 | – | 596,072 |
| Financing cash flows | – | 524,698 | (236) | (6,115) | 518,347 |
| Interest expenses recognised | – | – | 1 | 1,112 | 1,113 |
| New leases entered | – | – | – | 40,116 | 40,116 |
| Fair value change | – | 401,575 | – | – | 401,575 |
| Exchange adjustments | – | 13,233 | – | – | 13,233 |
| At December 31, 2019 | – | 1,535,343 | – | 35,113 | 1,570,456 |
| Financing cash flows | (3,073) | 668,384 | – | (8,454) | 656,857 |
| Interest expenses recognised | – | – | – | 1,668 | 1,668 |
| Fair value change | – | 350,372 | – | – | 350,372 |
| Issue costs accrued | 5,017 | – | – | – | 5,017 |
| Exchange adjustments | 167 | (151,077) | – | – | (150,910) |
| At December 31, 2020 | 2,111 | 2,403,022 | – | 28,327 | 2,433,460 |

## 36. SUBSEQUENT EVENTS

Saved as disclosed elsewhere in the Historical Financial Information, the following significant events took place subsequent to December 31, 2020:

a. On February 26, 2021, the Company entered into an agreement with a group of investors for the issuance of a total of 33,556,314 Series C Preferred Shares with par value of US$0.00001 each ("Series C Preferred Shares") at a price of US$4.6191 per share. The total consideration of US$155,000,000 (approximately equivalent to RMB1,002,455,000) was received in March 2021.

b. On February 26, 2021, the authorised share capital of the Company was increased to US$6,000 divided into 600,000,000 shares, consisting of (i) 358,090,909 Class A ordinary shares of par value of US$0.00001 each, (ii) 50,000,000 Class B ordinary shares of par value of US$0.00001 each, (iii) 86,513,192 Series A Preferred Shares of par value of US$0.00001 each, (iv) 68,592,199 Series B Preferred Shares of par value of US$0.00001 each, and (v) 36,803,700 Series C Preferred Shares of par value of US$0.00001 each.

c. On June 22, 2021, a shareholders' resolution was passed to approve all the issued and unissued Class A ordinary shares and Class B ordinary shares be re-designated and re-classified as ordinary shares, and all the issued and unissued preferred shares be converted into ordinary shares, each having the rights and restrictions as set out in the Memorandum and Articles of the Company. Following the share re-designation, re-classification and conversion, each of the Company's authorised share capital of a par value of US$0.00001 each are subdivided into 2 shares of a par value of US$0.000005 each, such that following the subdivision, the authorised share capital of the Company is US$6,000 divided into 1,200,000,000 shares of par value of US$0.000005 each. Details are set out in Appendix IV to the Prospectus.

d. The Company has conditionally approved and adopted the post-IPO share option scheme ("Post-IPO Share Option Scheme") on June 22, 2021. A summary of the principal terms of the Post-IPO Share Option Scheme is set out in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 2. Post-IPO Share Option Scheme" in Appendix IV to the Prospectus.

e. The Company has conditionally approved and adopted the post-IPO share award scheme ("Post-IPO Share Award Scheme") on June 22, 2021. A summary of the principal terms of the Post-IPO Share Award Scheme is set out in the paragraph headed "Statutory and General Information – D. Share Incentive Schemes – 3. Post-IPO Share Award Scheme" in Appendix IV to the Prospectus.

**37. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2020 and up to the date of this report.

*The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the two years ended December 31, 2020 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only.*

*The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.*

## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for the purpose of illustrating the effect of the proposed Hong Kong public offering and international offering of the Shares of the Company (the "Global Offering") as if the Global Offering had taken place on December 31, 2020.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 or at any further dates following the Global Offering. It is prepared based on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at December 31, 2020 as derived from the Accountants' Report set out in Appendix I to this prospectus and adjusted as described below.

| | Audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at December 31, 2020 | Estimated net proceeds from the Global Offering | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 per Share | |
|---|---|---|---|---|---|
| | *RMB'000 (Note 1)* | *RMB'000 (Note 2)* | *RMB'000* | *RMB (Note 3)* | *HK$ (Note 4)* |
| **Based on an Offer Price of HK$21.00 per Share** | (1,747,183) | 1,844,109 | 96,926 | 0.31 | 0.38 |
| **Based on an Offer Price of HK$22.25 per Share** | (1,747,183) | 1,955,432 | 208,249 | 0.68 | 0.81 |

*Notes:*

1. The consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at December 31, 2020 is arrived at after deducting intangible assets attributable to owners of the Company of RMB8,894,000 from the audited consolidated net liabilities attributable to owners of the Company of RMB1,738,289,000 as at December 31, 2020 as extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the issue of the new Shares pursuant to the Global Offering are based on 111,580,000 Shares at the Offer Price of HK$21.00 (equivalent to RMB17.46) and HK$22.25 (equivalent to RMB18.50) per Share, being the low-end and high-end of the stated Offer Price range, after deduction of the estimated underwriting fees and commissions and other related expenses not yet recognised in profit or loss up to December 31, 2020. It does not take into account (i) any Share which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) any Share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of Shares granted to the directors of the Company, (iii) the issuance of Series C preferred shares in March 2021, (iv) the conversion of the Series A, Series B and Series C preferred shares (collectively referred to as the "Preferred Shares") into ordinary shares of the Company or (v) any unvested restricted shares.

   For the purpose of this unaudited pro forma statement, the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.8315, which was the exchange rate prevailing on June 21, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 308,088,974 Shares were in issue assuming that the subdivision of Shares issued on a one-for-two basis and the Global Offering had been completed on December 31, 2020 and without taking into account (i) any Share which may be allotted and issued upon the exercise of the Over-allotment Option, (ii) any Share which may be issued or repurchased by the Company under Pre-IPO Share Incentive Plan and under the general mandates for the allotment and issue or repurchase of Shares granted to the directors of the Company, (iii) the issuance of Series C preferred shares in March 2021, (iv) the conversion of the Preferred Shares into ordinary shares of the Company or (v) any unvested restricted shares.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in RMB is converted into HK$ at the rate of RMB0.8315 to HK$1, which was the exchange rate prevailing on June 21, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 to reflect any trade result or other transaction of the Group entered into subsequent to December 31, 2020. In particular, the unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company as shown on page II-1 have not been adjusted to illustrate the effect of the following:

   (I) Upon completion of the Global Offering, the conversion of the Series A and Series B preferred shares would have reclassified the carrying amount of Series A and Series B preferred shares of RMB2,403,022,000, assuming no further changes in fair values of Series A and Series B preferred shares upon Global Offering, to ordinary shares under equity. The conversion of Series A and Series B preferred shares in issue would have increased the total number of shares in issue assumption stated in Note 3 by 310,210,782 Shares (after the effect of the subdivision of Shares on a one-for-two basis) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 by RMB2,403,022,000.

(II) In March 2021, the Company issued a total of 33,556,314 Series C preferred shares to a group of investors for a total consideration of US$155,000,000 (approximately equivalent to RMB1,000,463,000 at the rate of US$1 to RMB6.4546, which was the exchange rate prevailing on June 21, 2021 with reference to the rate published by the People's Bank of China). Upon completion of the Global Offering, the conversion of the Series C preferred shares would have reclassified the proceeds of Series C preferred shares received of RMB1,000,463,000, assuming no further changes in fair values of Series C preferred shares upon Global Offering, to ordinary shares under equity. The conversion of Series C preferred shares in issue would have increased the total number of shares in issue assumption stated in Note 3 by 67,112,628 Shares (after the effect of the subdivision of Shares on a one-for-two basis) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 by RMB1,000,463,000.

(III) Upon completion of the Global Offering, certain milestone-based restricted ordinary shares will be vested and would have increased the total number of shares in issue assumption stated in Note 3 by 7,000,000 Shares (after the effect of the subdivision of Shares on a one-for-two basis).

The combined effect of above issuance of Series C preferred shares in March 2021, the conversion of Preferred Shares into ordinary shares of the Company and the vesting of certain milestone-based restricted shares upon completion of the Global Offering (collectively referred to as the "Subsequent Transactions") would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 by RMB3,403,485,000 to RMB3,500,411,000 based on an Offer Price of HK$21.00 (equivalent to RMB17.46) per Share and RMB3,611,734,000 based on an Offer Price of HK$22.25 (equivalent RMB18.50) per Share and would have increased the total Shares in issue by 384,323,410 Shares to a total of 692,412,384 Shares in issue (after the effect of the subdivision of Shares on a one-for-two basis). Had the Subsequent Transactions been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2020 per Share would be RMB5.06 (equivalent to HK$6.08) based on an Offer Price of HK$21.00 (equivalent to RMB17.46) per Share and RMB5.22 (equivalent to HK$6.27) based on an Offer Price of HK$22.25 (equivalent to RMB18.50) per Share, respectively.

For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in RMB is converted into HK$ at the rate of RMB0.8315 to HK$1, which was the exchange rate prevailing on June 21, 2021 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

## B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.*

Deloitte. 德勤

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

**To the Directors of Brii Biosciences Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Brii Biosciences Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at December 31, 2020 and the related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated June 30, 2021 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offering and international offering of the shares of the Company ("the Global Offering") on the Group's financial position as at December 31, 2020 as if the Global Offering had taken place at December 31, 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for the two years ended December 31, 2020, on which an accountants' report set out in Appendix I to the Prospectus has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
June 30, 2021

## SUMMARY OF THE CONSTITUTION OF THE COMPANY

### 1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on June 22, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents available for inspection".

### 2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 22, 2021 and include provisions to the following effect:

#### *2.1 Classes of Shares*

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$6,000 divided into 1,200,000,000 shares of US$0.000005 each.

