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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The board of directors (the "**Board**") of Brii Biosciences Limited (the "**Company**") is pleased to announce the condensed consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") for the year ended December 31, 2021 (the "**Reporting Period**"), together with the comparative figures for the previous year. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated June 30, 2021 (the "**Prospectus**").

FINANCIAL HIGHLIGHTS

- Other income was RMB99.0 million for the year ended December 31, 2021, representing an increase of RMB14.4 million or 17.0%, compared with RMB84.6 million for the year ended December 31, 2020. The increase was mainly attributable to the increased income recognized from PRC government grants.

- Research and development expenses were RMB494.6 million for the year ended December 31, 2021, representing a decrease of RMB381.2 million or 43.5%, compared with RMB875.8 million for the year ended December 31, 2020. The decrease was primarily due to the decrease in third party contracting costs relating to COVID-19 programs.

- Administrative expenses were RMB208.4 million for the year ended December 31, 2021, representing an increase of RMB105.0 million or 101.6%, compared with RMB103.4 million for the year ended December 31, 2020. The increase was primarily attributable to the increase in employee headcount.

- Total comprehensive expense for the year ended December 31, 2021, was RMB4,249.0 million, representing an increase of RMB3,075.9 million or 262.2%, compared with RMB1,173.1 million for the year ended December 31, 2020. The increase was primarily attributable to the increase in fair value loss on financial liabilities at fair value through profit or loss.

BUSINESS HIGHLIGHTS

As a company dedicated to alleviating public health burdens globally, we focus on advancing therapies for significant infectious diseases and central nervous system ("**CNS**") disorders, especially depression disorders, with primary operations in China and the United States.

Since the Company's founding in 2017, we have taken steps to execute our strategy to become a fully integrated global biopharmaceutical company focused on the public health industry, with substantial research and development, business development and commercialization capabilities. We have built an in-house team with strong product discovery and translational research capabilities and simultaneously established a pipeline of proprietary product candidates with global rights. The Company's dual-engine of internal discovery and external collaboration and partnering facilitates its nimble and multinational business model to develop effective therapies for patients. In search of viable treatments, we have established a diversified pipeline with more than 10 clinical trials in hepatitis B virus ("**HBV**"), human immunodeficiency virus ("**HIV**"), Coronavirus Disease 2019 ("**COVID-19**") and postpartum depression/major depressive disorders ("**PPD/MDD**").

During the Reporting Period, we achieved major clinical development milestones that are guided by our business strategy to pursue further.

Driven by our unique combination therapy design based on RNA interference therapeutics, our primary focus is for the treatment of HBV functional cure. Our clinical development for achieving a functional cure for HBV is the most advanced in China, which is the world's largest HBV market. Our Phase 2 BRII-835 (VIR-2218) monotherapy study safety and antiviral activity findings of this study conducted in China are expected to be available in the first quarter of 2022. Recently, we completed patient enrollment in our Phase 2 study of BRII-835 (VIR-2218)/BRII-179 (VBI-2601) combination therapy in February 2022, which included a total of 90 patients from New Zealand, Australia, Singapore, Hong Kong, Taiwan, South Korea and Thailand. To further our current leadership in HBV development, we have developed a clear path to ramp our HBV programs in 2022.

In quick response to the urgent global needs that arose from the COVID-19 pandemic, we pivoted from our development in our primary indications to assist in eradicating the threats of COVID-19. In less than two years, we expertly navigated the clinical and regulatory process smoothly. Our internally discovered and developed novel amubarvimab/romlusevimab neutralizing antibody combination therapy has demonstrated a statistically significant reduction, 80%, of hospitalization and death with zero death in amubarvimab/romlusevimab treatment arm through 28 days in patients with mild and moderate COVID-19 who are at high risk of progression to severe disease. Moreover, the combination retains activity against the key COVID-19 variants of concern of World Health Organization, including Omicron SARS-CoV-2 (B.1.1.529), Delta (B.1.617.2) and Delta Plus (AY.4.2). In December 2021, the National Medical Products Association ("**NMPA**") approved our biologics license application ("**BLA**") for our amubarvimab/romlusevimab combination therapy (formerly BRII-196 and BRII-198 combination therapy), for treatment in adults and pediatric patients (age 12-17 weighing at least 40 kg) with mild- and normal-type of COVID-19 at high risk for progression to severe disease, including hospitalization or death. The indication of pediatric patients (age 12-17 weighing at least 40 kg) is under a conditional approval. In March 2022, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Edition) for the treatment of COVID-19, further strengthen the market recognition.