#### *2.2 Directors*

*(a) Power to allot and issue Shares*

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

*(b) Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

*(c) Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

*(d) Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

*(e) Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

*(f) Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so

contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of

its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

*(g) Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

*(h) Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

*(i) Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

*(j) Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

### *2.3 Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

### *2.4 Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

### *2.5 Alteration of capital*

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so

that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

### *2.6 Special resolution – majority required*

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

### *2.7 Voting rights*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and

powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

### *2.8 Annual general meetings and extraordinary general meetings*

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

### *2.9 Accounts and audit*

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

### *2.10 Auditors*

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

### *2.11 Notice of meetings and business to be conducted thereat*

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

### *2.12 Transfer of shares*

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and

the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

### *2.13 Power of the Company to purchase its own shares*

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

### *2.14 Power of any subsidiary of the Company to own shares*

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

### *2.15 Dividends and other methods of distribution*

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

***2.16 Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

*2.17 Calls on shares and forfeiture of shares*

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

***2.18 Inspection of register of members***

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

***2.19 Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

### *2.20 Rights of minorities in relation to fraud or oppression*

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

### *2.21 Procedure on liquidation*

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

*2.22 Untraceable members*

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

## SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

### 1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

### 2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 December 2017 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

### 3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company

redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

## 4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

## 5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

## 6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

**7 Disposal of Assets**

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

**8 Accounting and Auditing Requirements**

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**9 Register of Members**

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

**10 Inspection of Books and Records**

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

## 11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

## 12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

## 13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

## 14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

## 15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

## 16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

## 17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

## 18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

## 19 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

## 20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

## 21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

## A. FURTHER INFORMATION ABOUT OUR GROUP

### 1. Incorporation of Our Company

We were incorporated in the Cayman Islands on December 8, 2017 under the Companies Act as an exempted company with limited liability. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in Appendix III to this prospectus.

Our principal place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 31, 2021. Ms. Wing Tsz Wendy Ho has been appointed as our agent for the acceptance of service of process and notices in Hong Kong.

### 2. Changes in the Share Capital of Our Company

As at the date of our incorporation, our authorized share capital was US$50,000, divided into 50,000 shares of par value of US$1.00 each. On December 8, 2017, our Company allotted and issued one share for a total consideration of US$1.00.

On March 2, 2018, our share of par value of US$1.00 each was subdivided into 5,000,000,000 shares of par value of US$0.00001 each, of which, 4,750,000,000 authorized but unissued shares (which represents share capital of US$47,500.00) were cancelled. Since then, our authorized share capital was US$2,500, divided into 250,000,000 shares of par value of US$0.00001 each.

On May 29, 2018, our authorized share capital was amended from US$2,500 divided into 250,000,000 shares of par value of US$0.00001 each to US$2,500 divided into 250,000,000 shares of par value of US$0.00001 each, consisting of (i) 230,000,000 Class A Ordinary Shares of par value US$0.00001 each and (ii) 20,000,000 Class B Ordinary Shares of par value US$0.00001 each, by the re-designation of 20,000,000 authorized but unissued ordinary Shares of par value US$0.00001 each to 20,000,000 Class B Ordinary Shares of par value US$0.00001 each.

On June 19, 2018, our Company allotted and issued a total of 16,100,000 Class A Ordinary Shares and a total of 6,525,000 Class B Ordinary Shares, all at a purchase price of US$0.00001 per share for a total consideration of US$226.25.

As of June 20, 2018, the authorized share capital of our Company was increased to US$5,000 divided into 500,000,000 Shares, consisting of (i) 317,357,841 Class A Ordinary Shares of par value of US$0.00001 each, (ii) 20,000,000 Class B Ordinary Shares of par value of US$0.00001 each, (iii) 86,513,192 Series A Preferred Shares and (iv) 76,128,967 Series B Preferred Shares.

On June 22, 2018, our Company allotted and issued a total of 66,399,999 Class A Ordinary Shares at a purchase price of US$0.00001 per share for a total consideration of US$664.01.

In connection with the Series A financing, our Company allotted and issued (i) a total of 30,300,002 Series A Preferred Shares at a purchase price of US$1.00 per share for a total consideration of US$30,300,002.00 at the initial closing on June 22, 2018, and (ii) a total of 56,213,190 Series A Preferred Shares at a purchase price of US$1.00 per share for a total consideration of US$56,213,190.00 at the second closing on December 20, 2018. At our Series A financing closings, our Company alloted and issued a total of 19,298,758 Class A Ordinary Shares at a purchase price of US$0.00001 per share for a total consideration of US$193.00.

The following alterations in the share capital of our Company have taken place within two years immediately preceding the date of this prospectus:

(a) In connection with the Series B financing, our Company allotted and issued (i) a total of 29,835,309 Series B Preferred Shares at a purchase price of US$2.5138 per share for a total consideration of US$74,999,999.76 at the initial closing of the Series B financing on December 27, 2019, and (ii) a total of 38,756,890 Series B Preferred Shares at a purchase price of US$2.5138 per share for a total consideration of US$97,427,070.08 at the second closing of the Series B financing on August 31, 2020;

(b) As of February 26, 2021, the authorized share capital of our Company was increased to US$6,000 divided into 600,000,000 Shares, consisting of (i) 358,090,909 Class A Ordinary Shares of par value of US$0.00001 each, (ii) 50,000,000 Class B Ordinary Shares of par value of US$0.00001 each, (iii) 86,513,192 Series A Preferred Shares of par value of US$0.00001 each, (iv) 68,592,199 Series B Preferred Shares of par value of US$0.00001 each, and (v) 36,803,700 Series C Preferred Shares of par value of US$0.00001 each; and

(c) In connection with the Series C financing, our Company allotted and issued (i) a total of 30,308,930 Series C Preferred Shares at a purchase price of US$4.6169 per share for a total consideration of US$139,999,978.57 at the initial closing of the Series C financing on March 4, 2021, and (ii) a total of 3,247,384 Series C Preferred Shares at a purchase price of US$4.6191 per share for a total consideration of US$14,999,991.44 at the second closing of the Series C financing on March 8, 2021.

Save as disclosed above and in "4. Resolutions of the Shareholders of the Company Passed on June 22, 2021" below, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

## 3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

***Brii Beijing***

On March 19, 2019, the registered capital of Brii Beijing was increased from US$5,000,000 to US$15,000,000.

On November 4, 2019, the registered capital of Brii Beijing was increased from US$15,000,000 to US$29,185,000.

On September 1, 2020, the registered capital of Brii Beijing was increased from US$29,185,000 to US$43,470,000.

On February 9, 2021, the registered capital of Brii Beijing was increased from US$43,470,000 to US$103,470,000.

***TSB***

On May 26, 2020, TSB was established under the laws of the PRC with a registered capital of RMB27,710,000.

On November 20, 2020, the registered capital of TSB was increased from RMB27,710,000 to RMB49,876,597.

## 4. Resolutions of the Shareholders of the Company Passed on June 22, 2021

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on June 22, 2021, it was resolved, among others:

(a) the Memorandum and Articles of Association were approved and adopted, and will come into effect upon Listing;

(b) each of the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme was approved and adopted, and will come into effect upon Listing;

(c) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and (2) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms therein or otherwise:

(i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering and the Over-allotment Option;

(ii) the grant of the Over-allotment Option by our Company to the International Underwriters to allot and issue up to 15% of the Offer Shares initially available under the Global Offering to cover, among other things, the over-allocations in the International Offering was approved;

(iii) the proposed Listing was approved and our Directors were authorized to implement such Listing; and

(iv) all the issued and unissued Class A Ordinary Shares and Class B Ordinary Shares be re-designated and re-classified as ordinary Shares, and all the issued and unissued Preferred Shares be converted into ordinary Shares, each having the rights and restrictions as set out in the Memorandum and the Articles;

(d) following the share re-designation, re-classification and conversion as referred to in sub-paragraph (c) above, each of the Company's issued and unissued Shares of a par value of US$0.00001 are subdivided into 2 Shares of a par value of US$0.000005 each, such that following the sub-division, the authorized share capital of our Company is US$6,000 divided into 1,200,000,000 Shares of par value of US$0.000005 each;

(e) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option or under the Share Incentive Schemes. This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever is the earliest;

(f) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the Share Subdivision and completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option or under the Share Incentive Schemes).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. This general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever is the earliest; and

(g) the general unconditional mandate as mentioned in paragraph (c) above would be extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the Share Subdivision and completion of the Global Offering, excluding any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option or under the Share Incentive Schemes).

## 5. Repurchase of our Shares

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own Shares.

### *(a) Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own Shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

#### *(i) Shareholders' Approval*

All proposed repurchase of Shares (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

#### *(ii) Source of Funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutive documents of a listed company, the laws of the jurisdiction in which the listed company is incorporated or otherwise established. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by a listed company may be made out of the funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

#### *(iii) Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

A company may not make a new issue or announce a proposed new issue of shares for a period of 30 days after any repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the listed company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange.

In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

A listed company may not make any repurchase of shares after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances.

*(iv) Status of Repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

*(v) Reporting Requirements*

Certain information relating to repurchases of shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day on which the listed company makes a purchase of its shares. The report must state the total number of shares purchased by the listed company the previous day, the purchase price per share or the highest and lowest prices paid for such purchases. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including the number of shares repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

*(vi) Core Connected Persons*

A listed company is prohibited from knowingly repurchasing its shares from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling its shares to the company.

***(b) Reasons for Repurchase***

Our Directors believe that it is in the best interest of us and our Shareholders for our Directors to have general authority from the Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

***(c) Funding of Repurchases***

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association, the Companies Act or other applicable laws of Cayman Islands and the Listing Rules. On the basis of our current financial condition as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

***(d) General***

Exercise in full of the current repurchase mandate, on the basis of 706,200,926 Shares in issue after completion of the Share Subdivision and the Global Offering (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or Shares that may be allotted and issued under the Share Incentive Schemes), could accordingly result in up to 70,620,092 Shares being repurchased by us during the period prior to:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us or our subsidiaries. Our Directors have undertaken with the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association, the Companies Act or any other applicable laws of the Cayman Islands.

If, as a result of a repurchase of our Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

No core connected person, as defined in the Listing Rules, has notified us that he/she or it has a present intention to sell his/her or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

## B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

### 1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, Invesco Advisers, Inc., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which Invesco Advisers, Inc. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$40,000,000;

(b) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, UBS Asset Management (Singapore) Ltd., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which UBS Asset Management (Singapore) Ltd. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$35,000,000;

(c) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, RBC Global Asset Management (Asia) Limited (加皇環球資產管理(亞洲)有限公司), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which RBC Global Asset Management (Asia) Limited (加皇環球資產管理(亞洲)有限公司) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$30,000,000;

(d) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, AIHC Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which AIHC Master Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(e) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, Springhill Master Fund Limited, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which Springhill Master Fund Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(f) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, Athos Asia Event Driven Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which Athos Asia Event Driven Master Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(g) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, Boyu Capital Opportunities Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which Boyu Capital Opportunities Master Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(h) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, Sage Partners Master Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which Sage Partners Master Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(i) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, The Valliance Fund, Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which The Valliance Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(j) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, Youyu Global Limited (有魚環球有限公司), Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which Youyu Global Limited (有魚環球有限公司) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(k) a cornerstone investment agreement dated June 28, 2021 entered into among our Company, SCC Growth V Holdco Q, Ltd., Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司), UBS AG Hong Kong Branch and UBS Securities Hong Kong Limited, pursuant to which SCC Growth V Holdco Q, Ltd. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$2,000,000; and

(l) The Hong Kong Underwriting Agreement.

## 2. Our Material Intellectual Property Rights

### *(a) Trademarks*

As of the Latest Practicable Date, our material registered trademarks were as follows:

| No. | Trademark | Place of registration | Name of registered proprietor | Registration no. | Class | Expiry date |
|---|---|---|---|---|---|---|
| 1. | Brii Biosciences Breakthrough innovation & insight | U.S. | Our Company | 5962396 | 42 | January 14, 2026 |
| 2. | A. Brii Biosciences Breakthrough innovation & insight<br>B. Brii Biosciences Breakthrough innovation & insight | Hong Kong | Our Company | 304522455 | 5, 40, 42 and 44 | May 9, 2028 |
| 3. | Brii Biosciences | China | Our Company | 30808235 | 5 | June 6, 2029 |
| 4. | Brii Biosciences | China | Our Company | 30808234 | 40 | April 6, 2029 |
| 5. | Brii Biosciences | China | Our Company | 30808232 | 44 | April 6, 2029 |
| 6. | Brii Biosciences | China | Our Company | 30808233 | 42 | April 27, 2029 |
| 7. | Brii Biosciences Breakthrough innovation & insight | Taiwan | Our Company | 01972814 | 5, 40, 42 and 44 | February 15, 2029 |

As of the Latest Practicable Date, we have applied for the registration of the following trademarks which we consider to be material to our business:

| No. | Trademark | Place of registration | Name of applicant | Application no. | Class | Application date |
|---|---|---|---|---|---|---|
| 1. | Brii Biosciences Breakthrough innovation & insight | U.S. | Our Company | 87913691 | 5 and 40 | May 9, 2018 |

*(b) Patents*

For a discussion of the details of the material patents and the material filed patent applications by the Company in connection with our clinical and pre-clinical drug candidates, please refer to the section headed "Business – Patents and other Intellectual Property – Patents" in this prospectus.

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

*(c) Domain Names*

As of the Latest Practicable Date, our material domain names were as follows:

| No. | Domain name | Registrant | Date of registration | Expiry date |
|---|---|---|---|---|
| 1. | biigrx.com | Our Company | December 22, 2017 | December 22, 2021 |
| 2. | biigtherapeutics.com | Our Company | December 22, 2017 | December 22, 2021 |
| 3. | biigtx.com | Our Company | March 10, 2018 | March 10, 2022 |
| 4. | brii.bio | Our Company | August 27, 2018 | August 27, 2022 |
| 5. | briibio.com | Our Company | April 17, 2018 | April 17, 2022 |
| 6. | briibiosciences.com | Our Company | April 17, 2018 | April 17, 2022 |
| 7. | briibiotech.com | Our Company | April 17, 2018 | April 17, 2022 |
| 8. | tsbtherapeutics.com | Our Company | July 23, 2020 | July 23, 2022 |

## C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of Interests

#### *(a) Interests and short positions of our Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations*

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following the Share Subdivision and completion of the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Shares that may be allotted and issued under the Share Incentive Schemes) in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed:

| Name of Director/ Chief Executive | Capacity/nature of interest[1] | Name of company | Number of Shares[2] | Approximate percentage of shareholding |
|---|---|---|---|---|
| Robert Taylor Nelsen | Interest in controlled corporation[3] | Our Company | 90,410,418 | 12.80% |
| Zhi HONG | Trustee[4] | Our Company | 32,400,000 | 4.59% |

*Notes:*

(1) All interests stated are long position.

(2) The calculation is based on the total number of 706,200,926 Shares in issue immediately following the Share Subdivision and the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account the Shares which may be allotted and issued under the Share Incentive Schemes).

(3) The general partner of ARCH Venture Fund IX, L.P. is ARCH Venture Partners IX, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (our non-executive Director), Ms. Kristina Burow and Mr. Keith Crandell. The general partner ARCH Venture Fund IX Overage, L.P. is ARCH Venture Partners IX Overage, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (our non-executive Director), Ms. Kristina Burow and Mr. Keith Crandell. As such, Mr. Robert Taylor Nelsen is deemed to be interested in our Shares held by ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P. in aggregate.

(4) The Hong Family 2020 Irrevocable Trust and the Zhi Hong 2020 Revocable Trust were set up by Dr. Zhi HONG, our executive Director, as grantor. The Jingfan Huang 2020 Revocable Trust was set up by Dr. Jingfan Huang (who was the spouse of our executive Director Dr. Zhi Hong), as the grantor. Dr. Zhi Hong is the trustee of the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust, Dr. Zhi Hong's children are the co-trustees of the Hong Family 2020 Irrevocable Trust. Therefore Dr. Zhi Hong is deemed to be interested in the Shares held by the Hong Family 2020 Irrevocable Trust, the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust in aggregate.

***(b) Interests of the substantial shareholders in the Shares***

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, immediately following the Share Subdivision and the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares that may be allotted and issued under the Share Option Schemes, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

***(c) Interests of the substantial shareholders of other members of our Group***

So far as our Directors are aware, as at the Latest Practicable Date, the following persons (excluding us and not being a Director or chief executive of our Company) are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

| **Name** | **Name of member of the Group** | **Capacity/nature of interest** | **Approximate percentage of shareholding** |
|---|---|---|---|
| Shenzhen National Infectious Disease Clinical Medicine Research Center* (深圳國家感染性疾病臨床醫學研究中心) | TSB | Beneficial interest | 13.34% |

## 2. Particulars of Directors' Service Contracts and Letters of Appointment

Each of Dr. Zhi Hong and Mr. Yongqing Luo, being our executive Directors, has entered into a service contract with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the executive Director or our Company.

Mr. Robert Taylor Nelsen, being our non-executive Director, has entered into a service contract with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the non-executive Director or our Company.

Each of Dr. Martin J Murphy Jr, Ms. Grace Hui Tang and Mr. Yiu Wa Alec Tsui, being our independent non-executive Directors, has entered into a letter of appointment with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the independent non-executive Director or our Company.

Save as disclosed in this prospectus, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

## 3. Remuneration of Directors

The aggregate amount of remuneration to our Directors for the years ended December 31, 2019 and 2020 were approximately RMB20.2 million and RMB22.3 million, respectively.

It is estimated that remuneration and benefits in kind (excluding any possible payment of discretionary bonus) equivalent to approximately RMB45.54 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2021 under arrangements in force at the date of this prospectus.

The five highest paid individuals for the years ended December 31, 2019 and 2020 included one Director, whose remuneration is included in the aggregate amount of remuneration set out above. The aggregate amount of remuneration to our remaining four highest paid individuals for the years ended December 31, 2019 and 2020 were approximately RMB18.3 million and RMB20.8 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group; (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group; and (iii) none of our Directors waived any emoluments.

**4. Disclaimers**

Save as disclosed in this prospectus:

(a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Shares that may be allotted and issued under the Share Incentive Schemes), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) so far as is known to our Directors, none of our Directors, their respective close associates or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest suppliers of our Group; and

(d) each of our executive and non-executive Directors have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had interests in any business other than our business, which compete, or is likely to compete, either directly or indirectly with our business that would require disclosure under Rule 8.10 of the Listing Rules.

## D. SHARE INCENTIVE SCHEMES

### 1. Pre-IPO Share Incentive Plan

#### *(a) Summary*

The following is a summary of the principal terms of the Pre-IPO Share Incentive Plan of our Company as approved and adopted by our Company on October 30, 2018 and subsequently amended on August 27, 2020 and February 26, 2021. The terms of the Pre-IPO Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

*(i) Purpose*

The purpose of the Pre-IPO Share Incentive Plan is to promote the success of our Company and the interests of its shareholders by providing a means through which our Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of Award recipients with those of our Company's shareholders generally.

*(ii) Who may join*

Those eligible to participate in the Pre-IPO Share Incentive Plan (the "**Eligible Person**") include officers, directors, employees, advisers or consultants of our Company or any of its Affiliates (as defined in the Pre-IPO Share Incentive Plan) as determined, authorized and approved by the Administrator. The Administrator may, from time to time, select from among all eligible individuals (the "**Participants**") to whom awards in the form of options (the "**Options**"), share appreciation rights (the "**SARs**") and restricted share awards (the "**Share Awards**") (collectively the "**Awards**"), will be granted and will determine the nature and amount of each option. A person's status as an Eligible Person is not a commitment that any Award will be granted to that person under the Pre-IPO Share Incentive Plan. Nil consideration was paid by the grantees for the grant of Awards under the Pre-IPO Share Incentive Plan.

*(iii) Maximum number of Ordinary Shares with a par value of US$0.00001 each*

Subject to any adjustments for other dilutive issuances as set out in the Pre-IPO Share Incentive Plan, the overall limit on the number of underlying shares which may be delivered pursuant to Awards granted under the Pre-IPO Share Incentive Plan is 17,908,251 Shares of our Company's authorized but unissued Class B Ordinary Shares with a par value of US$0.00001 each (an "**Ordinary Share**") (or 35,816,502 Shares with a par value of US$0.000005 as adjusted after the Share Subdivision).