In addition to our BLA for the treatment of COVID-19, as well as a few ongoing clinical trials focused on HBV, HIV and with our CNS program, we hold the Greater China rights to therapeutic candidates for the treatment of multidrug resistant and extensively drug resistant ("**MDR/XDR**") gram-negative infections and tuberculosis ("**TB**") mycobacteria programs, which are under clinical development by our partners Qpex Biopharma Inc. ("**Qpex**") and AN2 Therapeutics, Inc. ("**AN2**"), respectively. Having established a clear pathway from early drug discovery, clinical development and through commercialization, we will utilize it to advance our powerful core therapeutic candidates in our other programs.

Beyond advancing our therapeutic candidates in active clinical trials throughout 2021, on July 13, 2021, we were successfully listed on the Main Board of the Stock Exchange raising a total of approximately HK$2.788 billion (approximately RMB2.325 billion) in gross proceeds, with a partially exercised over-allotment option. Shortly thereafter on December 6, 2021, we were added to the Hong Kong Stock Connect, which allows eligible mainland China investors to trade the Company's shares directly and improve the Company's capital markets visibility with added stock liquidity.

Highlighting our achievements as both a rapidly advancing small biotech and newly listed company, we received numerous awards for our corporate and clinical performance during the year, including "Best R&D Achievement of the Year 2021" by BioCentury-BayHelix, "Best New Economy Listed Company Performance in 2021" by Sina Finance, "Best IPO of 2021" by PharmaDJ & Clinical Trial and "Best IR Practices in the Greater China" by IR Magazine. China Times, a leading central level mainstream financial media outlet, also awarded our chief executive officer Dr. Zhi Hong ("**Dr. Hong**") the "Industry Leader of the Year 2021" award. Moreover, Sina Finance also named our Chief Financial and Strategy Officer Dr. Ankang Li as the "Best CFO of Hong Kong/US Listed Companies in 2021".

Having quickly pivoted in 2020 and 2021 to serve the greater global needs compelled by COVID-19 and its variants, we were able to rapidly move through the clinical and regulatory processes to obtaining BLA approval within 20 months. We hope to leverage this experience as we re-emphasize our priorities, particularly in HBV and PPD/MDD, to bring us closer to our goals. We are committed to our goal of becoming a leading global biopharmaceutical company focused on tackling the world's biggest public health challenges with breakthrough innovation and insight.

During the Reporting Period and in recent months, we achieved the following major milestones:

Hepatitis B Virus – functional cure treatment with multiple combinations strategy

- ***BRII-179 (VBI-2601) and BRII-835 (VIR-2218) combination therapy***

    - In November 2021, the initial patient enrollment was completed in the Phase 2 BRII-179 (VBI-2601)/BRII-835 (VIR-2218) multi-regional clinical trial ("**MRCT**") combination study.

    - 50 patients successfully dosed with BRII-179 (VBI-2601)/BRII-835 (VIR-2218) by the end of 2021 were recruited from New Zealand, Australia, Singapore, Hong Kong, Taiwan, South Korea and Thailand.

- The additional floater enrollment has been completed by February 2022, in which 40 floater patients were enrolled. In total, we have completed the patient enrollment and have dosed 90 patients in the Phase 2 BRII-179 (VBI-2601)/BRII-835 (VIR-2218) MRCT combination study.

- ***BRII-179 (VBI-2601) and PEG-IFN-α combination therapy***

  - In August 2021, we received investigational new drug ("**IND**") application approval from the Center for Drug Evaluation of the NMPA of China ("**CDE**") to initiate a two-part Phase 2a/2b study assessing the therapeutic efficacy of BRII-179 (VBI-2601) in HBV patients receiving pegylated interferon alfa ("**PEG-IFN-α**") and nucleoside reverse transcriptase inhibitor ("**NRTI**") treatment.