*(iv) Administration*

The Pre-IPO Share Incentive Plan is administered by our Board or one or more committees appointed by our Board or another committee (within its delegated authority) to administer all or certain aspects of the Pre-IPO Share Incentive Plan (the "**Administrator**"). Subject to the express provisions of the Pre-IPO Share Incentive Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of Awards and the administration of the Pre-IPO Share Incentive Plan, including, without limitation, the authority to:

(1) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive Awards;

(2) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of the Pre-IPO Share Incentive Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;

(3) approve the forms of Award Agreements (as defined in the Pre-IPO Share Incentive Plan), which need not be identical either as to type of Award or among Eligible Persons who have been granted and hold an Award under the Pre-IPO Share Incentive Plan (the "**Participants**");

(4) construe and interpret the Pre-IPO Share Incentive Plan and any Award Agreement or other agreements defining the rights and obligations of our Company, its Affiliates, and Participants under the Pre-IPO Share Incentive Plan, make factual determinations with respect to the administration of the Pre-IPO Share Incentive Plan, further define the terms used in the Pre-IPO Share Incentive Plan, and prescribe, amend and rescind rules and regulations relating to the administration of the Pre-IPO Share Incentive Plan or the Awards;

(5) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards;

(6) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (within the maximum ten-year term of Awards) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);

(7) determine Fair Market Value (as defined in the Pre-IPO Share Incentive Plan) for purposes of the Pre-IPO Share Incentive Plan and Awards;

(8) determine the duration and purposes of leaves of absence that may be granted to Participants without constituting a termination of their employment for purposes of the Pre-IPO Share Incentive Plan;

(9) determine whether, and the extent to which, adjustments are required pursuant to the Pre-IPO Share Incentive Plan and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an adjustment event; and

(10) implement any procedures, steps, additional or different requirements as may be necessary to comply with any laws of the PRC that may be applicable to the Pre-IPO Share Incentive Plan and, any Award or any related documents, including but not limited to foreign exchange laws, tax laws and securities laws of the PRC.

Our Company has also engaged Kastle Limited as a trustee of a trust to administer certain Awards including Options granted under the Pre-IPO Share Incentive Plan which have been or will be transferred to the trust and held as part of the trust fund. Dr. Zhi Hong was our authorized representative to give instructions or notices to Kastle Limited.

*(v) Grant of Awards*

The Administrator is authorized to grant Awards to Participants in accordance with the terms of the Pre-IPO Share Incentive Plan. Awards granted will be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement contains the terms established by the Administrator for that Award, as well as any other additional terms, provisions, or restrictions that the Administrator may impose on the Award.

*(vi) Term of the Pre-IPO Share Incentive Plan*

The Pre-IPO Share Incentive Plan commenced on October 30, 2018 (the "**Effective Date**") and will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of the Pre-IPO Share Incentive Plan either upon such stated expiration date or its earlier termination by our Board, no additional Awards may be granted under the Pre-IPO Share Incentive Plan, but previously granted Awards (and the authority of the Administrator with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Pre-IPO Share Incentive Plan.

*(vii) Options and SAR Grant Program*

(1) Term

Each Option and SAR shall expire not more than 10 years after the date of grant. Each Option and SAR will be subject to earlier termination as provided in or pursuant to the Pre-IPO Share Incentive Plan or the terms of the applicable Award Agreement.

(2) Exercise of option

An Option or SAR may be exercised only to the extent that it is vested and exercisable. The Administrator may, in its discretion, designate any Option or SAR as an "early exercise Option" or "early exercise SAR" which, by express provision in the applicable Award Agreement, may be exercised prior to the date such Option or SAR has vested.

The Administrator will determine the vesting and/or exercisability provisions of each Option or SAR (which may be based on performance criteria, passage of time or other factors or any combination thereof), which will be set forth in the applicable Award Agreement. Unless the Administrator otherwise expressly provides, once exercisable an Option or SAR will remain exercisable until the expiration or earlier termination of the Option or SAR.

(3) Option or SAR price

The Administrator will determine the purchase price per share of the Ordinary Shares covered by each Option (the "exercise price" of the Option) at the time of the grant of the Option, which exercise price will be set forth in the applicable Award Agreement. The exercise price of an Option may be a fixed price based on the par value of an Ordinary Share or variable price related to the Fair Market Value of an Ordinary Share.

The Administrator will determine the base price per share of the Ordinary Shares covered by each SAR at the time of the grant of the SAR, which base price will be set forth in the applicable Award Agreement.

(4) Incentive Stock Option Status

The Administrator will designate each Option granted under the Pre-IPO Share Incentive Plan to a U.S. resident as either an Incentive Stock Option (as defined in the Pre-IPO Share Incentive Plan) or a Nonqualified Option (as defined in the Pre-IPO Share Incentive Plan), and such designation shall be set forth in the applicable Award Agreement. Any Option granted under the Pre-IPO Share Incentive Plan to a U.S. resident that is not expressly designated in the applicable Award Agreement as an Incentive Stock Option will be deemed to be designated a Nonqualified Option under the Pre-IPO Share Incentive Plan.

The Administrator may designate any Option granted under the Pre-IPO Share Incentive Plan to a non-U.S. resident in accordance with the rules and regulations applicable to options in the jurisdiction in which such person is a resident.

(5) Limitations on Grant and Terms of Incentive Stock Options

To the extent that the aggregate Fair Market Value of shares with respect to which incentive stock options first become exercisable by a Participant in any calendar year exceeds US$100,000, taking into account all shares subject to incentive stock options under all plans of our Company or any of its Affiliates, such options will be treated as Non-qualified Options.

Incentive Stock Options may only be granted to individuals that are employees of the Company or one of its Affiliates and satisfy the other eligibility requirements of the U.S. Internal Revenue Code of 1986.

Any Participant who exercises an Incentive Stock Option shall give prompt written notice to our Company of any sale or other transfer of the Ordinary Shares acquired on such exercise if the sale or other transfer occurs within (a) one year after the exercise date of the Option, or (b) two years after the grant date of the Option.

No Incentive Stock Option may be granted to any person who, at the time the Incentive Stock Option is granted, owns outstanding shares of our Company (or any of its Affiliates) possessing more than 10% of the total combined voting power of all classes of shares of our Company (or any of its Affiliates).

(6) Waiver of restrictions

Except as otherwise provided in the Pre-IPO Share Incentive Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the exercise or base price, the vesting schedule, the number of shares subject to, or the term of, an Option or SAR granted under the Pre-IPO Share Incentive Plan by cancellation of an outstanding Option or SAR and a subsequent regranting of the Option or SAR by amendment, by substitution of an outstanding Option or SAR, by waiver or by other legally valid means.

(7) Effect of termination of employment or service for cause

Unless otherwise provided in the applicable Award Agreement and subject to earlier termination pursuant to or as contemplated by the Pre-IPO Share Incentive Plan, if a Participant's employment by or service to our Company or any of its Affiliates is terminated by such entity for Cause (as defined in the Pre-IPO Share Incentive Plan), the Participant's Option or SAR will terminate on the Participant's Severance Date (as defined in the Pre-IPO Share Incentive Plan), whether or not the Option or SAR is then vested and/or exercisable.

(8) Rights on death or disability

Unless otherwise provided in the applicable Award Agreement and subject to earlier termination pursuant to or as contemplated by the Pre-IPO Share Incentive Plan, if a Participant's employment by or service to our Company or any of its Affiliates terminates as a result of the Participant's death or Total Disability (as defined in the Pre-IPO Share Incentive Plan), (1) the Participant (or his or her personal representative or beneficiary, in the case of the Participant's Total Disability or death, respectively), will have until the date that is 12 months after the Participant's Severance Date to exercise the Participant's Option or SAR (or portion thereof) to the extent that it was vested and exercisable on the Severance Date; (2) the Option or SAR, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and (3) the Option or SAR, to the extent exercisable for the 12-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

(9) Rights on termination of employment of service otherwise than for cause or as a result of death or disability

Unless otherwise provided in the applicable Award Agreement and subject to earlier termination pursuant to or as contemplated by the Pre-IPO Share Incentive Plan, if a Participant's employment by or service to our Company or any of its Affiliates terminates for any reason other than a termination by such entity for Cause or because of the Participant's death or Total Disability, (1) the Participant will have until the date that is 3 months after the Participant's Severance Date to exercise his or her Option or SAR (or portion thereof) to the extent that it was vested and exercisable on the Severance Date; (2) the Option or SAR, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and (3) the Option or SAR, to the extent exercisable for the 3-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 3-month period.

*(viii) Share Awards Program*

(1) Types of Share Awards

Eligible Persons may, at the discretion of the Administrator, be awarded restricted or unrestricted Ordinary Shares. The Administrator shall designate whether a Share Award shall be an award of Restricted Shares, and such designation shall be set forth in the applicable Award Agreement.

(2) Term

A Share Award shall either vest or be forfeited not more than 10 years after the date of grant. Each Share Award will be subject to earlier termination as provided in or pursuant to the Pre-IPO Share Incentive Plan.

(3) Purchase price

The Administrator will determine the purchase price per share of the Ordinary Shares covered by each Share Award at the time of grant of the Award. In no case will such purchase price be less than the par value of the Ordinary Shares.

(4) Issuance and restrictions of Restricted Shares

Restricted Shares are Ordinary Shares awarded to a Participant under the Pre-IPO Share Incentive Plan and shall be subject to payment of such consideration and such conditions on vesting (which may include, among others, the passage of time, specified performance objectives or other factors) and such transfer and other restrictions as are established in or pursuant to the Pre-IPO Share Incentive Plan and the related Award Agreement, to the extent such remain unvested and restricted under the terms of the applicable Award Agreement.

Share certificates evidencing Restricted Shares will bear a legend making appropriate reference to the restrictions imposed under the Pre-IPO Share Incentive Plan and will be held by our Company or by a third party designated by the Administrator until the restrictions on such shares have lapsed, the shares have vested in accordance with the provisions of the Award Agreement and the Pre-IPO Share Incentive Plan, and any related loan has been repaid.

Unless otherwise provided in the applicable Award Agreement, a Participant holding Restricted Shares will be entitled to cash dividend and voting rights for all Restricted Shares issued even though they are not vested, but such rights will terminate immediately as to any Restricted Shares which cease to be eligible for vesting or are repurchased by our Company.

(5) Forfeiture and repurchase

Unless the Administrator otherwise expressly provides, Restricted Shares subject to an Award that remain subject to vesting conditions that have not been satisfied by the time specified in the applicable Award Agreement (which may include, without limitation, the Participant's Severance Date), will not vest and will be reacquired by our Company in such manner and on such terms as the Administrator provides, which terms shall include, to the extent not prohibited by law, return or repayment of the lower of (a) the Fair Market Value of the Restricted Shares at the time of the termination, or (b) if applicable, the original purchase price of the Restricted Shares, without interest. The Award Agreement shall specify any other terms or conditions of the repurchase if the Award fails to vest. Any other Share Award that has not been exercised as of a Participant's Severance Date shall terminate on that date unless otherwise expressly provided by the Administrator in the applicable Award Agreement.

(6) Waiver of restrictions

Except as otherwise provided in the Pre-IPO Share Incentive Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the vesting schedule, or the restrictions upon or the term of, a Share Award granted under the Pre-IPO Share Incentive Plan by amendment, by substitution of an outstanding Share Award, by waiver or by other legally valid means.

*(ix) Limits on Transfers*

Unless otherwise expressly provided in (or pursuant to) the Pre-IPO Share Incentive Plan, by applicable law and by the Award Agreement, as the same may be amended, and subject to certain limited exceptions, (1) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge; (2) Awards will be exercised only by the Participant; and (3) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Ordinary Shares, registered in the name of, the Participant.

*(x) Adjustments*

Unless otherwise expressly provided in the applicable Award Agreement and the Pre-IPO Share Incentive Plan, in the event of any reclassification, recapitalization, share split (including a share split in the form of a share dividend) or reverse share split; any merger, combination, consolidation, or other reorganization; any split-up, spin-off, or similar extraordinary dividend distribution in respect of the Ordinary Shares; or any exchange of Ordinary Shares or other securities of our Company, or any similar, unusual or extraordinary corporate transaction in respect of the Ordinary Shares, the Administrator shall equitably and proportionately adjust (1) the number and type of shares of Ordinary Shares (or other securities) that thereafter may be made the subject of Awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in the Pre-IPO Share Incentive Plan), (2) the number, amount and type of Ordinary Shares (or other securities or property) subject to any outstanding Awards, (3) the grant, purchase, exercise or base price of any outstanding Awards, and/or (4) the securities, cash or other property deliverable upon exercise or vesting of any outstanding Awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by the Pre-IPO Share Incentive Plan and the then-outstanding Awards.

*(xi) Early termination*

Upon the occurrence of a Change in Control Event (as defined in the Pre-IPO Share Incentive Plan), each then-outstanding Award (whether or not vested and/or exercisable, but after giving effect to any accelerated vesting required in the circumstances pursuant to the Pre-IPO Share Incentive Plan) shall terminate, subject to any provision that has been expressly made by the Administrator, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award and provided that, in the case of Options and SARs that will not survive or be substituted for, assumed, exchanged, or otherwise continued or settled in the Change in Control Event, the holder of such Award shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding and vested Options and SARs (the vested portion of such Options and SARs determined after giving effect to any accelerated vesting required in the circumstances pursuant to the Pre-IPO Share Incentive Plan) in accordance with their terms before the termination of the Awards (except that in no case shall more than ten days' notice of accelerated vesting and the impending termination be required and any acceleration may be made contingent upon the actual occurrence of the event).

*(xii) Amendment, termination and Suspension*

The Board may, at any time, terminate or, from time to time, amend, modify or suspend the Pre-IPO Share Incentive Plan, in whole or in part.

Except with respect to amendments made pursuant to the above, no amendment, suspension or termination of the Pre-IPO Share Incentive Plan or amendment of any outstanding Award shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of our Company under any Award granted under the Pre-IPO Share Incentive Plan prior to the effective date of such change.

***(b) Outstanding Options***

As of the date of this prospectus, outstanding Options to subscribe for an aggregate of 33,781,198 Shares (as adjusted after the Share Subdivision) have been granted to a total of 122 Eligible Person under the Pre-IPO Share Incentive Plan, including a total of 8 Directors and senior management of our Company, and 84 other employees, four former employees and 26 consultants of our Group (who are not our Directors or the senior management of our Company or other connected person of our Company).

Below is a summary of the Grantees who have been granted Options under the Pre-IPO Share Incentive Plan.

| Grantee | Position | Address | Exercise price (as adjusted after the Share Subdivision) | Date of grant | Vesting commencement date | Number of Shares underlying outstanding options granted (as adjusted after the Share Subdivision) | Approximate percentage of issued Shares immediately after the Share Subdivision and completion of the Global Offering[1] | Notes |
|---|---|---|---|---|---|---|---|---|
| *Directors of our Company* | | | | | | | | |
| Zhi Hong | Executive Director, Chairman of the Board and Chief Executive Officer | 201 Copper Beech Court, Chapel Hill, North Carolina 27517, The United States of America | US$0.68 | September 18, 2020 | October 18, 2020 | 5,000,000 | 0.71% | 3 |
| | | | US$0.68 | September 18, 2020 | October 18, 2020 | 3,000,000 | 0.42% | 4 |
| | | | US$0.68 | September 18, 2020 | September 18, 2020 | 4,000,000 | 0.57% | 6 |
| Yongqing Luo | Executive Director and President and General Manager of Greater China | Room 702, No. 1 Building, Lane 2188, LanGu Road Shanghai, China | US$0.13 | September 18, 2020 | September 11, 2021 | 7,000,000 | 0.99% | 2 |
| *Senior Management of our Company* | | | | | | | | |
| Li Yan | Chief Medical Officer | 2033 Saint Andrews, Berwyn, PA 19312 | US$0.68 | September 18, 2020 | September 1, 2021 | 200,000 | 0.03% | 2 |
| Ankang Li | Chief Financial Officer and Joint Company Secretary | 333 Shi Men Yi Lu, #9-2802, Jing'an District, Shanghai, 200041, China | US$0.13 | September 18, 2020 | September 1, 2021 | 2,800,000 | 0.40% | 2 |
| | | | US$0.13 | September 18, 2020 | September 18, 2020 | 1,200,000 | 0.17% | 5 |
| Lianhong Xu | Senior Vice President (Head of Medicinal Chemistry) | 970 Blair Court, Palo Alto, CA 94303 | US$0.68 | September 18, 2020 | September 1, 2021 | 240,000 | 0.03% | 2 |
| Jean-Luc Samuel Francois Girardet | Senior Vice President, Head of Pharmaceutical Sciences | 13762 Paseo Valle Alto, Poway, CA 92604 | US$1.06 | April 1, 2021 | April 1, 2022 | 40,000 | 0.01% | 2 |
| Qing Zhu | Senior Vice President (Head of Biopharmaceutical Research) | 218 Marietta Way, Durham, NC 27703 | US$0.68 | September 18, 2020 | July 16, 2021 | 400,000 | 0.06% | 2 |
| Lisa Trivison Beck | Senior Vice President (Business Development and Portfolio Strategy) | 203 Clearport Drive, Cary, NC 27519 | US$0.13 | February 4, 2020 | January 1, 2021 | 120,000 | 0.02% | 2 |
| | | | US$0.68 | September 18, 2020 | September 1, 2021 | 160,000 | 0.02% | 2 |

| Grantee | Position | Address | Exercise price (as adjusted after the Share Subdivision) | Date of grant | Vesting commencement date | Number of Shares underlying outstanding options granted (as adjusted after the Share Subdivision) | Approximate percentage of issued Shares immediately after the Share Subdivision and completion of the Global Offering[1] | Notes |
|---|---|---|---|---|---|---|---|---|
| *Consultants of our Company* | | | | | | | | |
| Kun Cai | Consultant | Room 301, Building 29, 45 Chun Quan Road, Pudong District, Shanghai, China 201200 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 8 |
| Wei Chang | Consultant | #17-101, 128 Xi Yuan Road, Minhang District, Shanghai, China 201100 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 9 |
| Zhijian Chen | Scientific Advisory Board | 3453 Purdue Ave, Dallas, TX 75225 | US$0.050 | September 16, 2019 | August 1, 2019 | 200,000 | 0.02832% | 3, 10 |
| Xin Chen | Consultant | Room 502, No. 38, Lane 4555, Zhang Yang North Road, Pudong District, Shanghai, China 200137 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 11 |
| Thomas Daniel | Scientific Advisory Board | 1825 Castellana Rd., La Jolla, CA 92037 | US$0.035 | October 30, 2018 | July 1, 2018 | 200,000 | 0.02832% | 3, 12 |
| Xiaoting Du | Consultant | Room 201, No. 26, 120 Guang Ze Lu, Pudong District, Shanghai, China 200137 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 13 |
| Fuying Li | Consultant | 600 Miaojing Road, Room 45-202, Pudong District, Shanghai, China 200127 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 14 |
| Dongwei Guo | Consultant | 255 Pinelli Dr, Piscataway, NJ 08854 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 15 |
| David D Ho | Scientific Advisory Board | 200 East 32nd Street, Apt 34A, New York, NY 10016 | US$0.035 | October 30, 2018 | July 1, 2018 | 200,000 | 0.02832% | 3, 16 |
| Katy Jones | Consultant | 5108 Winding View Lane, Raleigh NC 27615 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 17 |
| James A Klein Jr. | Consultant | 500 St. Albans Drive, Ste 400, Raleigh, NC 27609 | US$1.060 | April 1, 2021 | April 1, 2022 | 2,000 | 0.00028% | 7, 18 |
| John E Kraus | Consultant | 995 Redbud, Pittsboro, NC 27312 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 19 |
| John Maraganore | Scientific Advisory Board | 1 Franklin St., PH2B, Boston, MA 02110 | US$0.035 | October 30, 2018 | July 1, 2018 | 360,000 | 0.05098% | 3, 20 |
| Barclay Phillips | Consultant | 317 Nottingham Dr, Chapel Hill, NC 27517 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 21 |
| David Salinder | Consultant | 6234 29th Avenue NE, Seattle, WA 98115 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 22 |
| Brenda Scarth | Consultant | 6685 Sweetclover Lane, Carlsbad, CA 92011 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 23 |