  - In December 2021, we began dosing patients in this Phase 2a/2b trial.

- ***BRII-179 (VBI-2601): Therapeutic vaccine designed to induce enhanced B cell and T cell immunity***

  - In June 2021, we released the final positive results from the BRII-179 (VBI-2601) Phase 1b/2a study which evaluated the safety, antiviral activity and immunogenicity of BRII-179 (VBI-2601) alone or admixed with interferon-alpha as co-adjuvant, and demonstrated that the investigational immunotherapeutic induced both B cell (antibody) and T cell responses and was well-tolerated with no safety signals observed, in non-cirrhotic chronic hepatitis B patients under nucleos(t)ide analog therapy.

- ***BRII-835 (VIR-2218): siRNA as a backbone treatment for a functional cure for HBV***

  - In December 2021, we finished Phase 2 study evaluating the safety and antiviral activity of two monthly doses of BRII-835 (VIR-2218) in patients with chronic HBV infection.

  - Refer to our partner Vir Biotechnology, Inc. ("**Vir**")'s Annual Report on Form 10-K filed with the US Securities Exchange Commission on February 28, 2022, Vir presented new data evaluating the potential for BRII-835 (VIR-2218) in combination with PEG-IFN-α to achieve a functional cure for HBV in November 2021.

- ***BRII-835 (VIR-2218) and VIR-3434 Combination for a functional cure for HBV***

  - In July 2021, Vir initiated a Phase 2 clinical trial evaluating the combination of BRII-835 (VIR-2218) and VIR-3434 (a neutralizing monoclonal antibody targeting HBV) as a functional cure regimen for chronic HBV infection.

  - We maintain our option to exclusively develop and commercialize in China up to three additional therapeutic candidates in Vir's pipeline (including VIR-3434).

COVID – 19 – the first neutralizing antibody approved in the Greater China

- ***Amubarvimab/romlusevimab combination therapy (formerly BRII-196 and BRII-198 combination therapy)***

  - In December 2021, we became the first company in China to be granted BLA approval from the NMPA for a COVID-19 medication. The NMPA approval is based on positive final results from the NIH-sponsored ACTIV-2 Phase 3 clinical trial with 847 enrolled outpatients. The final results demonstrated a statistically significant reduction, 80%, of hospitalization and death through 28 days in the treatment arm (0) relative to placebo (9), and improved safety outcome over placebo in non-hospitalized COVID-19 patients at high risk of clinical progression to severe disease. Our combination therapy is approved for treating adults and certain pediatric patients with mild- and normal-type COVID-19 who are at high risk of progression to severe disease. The indication of pediatric patients (age 12-17 weighing at least 40 kg) is under a conditional approval.

  - In January 2022, data from *in vitro* pseudovirus demonstrated that our amubarvimab/romlusevimab combination therapy retained neutralizing activity against Omicron SARS-CoV-2 variant, adding in its proven neutralizing activity against other variants of concern such as Delta and Delta Plus.

  - We believe that our antibody therapy remains active against the Omicron variant given our high dose and that intravenous ("**IV**") dosing provides antibody exposure in much excess.

  - In March 2022, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Edition) for the treatment of COVID-19.

  - Our US EUA application remains under active review by the U.S. Food and Drug Administration ("**US FDA**") and is pending on satisfactory completion of the US FDA's inspection of the manufacturing sites at our contract development and manufacturing company ("**CDMO**"). Given the unique nature and mechanism of EUA, we cannot predict when and what decision US FDA will make but we are working closely with our CDMO to respond to any regulatory inquiry.

  - We are in active discussion with various governments regarding stockpiling and commercialization of our antibody therapy.

Human Immunodeficiency Virus – once weekly single tablet regimen

- ***BRII-778: Extended release of rilpivirine (NNRTI)***

  - In March 2021, we began dosing subjects in the Phase 1 study for BRII-778 in the United States.

  - We completed the Phase 1 single ascending dose and multiple ascending dose ("**SAD/MAD**") study for BRII-778 in the US and selected one of the formulations to progress into further clinical evaluation.