| Grantee | Position | Address | Exercise price (as adjusted after the Share Subdivision) | Date of grant | Vesting commencement date | Number of Shares underlying outstanding options granted (as adjusted after the Share Subdivision) | Approximate percentage of issued Shares immediately after the Share Subdivision and completion of the Global Offering[1] | Notes |
|---|---|---|---|---|---|---|---|---|
| MaryJane Silvey | Consultant | 4711 Hope Valley Road, Box 412, Durham, NC 27707 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 24 |
| Ruilei Teng | Consultant | 1768 Bo Xing Lu, 10-201, Pudong District, Shanghai, China 200129 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 25 |
| Clay B Thorp | Scientific Advisory Board | 200 Arcadia Lane, Chapel Hill, NNC 27514 | US$0.035 | October 30, 2018 | July 1, 2018 | 200,000 | 0.02832% | 3, 26 |
| Jane Wang | Consultant | 8-302, 108 Shan Hua Lu, Minhang District, Shanghai, China 200234 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 27 |
| Xin Wang | Consultant | Room 302, No.2, Yulan Gongguan, 58 Chun Yuan Road, Pudong District, Shanghai, China 201210 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 28 |
| Gann Xu | Consultant | 7 Hibberd Rd, Glen Mills, PA 19342 | US$1.330 | May 14, 2021 | May 14, 2022 | 1,000 | 0.00013% | 7, 29 |
| Yifan Yang | Consultant | 68 Tai Zhong South Road, Yuan Yang Cai Fu Zhong Xin, #1-213, Shanghai, China 200131 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 30 |
| Xiuna Yu | Consultant | Room 103, Building 16, 408 Xiang Nan Road, Pudong District, Shanghai, China 201203 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 31 |
| Tong Zheng | Consultant | 9-1301, Song, Poly Group, 288 Du Qiao Road, Pudong District, Shanghai, China 201200 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 32 |
| Qiong Zhou | Consultant | #15-501, 1086 Dong Xiu Road, Pudong District, Shanghai 201204 | US$1.060 | April 1, 2021 | April 1, 2022 | 200 | 0.00003% | 7, 33 |
| *Other Grantees* | | | | | | | | |
| 88 other Grantees including 84 employees and four former employees of our Group | Not applicable | Not applicable | From US$0.035 to US$1.33 | From October 30, 2018 to June 4, 2021 | From July 1, 2018 to June 7, 2022 | 8,454,398 | 1.20% | 2, 3, 7 |
| **Total** | | | | | | **33,781,198** | **4.78%** | |

1. These percentages are calculated on the basis of 706,200,926 Shares in issue immediately following the Share Subdivision and completion of the Global Offering, and assuming that the Over-allotment Option is not exercised and no Shares are allotted and issued under the Share Incentive Schemes.

2. In accordance with a vesting schedule, 25% of the Shares subject to the corresponding options will be vested on the vesting commencement date, and the remaining 75% of the Shares subject to the corresponding options will be vested in 36 substantially equal monthly installments with the first installment vesting on the last day of the month following the month in which the vesting commencement date occurs.

3. In accordance with a vesting schedule, the Shares subject to the corresponding options will be vested in 24 substantially equal monthly installments with the first installment vesting on the last day of the month following the month in which the vesting commencement date occurs.

4. In accordance with a vesting schedule, the Shares subject to the corresponding options will be vested in 48 substantially equal monthly installments with the first installment vesting on the last day of the month following the month in which the vesting commencement date occurs.

5. In accordance with a vesting schedule and subject to the satisfaction of certain IPO vesting conditions as specified in the relevant Award Agreement, 25% of the Shares subject to the corresponding options will be vested on the first anniversary of the completion of the IPO, and 75% of the Shares subject to the corresponding options will be vested in a series of 36 successive equal monthly installments for each monthly period of the relevant Grantee's continuous full-time employment with the Company thereafter.

6. In accordance with a vesting schedule, the first 1,333,334 Shares (as adjusted after the Share Subdivision) Shares subject to the corresponding options will be vested upon the achievements by the Group of one of the four milestones as specified in the relevant Award Agreement, the second 1,333,334 Shares (as adjusted after the Share Subdivision) Shares will be vested upon the achievements by the Group of one of the remaining three milestones, and the remaining 1,333,332 Shares (as adjusted after the Share Subdivision) Shares will be vested upon the achievements by the Group of one of the remaining two milestones, in each case the satisfaction of any milestones will be determined by the Board in its sole discretion.

7. In accordance with a vesting schedule, 100% of the Shares subject to the corresponding options will be vested on the vesting commencement date.

8. Kun Cai was engaged as our consultant to provide strategic program management to our biologics discovery and development programs.

9. Wei Chang was engaged as our Company's consultant to provide guidance on the clinical virology platform and assays in support of our HBV program.

10. Zhijian Chen, Ph.D. is an Investigator of Howard Hughes Medical Institute, Professor in the Department of Molecular Biology at the University of Texas Southwestern Medical Center at Dallas, and Director of Inflammation Research Center and George L. MacGregor Distinguished Chair in Biomedical Science at The University of Texas Southwestern. He is a member of our Scientific Advisory Board, which provides consulting services in the form of high-level strategic guidance and advice regarding our research and development.

11. Xin Chen was engaged as our Company's consultant to provide clinical translational assay development service related to our BRII-179 program.

12. Thomas O. Daniel, M.D. is currently chairman at Vividion Therapeutics, and is a Director of VIR Biotechnology, Magenta Therapeutics, ImmunsanT and Zafgen. He is a member of our Scientific Advisory Board, which provides consulting services in the form of high-level strategic guidance and advice regarding our research and development.

13. Xiaoting Du was engaged as our Company's consultant to provide evaluate and setup a clinical immunological assay platform related to our HBV program.

14. Dr. Fuying Li is engaged as our Company's consultant to provide synthesis and characterization of biological active compounds.

15. Dr. Dongwei Guo is engaged as our Company's consultant in optimizing formulation development for our BRII-296 program.

16. David D. Ho, M.D., is the founding Scientific Director and Chief Executive Officer of the Aaron Diamond AIDS Research Center. He is also the Irene Diamond Professor at The Rockefeller University. He is a member of our Scientific Advisory Board, which provides consulting services in the form of high-level strategic guidance and advice regarding our research and development.

17. Katy Jones was engaged as our Company's consultant to provide accounting services.

18. James A. Klein, Jr. was engaged as our Company's interim chief financial officer, and currently provides finance and accounting services.

19. John E. Kraus is engaged as our Company's consultant as a medical advisor for our CNS programs.

20. John Maraganore, Ph.D. is the CEO and Director of Alnylam Pharmaceuticals. He is a member of our Scientific Advisory Board, which provides consulting services in the form of high-level strategic guidance and advice regarding our research and development.

21. Barclay Phillips was engaged as our Company's consultant to provide corporate strategic advice.

22. David Salinger was engaged as our Company's consultant to provide Pharmacometrics services.

23. Brenda Scarth is engaged as our Company's consultant to provide quality assurance services.

24. MaryJane Silvey is engaged as our Company's consultant to provide medical writing services.

25. Ruilei Teng was engaged as our Company's consultant to assist with IND submission to CDE and FDA, and regulatory correspondence for our COVID program.

26. Clay B. Thorp is a General Partner at Hatteras Venture Partners. He is a member of our Scientific Advisory Board, which provides consulting services in the form of high-level strategic guidance and advice regarding our research and development.

27. Dr. Jane Wang is engaged as our Company's consultant to provide synthesis and characterization of biological active compounds.

28. Xin Wang was engaged as our Company's consultant to provide advice on strategy and challenges during CMC development for our COVID program during the pandemic.

29. Gann Xu was engaged as our Company's consultant to prepare patent applications.

30. Yifan Yang was engaged as our Company's consultant for assistance with contracts and timelines across all functional areas to ensure acceleration of our COVID program during the pandemic.

31. Xiuna Yu was engaged as our Company's consultant to provide advice on regulatory submission strategy for our COVID program.

32. Tong Zheng was engaged as our Company's consultant to provide advice on resource allocation and strategic planning for the acceleration of the development process to support IND and clinical development of our COVID program during the pandemic.

33. Qiong Zhou was engaged as our Company's consultant to provide recommendations on the design of our preclinical HBV program biology studies to support IND and drug development.

Save as disclosed above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Incentive Plan.

Application has been made to the Listing Committee for the listing of and permission to deal in the 33,781,198 Shares that may be allotted and issued pursuant to the options granted under the Pre-IPO Share Incentive Plan.

***(c) Dilution Effect and Impact on Loss per Share***

Subject to any alterations set out under the Pre-IPO Share Incentive Plan in the event of any capitalization issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of our Company that may take place after the Listing, the total number of shares subject to the options granted under the Pre-IPO Share Incentive Plan shall be no more than 17,908,251 Shares with a par value of US$0.00001 each (or 35,816,502 Shares with a par value of US$0.000005 as adjusted after the Share Subdivision), representing approximately 5.07% of the issued share capital of our Company immediately upon completion of the Global Offering (excluding any Share which may fall to be allotted and issued upon the exercise of the Over-allotment Option or under the Share Incentive Schemes). As such, taking into account the Shares to be allotted and issued under the Pre-IPO Share Incentive Plan, assuming full exercise of the outstanding options under the Pre-IPO Share Incentive Plan, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised) will be diluted by approximately 5.07%. The consequent impact on the loss per ordinary Share for the years ended December 31, 2019 and 2020 is nil and nil, respectively, being the incremental impact to diluted loss per share, since the options would not be included in the calculation of diluted loss per share due to anti-dilution.

**2. Post-IPO Share Option Scheme**

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions in writing of all our Shareholders passed on June 22, 2021. The terms of the Post-IPO Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

***(a) Purpose***

The purpose of the Post-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Post-IPO Share Option Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price

stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

***(b) Who may join***

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who our Board considers, in its sole discretion, have contributed or will contribute to our Group, to take up options to subscribe for Shares:

(i) any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of our Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group.

For the purposes of the Post-IPO Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Post-IPO Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group.

***(c) Maximum number of Shares***

(i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Group shall not in aggregate exceed 30% of the Shares in issue from time to time.

(ii) The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 70,620,092 Shares (the "**General Scheme Limit**"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

(iii) Subject to paragraph (i) above and without prejudice to paragraph (iv) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option scheme of our Group) previously granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Subject to paragraph (i) above and without prejudice to paragraph (iii) above, our Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (iii) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(v) Options granted under the Post-IPO Share Option Scheme may qualify as incentive stock options (within the meaning stipulated in the U.S. Internal Revenue Code of 1986) for purpose of U.S. tax laws under specific circumstances as stipulated in the Post-IPO Share Option Scheme. The maximum number of Shares that may be delivered pursuant to options qualified as an incentive stock option (within the meaning stipulated in the U.S. Internal Revenue Code of 1986) granted under the Post-IPO Share Option Scheme is 70,620,092 Shares (such limit being subject to adjustments in accordance with the U.S. Internal Revenue Code of 1986).