  - Phase 1 SAD/MAD data will be published at a future scientific conference in the second half of 2022.

- ***BRII-732: Proprietary prodrug of EFdA (NRTTI & NRTI)***

  - In March 2021, we submitted an IND application with the US FDA to initiate a Phase 1 study with BRII-732 in the United States.

  - In April 2021, we received clearance from the US FDA, and in May 2021 we began dosing subjects.

  - In December 2021, US FDA placed a temporary hold on all islatravir-based clinical trials sponsored by Merck & Co., Inc. (known as MSD outside of the U.S. and Canada) ("**Merck**") due to a decline in cluster of differentiation antigen 4 ("**CD4**") cell count in some subjects.

  - BRII-732 is a prodrug of islatravir and was also placed on clinical hold by the US FDA out of abundance of caution and pending additional safety evaluations. The last multiple ascending dose cohort had not yet dosed and is no longer needed.

  - Based on the published data and information disclosed by Merck in December 2021, the safety finding of CD4 cell count decrease is both dose and time dependent. We believe a safe dose of BRII-732 may be selected based on our Phase 1 study and will be efficacious for the patients.

  - Our Phase 1 SAD/MAD study for BRII-732 is completed and BRII-732 is well tolerated without any CD4 cell count decrease observed. Data will be presented at a future scientific conference in the second half of 2022.

Postpartum Depression/Major Depressive Disorder – novel treatment with rapid relief and convenient administration

- ***BRII-296: Novel long-acting parenteral formulation***

  - The Phase 1 study for BRII-296 is ongoing in the United States and is planned to be completed in the second half of 2022.

  - Based on the initial human pharmacokinetics ("**PK**") data, we are planning to discuss with the US FDA and investigate in patients with severe PPD or at high risk of developing PPD in 2022. Currently there is no approved therapy to prevent PPD, we believe BRII-296 has the potential to change the paradigm of PPD treatment and prevention.

- ***BRII-297: Novel and proprietary chemical entity discovered internally***

  - BRII-297 is a new program targeting various depressive disorders. We held a pre-IND meeting with the US FDA in 2021 and determined the regulatory strategy to bring it to first time in human study and beyond.

MDR/XDR Gram-negative Infections – treatment of hospitalized patients with gram-negative infections

- ***BRII-636 (OMNIvance®): Ultra-Broad-Spectrum Beta-Lactamase Inhibitor ("BLI") to restore activity of multiple IV carbapenems & cephalosporins as broadest-spectrum BLI (in-licensed from Qpex)***

  - In early 2022, Qpex announced that BRII-636 (INN: xeruborbactam) received Qualified Infectious Disease Product ("**QIDP**") designation by the US FDA.

  - Our partner Qpex completed subject enrollment in its Phase 1 clinical study of BRII-636 in February 2022.

- ***BRII-672 (ORAvance™): Orally Delivered BLI to restore activity of multiple oral cephalosporins & carbapenems as broadest-spectrum BLI (in-licensed from Qpex)***

  - In early 2022, Qpex announced that BRII-672 received QIDP designation by the US FDA.

  - In February 2021, our partner Qpex submitted an IND application with the US FDA for a Phase 1 study of BRII-672. Following US FDA clearance for the Phase 1 trial, Qpex began dosing subjects in April 2021.

  - Qpex is in the progress of subject enrollment in its Phase 1 clinical study of BRII-672.

- ***BRII-693 (QPX-9003): Novel Synthetic Polymyxin to disrupts both the outer and inner membranes of gram-negative bacteria actively in pulmonary surfactant (in-licensed from Qpex)***

  - In March 2021, our partner Qpex submitted an IND application with the US FDA for a Phase 1 study of BRII-693 in the Unites States. The study commenced enrollment in June 2021.

  - In early 2022, Qpex announced that BRII-693 received QIDP designation by the US FDA.

  - Our partner Qpex is in the progress of subject enrollment in its Phase 1 clinical study of BRII-693.

- ***Brii-658 (Epetraborole): Boron-containing, orally available, small molecule inhibitor of bacterial leucyl-tRNA synthetase, or LeuRS (in-licensed from AN2)***

  - Our partner AN2 is developing epetraborole as a once-daily, orally administered treatment for patients with chronic non-tuberculous mycobacterial ("**NTM**") lung disease, with an initial focus on treatment of refractory *mycobacterium avium* complex ("**MAC**") lung disease.

  - In February 2022, our partner AN2 reported data from a Phase 1b dose-ranging study of oral epetraborole where it demonstrated a predictable PK profile that supports continued development of oral, once-daily dosing.

For details of any of the foregoing, please refer to the rest of this announcement and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Notes	Year ended December 31, 2021 RMB'000	December 31, 2020 RMB'000
Other income	4	**99,032**	84,625
Other gains and losses, net		**45,062**	(21,993)
Research and development expenses		**(494,615)**	(875,795)
Administrative expenses		**(208,404)**	(103,396)
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")		**(3,598,847)**	(350,372)
Finance costs		**(1,175)**	(1,668)
Listing expenses		**(32,137)**	(14,911)
Loss before tax	5	**(4,191,084)**	(1,283,510)
Income tax expenses	6	**–**	–
Loss for the year		**(4,191,084)**	(1,283,510)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**23,833**	159,257
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(6,072)**	21,697
		17,761	180,954
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(75,628)**	(70,592)
Other comprehensive (expense) income for the year		**(57,867)**	110,362
Total comprehensive expense for the year		**(4,248,951)**	(1,173,148)
Loss for the year attributable to:			
Owners of the Company		**(4,163,849)**	(1,189,600)
Non-controlling interests		**(27,235)**	(93,910)
		(4,191,084)	(1,283,510)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(4,221,716)**	(1,079,238)
Non-controlling interests		**(27,235)**	(93,910)
		(4,248,951)	(1,173,148)
Loss per share			
Basic and diluted (RMB)	7	**(9.48)**	(6.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	Notes	**As at December 31, 2021** ***RMB'000***	As at December 31, 2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**12,573**	16,506
Right-of-use assets		**20,862**	27,413
Intangible assets		**9,506**	12,222
Financial assets at FVTPL		**117,790**	75,365
Equity instruments at FVTOCI		**34,241**	41,182
Rental deposits	*9*	**2,786**	2,414
		197,758	175,102
Current assets			
Deposits, prepayments, and other receivables	*9*	**58,882**	34,120
Restricted bank deposits		**319**	3,757
Time deposits with original maturity over three months		**499,647**	20,000
Bank balances and cash		**2,855,093**	1,034,965
		3,413,941	1,092,842
Current liabilities			
Other payables	*10*	**218,860**	497,390
Lease liabilities		**8,969**	8,021
Deferred income		**52,884**	69,824
		280,713	575,235
Net current assets		**3,133,228**	517,607
Total assets less current liabilities		**3,330,986**	692,709
Non-current liabilities			
Lease liabilities		**12,647**	20,306
Financial liabilities at FVTPL	*11*	**–**	2,403,022
Deferred income		**7,083**	12,083
		19,730	2,435,411
Net assets (liabilities)		**3,311,256**	(1,742,702)
Capital and reserves			
Share capital		**23**	7
Share premium and reserves		**3,342,881**	(1,738,296)
Equity attributable to owners of the Company		**3,342,904**	(1,738,289)
Non-controlling interests		**(31,648)**	(4,413)
Total equity (deficits)		**3,311,256**	(1,742,702)

1. GENERAL INFORMATION

Brii Biosciences Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on December 8, 2017. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on July 13, 2021 (the "**Listing**"). The addresses of the Company's registered office and principal place of business is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 3rd Floor, Building 7, Zhongguancun Dongsheng, International Science Park, No. 1 North Yongtaizhuang Road, Haidian District, Beijing, People's Republic of China (the "**PRC**"), respectively.

The Company and its subsidiaries (collectively referred to as the "**Group**") are committed to advancing therapies for significant infectious diseases and other illnesses which have significant public health burdens in 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.

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 Renminbi ("**RMB**"). The presentation currency of the consolidated financial statements is RMB as it best suits the needs of the shareholders and investors.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**"), for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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

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[3]
Amendment to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
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 April 1, 2021.
2 Effective for annual periods beginning on or after January 1, 2022.
3 Effective for annual periods beginning on or after January 1, 2023.
4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all these new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

Our 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 our accounting policies. Accordingly, we have only one reportable segment and only entity-wide disclosures are presented.