*(d) Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of our Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

*(e) Grant of options to connected persons*

(i) Any grant of options under the Post-IPO Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

(ii) Where any grant of options to a substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(1) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet the date of the offer of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by our Shareholders in a general meeting. Our Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting in favor of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

***(f) Time of acceptance and exercise of option***

An option may be accepted by a participant within 5 business days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Post-IPO Share Option Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised.

***(g) Performance targets***

Unless our Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Scheme can be exercised.

***(h) Subscription price for Shares and consideration for the option***

The subscription price per Share under the Post-IPO Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before Listing); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

*(i) Ranking of Shares*

(i) Shares allotted and issued upon the exercise of an option will be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum of Association and Articles of Association and will rank pari passu in all respects with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.

(ii) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

*(j) Restrictions on the time of grant of options*

No offer for grant of options shall be made after inside information has come to our Company's knowledge until it has announced the information in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules); and (b) the last date on which our Company must publish its announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the period or time in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

***(k) Period of the Post-IPO Share Option Scheme***

The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

***(l) Rights are personal to the grantee***

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

***(m) Rights on ceasing employment***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, or for serious misconduct or other grounds referred to in sub-paragraph (o) below before exercising his option in full, the option (to the extent not already exercised) may be exercised by the grantee at any time prior to or on the date of expiry of 3 months period after the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was physically at work with our Group whether salary is paid in lieu of notice or not.

***(n) Rights on death***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death of the grantee.

***(o) Rights on dismissal***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute) or on any other ground on which an employer would be entitled to terminate his or her employment summarily, his option will lapse automatically and will not be exercisable on or after the date of ceasing to be an Eligible Employee.

***(p) Rights on a general offer, a compromise or arrangement***

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

***(q) Rights on winding up***

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee (or in the case of the death of the grantee, his personal representatives(s)) may at any time within such period as shall be notified by our Company, subject to the provisions of all applicable laws, exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed general meeting, allot, issue and register in the name of the grantee such number of fully paid Shares which fall to be issued on exercise of such option.

Notwithstanding the foregoing provisions, an option may qualify as an incentive stock option (within the meaning stipulated in the U.S. Internal Revenue Code of 1986) only if and to the extent it is exercised no later than 3 months after the grantee's employment with our Group terminates (or 12 months if such termination of the grantee's employment is due to the grantee's permanent and total disability within the meaning stipulated in the U.S. Internal Revenue Code of 1986).

***(r) Adjustments to the subscription price***

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to (a) the number or nominal amount of Shares to which the Post-IPO Share Option Scheme or any option relates, so far as unexercised, and/or (b) the subscription price of the option concerned, and/or (c) the method of exercise of the Option, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the "Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule" attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes). It is intended that, if possible, any adjustments contemplated by this paragraph be made in a manner that satisfies applicable U.S. tax requirements.

***(s) Cancellation of options***

Any options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the cancelled options) and in compliance with the terms of the Post-IPO Share Option Scheme.

*(t) Termination of the Post-IPO Share Option Scheme*

Our Company may by ordinary resolution in a general meeting at any time resolve to terminate the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options shall be offered or granted but in all other respects the provisions of the Post-IPO Share Incentive Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

*(u) Lapse of option*

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the period referred to in sub-paragraph (f);

(ii) the expiry of the periods or dates referred to in sub-paragraphs (m), (n), (o), (p) and (q);

(iii) the date on which the grantee commits a breach of the provision which restricts the grantee to transfer or assign an option granted under the Post-IPO Share Option Scheme or sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option except for the transmission of an Option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme;

(iv) the date on which the grantee (being an employee or a director of any member of our Group) ceases to be a participant of the Post-IPO Share Option Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

(v) the date on which the grantee joins a company which the board believes in its sole and reasonable opinion to be a competitor of our Company;

(vi) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally; and

(vii) unless our Board otherwise determines, and other than in the circumstances referred to in sub-paragraphs (m) or (n), the date the grantee ceases to be a participant (as determined by a Board resolution) for any other reason.

***(v) Others***

(i) The Post-IPO Share Option Scheme is conditional on the Listing Committee granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the listing of and permission to deal in such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme, such number representing the General Scheme Limit. Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme.

(ii) The terms and conditions of the Post-IPO Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of our Shareholders in a general meeting.

(iii) Any alterations to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme.

(iv) The amended terms of the Post-IPO Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(v) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme shall be approved by our Shareholders in a general meeting.

*(w) Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Post-IPO Share Option Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

*(x) Grant of options*

As of the date of this prospectus, no options have been granted or agreed to be granted under the Post-IPO Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Post-IPO Share Option Scheme.

**3. Post-IPO Share Award Scheme**

The following is a summary of the principal terms of the Post-IPO Share Award Scheme conditionally adopted by the resolutions in writing of all our Shareholders passed on June 22, 2021. The Post-IPO Share Award Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO Share Award Scheme does not involve the grant of options by our Company to subscribe for new Shares.

*(a) Purpose*

The purpose of the Post-IPO Share Award Scheme is to provide participants with the opportunity to acquire proprietary interests in our Company and to encourage participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

*(b) Participants*

Persons eligible to receive share awards under the Post-IPO Share Award Scheme are directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of our Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group (the "**Share Award Participants**"). For the purposes of the Post-IPO Share Award Scheme, the share awards may be granted to any company wholly owned by one or more Share Award Participants.

*(c) Shares Awards*

A share award may be granted in the form of Restricted Shares or RSU under the Post-IPO Share Award Scheme. Restricted Shares are Shares awarded to the Share Award Participant under the Post-IPO Share Award Scheme. RSU is a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one Share, such unit to be used solely for the determination of the payment to eventually be made to the Share Award Participant upon vesting of the applicable award.

*(d) Conditions*

The Post-IPO Share Award Scheme is conditional upon the satisfaction of the following conditions:

(i) the Listing Committee of the Stock Exchange granting or agreeing to grant approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the grant of share awards under the Post-IPO Share Award Scheme; and

(ii) the commencement of trading of the Shares on the Stock Exchange.

*(e) Term*

Subject to the fulfilment of the conditions in paragraph (d) above and the termination provision under the Post-IPO Share Award Scheme, the Post-IPO Share Award Scheme shall be valid and effective for the period of 10 years commencing on the Listing Date (unless it is terminated earlier in accordance with its terms), after which period no further share awards shall be offered or granted, but the provisions of the Post-IPO Share Award Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the settlement of any share awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme.

*(f) Grant of Share Award*

On and subject to the terms of the Post-IPO Share Award Scheme, the Board shall be entitled (but shall not be bound) at any time within the life of the Post-IPO Share Award Scheme to make an offer of a share award (consisting of either Restricted Shares or RSUs as set forth in the applicable offer documentation) to any Share Award Participant, as the Board may in its absolute discretion select.

Share awards may be granted on such terms and conditions as the Board shall determine. Such terms may include any minimum period(s) for which the grantee (i.e. the Share Award Participant who accepts a share award in accordance with the terms of the Post-IPO Share Award Scheme) must be employed or in service to our Group and/or any minimum performance target(s) that must be achieved, before the share award shall vest in whole or in part, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

An offer of the grant of a share award shall be made to a Share Award Participant by a letter in duplicate, in such form as the Board may from time to time determine, requiring the Share Award Participant to undertake to hold the share award on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Award Scheme. Each such offer shall remain open for acceptance by the Share Award Participant to whom the offer is made for a period of 5 business days from the date on which the letter containing the offer is delivered to that Share Award Participant, provided that no such Offer shall be open for acceptance after the expiry of the period of 10 years commencing on the Listing Date or after the Post-IPO Share Award Scheme has been terminated in accordance with the provisions hereof, whichever is the earlier. To the extent that the offer is not accepted within 5 business days from the date on which the letter containing the offer is delivered to that Share Award Participant, it shall be deemed to have been irrevocably declined.

***(g) Acceptance of Share Award***

An offer of the grant of a share award shall be deemed to have been accepted and the share award to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein.

In addition, acceptance of an award of Restricted Shares under the Post-IPO Share Award Scheme shall be subject to payment of such consideration to our Company as the Board may determine or as required by applicable law.

***(h) Share Award Limit***

(i) Subject to paragraphs (ii) and (iii) below, the Shares which may be issued pursuant to all share awards to be granted under the Post-IPO Share Award Scheme must not in aggregate exceed 5% of the Shares in issue on the Listing Date, such 5% limit represents 35,310,046 Shares (the "**Share Award Limit**"). RSU awards which have lapsed in accordance with the terms of the Post-IPO Share Award Scheme without Shares being issued (and unvested Restricted Shares that have been forfeited and repurchased by our Company pursuant to the provisions of the Post-IPO Share Award Scheme) shall not be counted for the purpose of calculating the Share Award Limit.

(ii) Without prejudice to paragraph (iii) below, our Company may refresh the Share Award Limit at any time subject to prior approval of the Shareholders in general meeting and/or such other requirements prescribed under applicable laws, rules or regulations from time to time. Share awards previously granted under the Post-IPO Share Award Scheme (including those outstanding, cancelled or lapsed in accordance with its terms or settled) shall not be counted for the purpose of calculating the limit as refreshed.

(iii) Without prejudice to paragraph (ii) above, our Company may also seek separate approval of the Shareholders in general meeting for granting share awards beyond the Shard Award Limit, or if applicable, the extended limit as referred to in paragraph (ii) above, to Share Award Participants specifically identified by our Company before the aforesaid Shareholders' meeting where such approval is sought.

***(i) Rights Attached to Shares***

The Shares to be allotted and issued pursuant to any share award granted under the Post-IPO Share Award Scheme shall be identical to the then existing issued shares of our Company and subject to all the provisions of the memorandum of association and articles of association of our Company for the time being in force and will rank pari passu in all respects with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

***(j) Awards to be Personal to the Grantee***

A share award shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to such share award (or, prior to vesting of a Restricted Share award, the Shares subject thereto). Any breach of the foregoing shall entitle our Company to (i) in the case of an outstanding RSU award, cancel such award without payment of any consideration therefor and (ii) in the case of unvested Restricted Shares, repurchase the unvested Shares in accordance with the provisions of the Post-IPO Share Award Scheme.

*(k) Lapse or Cancellation of Share Awards*

A share award shall terminate automatically (to the extent not already vested) on the earliest of:

(i) the date on which the grantee commits a breach of paragraph (j) above;

(ii) the date on which the grantee (being an employee or a director of any member of our Group) ceases to be a Share Award Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

(iii) the date on which the grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of our Company;

(iv) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts when they fall due or has become insolvent or has made any arrangement or composition with its creditors generally; and

(v) unless the Board otherwise determines, the date the grantee ceases to be a Share Award Participant (as determined by a Board resolution) for any other reason.

The Board shall have the power to decide whether a share award shall terminate pursuant to the foregoing sub-paragraphs and its decision shall be binding and conclusive on all parties. Upon the termination of an unvested share award pursuant to sub-paragraph (i) above, (1) in the case of a Restricted Share award, the then-unvested Shares will not vest and will be reacquired by our Company in such manner and on such terms as the Board provides, which terms shall include, to the extent not prohibited by law, payment to the Share Award Participant of the lower of (a) the fair market value of such Restricted Shares at the time of the termination of the share award, or (b) the original purchase price paid by the Share Award Participant to acquire such Restricted Shares (without interest); and (2) in the case of an RSU award, cancellation of the unvested RSUs without payment.

For the avoidance of doubt, transfer of employment or engagement from one member of our Group to another member of our Group shall not be considered as a cessation of employment or engagement. Share awards held by such grantee, to the extent not already vested, shall remain eligible to vest in accordance with the terms and conditions of the Post-IPO Share Award Scheme and the applicable offer documentation.

*(l) Reorganization of Capital Structure*

In the event of an alteration in the capital structure of our Company whilst any share award remains outstanding by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements (including, without limitation, the Companies Act) and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to the number or nominal amount of Shares comprised in each share award to the extent outstanding (and, if applicable, the purchase price for any Restricted Shares granted hereunder) as the auditors or an independent financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or independent financial advisor (as the case may be) in this section is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or independent financial advisor (as the case may be) shall be borne by our Company.

*(m) Amendment of the Post-IPO Share Award Scheme*

The Post-IPO Share Award Scheme shall be administered by the Board. To the extent required by applicable laws, rules, regulations or listing requirements, any alterations to the terms and conditions of the Post-IPO Share Award Scheme which are of a material nature or any change to the terms of share awards granted, must, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Award Scheme. Save for the foregoing material amendments, the Board may amend any of the provisions of the Post-IPO Share Award Scheme at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

*(n) Termination*

The Company by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-IPO Share Award Scheme prior to the expiry of the period of 10 years commencing on the Listing Date, and in such event no further share awards will be offered or granted but the provisions of the Post-IPO Share Award Scheme shall remain in full force to the extent necessary to give effect to the settlement of any share awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme.

***(o) Administration***

The Post-IPO Share Award Scheme shall be administered by the Board, and the decision of the Board shall be final and binding on all parties.

Subject to compliance with the provisions of the Post-IPO Share Award Scheme and any applicable laws or regulations, the Board shall have the right to:

(i) interpret and construe the provisions of the Post-IPO Share Award Scheme;

(ii) determine the persons who will be offered share awards under the Post-IPO Share Award Scheme and the number of Shares subject to such share awards;

(iii) subject to the provisions of the Post-IPO Share Award Scheme, make such appropriate and equitable adjustments to the terms of the share awards granted under the Post-IPO Share Award Scheme as it deems necessary; and

(iv) make such other decisions or determinations as it shall deem appropriate in the administration of the Post-IPO Share Award Scheme.

***(p) Others***

Upon any event in which our Company does not survive, or does not survive as a publicly traded company in respect of its ordinary shares (including, without limitation, a dissolution, merger, combination, consolidation, conversion, exchange of securities, or other reorganization, or a sale of all or substantially all of the business, stock or assets of our Company), the Board may make provision for a cash payment in settlement of, or for the termination, assumption, substitution or exchange of any or all outstanding awards or the cash, securities or property deliverable to the holders of any or all outstanding share awards, based upon, to the extent relevant under the circumstances, the distribution or consideration payable to Shareholders upon or in respect of such event.

Upon the occurrence of any foregoing event, in connection with which the Board has made a provision for a share award to be terminated (and the Board has not made a provision for the substitution, assumption, exchange or other continuation or settlement of the share award): (1) unless otherwise provided in the applicable offer documentation, each then-outstanding share award granted under the Post-IPO Share Award Scheme shall become payable to the holder of such award (with any performance goals applicable to the award in each case being deemed met, unless otherwise provided in the award agreement, at the "target" performance level); and (2) each share award shall terminate upon the related event.

*(q) General*

An application has been made to the Listing Committee of the Stock Exchange for the Listing of, and permission to deal in, new Shares underlying any awards which may be granted pursuant to the Post-IPO Share Award Scheme.

The maximum number of Shares which may be granted under the Post-IPO Share Award Scheme is 35,310,046, representing 5% of the number of Shares in issue (without taking into account the shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and pursuant to this Post-IPO Share Award Scheme). As of the Latest Practicable Date, no share awards have been granted by our Company pursuant to the Post-IPO Share Award Scheme. The grant and vesting of any share awards which may be granted pursuant to the Post-IPO Share Award Scheme will be in compliance with Rule 10.08 of the Listing Rules.

The Company will issue announcements according to applicable Listing Rules, disclosing particulars of any share awards granted under the Post-IPO Share Award Scheme, including the date of grant, number of Shares involved and the vesting period and comply with Chapter 14A of the Listing Rules. Details of the Post-IPO Share Award Scheme, including particulars and movements of the share awards granted during each financial year of our Company, and our employee costs arising from the grant of the share awards will be disclosed in our annual report.

## E. OTHER INFORMATION

### 1. Litigation

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

### 2. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

### 3. Estate Duty

Our Directors confirmed that no material liability for estate duty is likely to fall on any member of our Group.

### 4. Promoter

Our Company has no promoter for the purpose of the Listing. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

### 5. Application for Listing

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

### 6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2020 (being the date to which the latest audited financial statements of our Group were made up) up to the date of this prospectus.

### 7. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the section headed "Underwriting – Underwriting Arrangements – The International Offering – Commissions and Expenses."

## 8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

| Name | Qualifications |
|---|---|
| Morgan Stanley Asia Limited | Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO |
| UBS Securities Hong Kong Limited | Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined under the SFO |
| Deloitte Touche Tohmatsu | Certified Public Accountants under Professional Accountants Ordinance (Cap.50)<br><br>Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap.588) |
| Commerce & Finance Law Offices | PRC Legal Adviser |
| JunHe LLP | Legal adviser as to intellectual property laws of the PRC and the United States |
| Frost & Sullivan International Limited | Industry consultant |
| Maples and Calder (Hong Kong) LLP | Cayman Islands legal advisers |

## 9. Consents

Each of the experts named in paragraph headed "8. Qualifications of Experts" above has given and has not withdrawn its written consents to the issue of this prospectus with the inclusion of its reports and/or letters and/or opinions and/or the references to its names included herein in the form and context in which it is respectively included.

## 10. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors' fees payable by us in respect of the Joint Sponsors' services as sponsors for the Listing are US$1.0 million.

## 11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

## 12. Taxation of Holders of Our Shares

### *(a) Hong Kong*

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the value of the Shares being sold or transferred. Dividends paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

### *(b) Cayman Islands*

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

*(c) Consultation with professional advisers*

Potential investors in the Global Offering are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

**13. Miscellaneous**

Save as otherwise disclosed in this prospectus:

(i) none of our Directors or experts referred to in the paragraph headed "– E. Other Information – 8. Qualifications of Experts" of this appendix has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) none of the Directors or experts referred to in the paragraph headed "– E. Other Information – 8. Qualifications of Experts" of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(iii) save for the Underwriting Agreements, none of the experts referred to under the paragraph headed "– E. Other Information – 8. Qualifications of Experts" of this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(iv) save for the issuance of Shares pursuant to the exercise of options granted under the Pre-IPO Share Incentive Plan, within the two years preceding the date of this prospectus, no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(v) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group;

(vi) within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;

(vii) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(viii) our Company has no outstanding convertible debt securities or debentures;

(ix) no capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(x) there is no arrangement under which future dividends are waived or agreed to be waived;

(xi) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus; and

(xii) no member of our Group is presently listed on any stock exchange or traded on any trading system, and no listing or permission to deal is being or proposed to be sought.

**14. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) a copy of the **GREEN** Application Form; (ii) copies of each of the material contracts referred to in the section headed "Statutory and General Information – B. Further Information about the Business of the Company – 1. Summary of material contracts" in Appendix IV to this prospectus; and (iii) the written consents issued by each of the experts and referred to in section headed "Statutory and General Information – E. Other information – 8. Qualifications of Experts" in Appendix IV to this prospectus.

## DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of O'Melveny & Myers at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and Articles of Association;

(b) the Accountants' Report;

(c) the audited consolidated financial statements of our Group for the two years ended December 31, 2020;

(d) the report prepared by Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the PRC legal opinions issued by Commerce & Finance Law Offices, our legal advisers on PRC law, in respect of our general matters and property interests;

(f) the legal opinion issued by JunHe LLP, our legal adviser on PRC intellectual property laws, in respect of certain aspects of the intellectual property laws of the PRC and the United States;

(g) the letter issued by Maples and Calder (Hong Kong) LLP, our legal advisers on Cayman Islands laws, summarizing certain aspects of Companies Act referred to in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus;

(h) the Companies Act;

(i) the industry report prepared by Frost & Sullivan International Limited referred to in the section headed "Industry Overview" in this prospectus;

(j) the material contracts referred to in the section headed "Statutory and General Information – B. Further Information about the Business of the Company – 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(k) the service agreements and letters of appointment referred to in "Statutory and General Information – C. Further Information about Directors and Substantial Shareholders – 2. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this prospectus;

(l) the written consents referred to in the section headed "Statutory and General Information – E. Other Information – 9. Consents" in Appendix IV to this prospectus;

(m) the rules of the Pre-IPO Share Incentive Plan and a list of grantees under the Pre-IPO Share Incentive Plan;

(n) the rules of the Post-IPO Share Option Scheme; and

(o) the rules of the Post-IPO Share Award Scheme.

Brii Biosciences

Breakthrough innovation & insight