Geographical information

Our information about the non-current assets by location of the assets are detailed below:

	As at December 31, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
The PRC	**42,941**	56,141

4. OTHER INCOME

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Government grants *(Note)*	**92,542**	82,218
Bank interest income	**6,490**	2,407
Total	**99,032**	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 recognized upon compliance with the attached conditions. In the current year, government grants of RMB70.6 million (2020: RMB100.1 million) were received. As at December 31, 2021, government grants of RMB60.0 million (2020: RMB81.9 million) have not fully reached the relevant conditions and therefore these government grants were deferred and recorded as deferred income.

5. LOSS BEFORE TAX

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Loss before tax for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**4,962**	4,828
Depreciation of right-of-use assets	**9,584**	8,023
Auditors' remuneration	**2,018**	107
Amortization of intangible assets (included in research and development expenses)	**2,716**	1,358

6. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands and is exempted from income tax.

Brii Bioscience, Inc. is subject to federal tax rate at 21% and state income tax at rates range from 2.5% to 9.9% in USA.

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%.

No provision for taxation has been made since the operating subsidiaries of the Company have no assessable profits for both years.

7. 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,	
	2021	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	**(4,163,849)**	(1,189,600)

Number of shares

	Year ended December 31,	
	2021	2020
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**439,047,280**	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 has been effective on January 1, 2020.

The computation of basic and diluted loss per share for the years ended December 31, 2020 and 2021 excluded the unvested restricted ordinary shares of the Company.

The computation of diluted loss per share for the years ended December 31, 2020 and 2021 did not assume conversion of the preferred shares, the exercise of share options, the vesting of restricted ordinary shares for both years, and the exercise of the over-allotment option for the year ended December 31, 2021 since their assumed conversion, exercise and vesting would result in a decrease in loss per share.

8. DIVIDENDS

No dividend was paid or declared by the Company during the years ended December 31, 2020 and 2021, nor has any dividend been proposed subsequent to the end of the reporting period.

9. RENTAL DEPOSITS/DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
Value-added tax recoverable	**45,537**	24,034
Prepayments	**7,365**	2,945
Interest receivable	**4,873**	6
Rental and other deposits	**2,786**	2,416
Prepaid listing expenses	**–**	1,360
Deferred issue costs	**–**	5,017
Other receivables	**1,107**	756
	61,668	36,534
Analyzed as:		
Non-current	**2,786**	2,414
Current	**58,882**	34,120
	61,668	36,534

10. OTHER PAYABLES

	As at December 31, 2021 ***RMB'000***	As at December 31, 2020 *RMB'000*
Payables for research and development expenses	**44,111**	142,463
Payroll payables	**23,840**	15,269
Other payables for		
– Legal and professional fee	**1,042**	3,474
– Others	**1,178**	1,258
Accrued listing expenses	**–**	6,334
Accrued research and development expenses *(note)*	**136,835**	325,462
Accrued issue costs	**10,201**	2,111
Other tax payables	**1,653**	1,019
	218,860	497,390

Note: Accrued research and development expenses includes RMB135,260,000 (2020: RMB318,932,000) for accrued outsourcing services and RMB1,575,000 (2020: RMB6,530,000) for other as at December 31,2021.

The average credit period purchases of goods/services of the Group is within 30 days. Ageing analysis of the Group's payables for research and development expenses based on the invoice dates at the end of the reporting period is as follows:

	2021 ***RMB'000***	2020 *RMB'000*
0-30 days	**43,327**	141,760
31-60 days	**780**	137
61-90 days	**4**	566
	44,111	142,463

11. FINANCIAL LIABILITIES AT FVTPL

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).

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 and 30,308,930 and 3,247,384 Series C Preferred Shares were issued by the Company on March 4, 2021 and March 8, 2021, respectively.

The 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
Series C					
Tranche 1	March 4, 2021	30,308,930	US$4.6191	140,000	905,443
Tranche 2	March 4, 2021	3,247,384	US$4.6191	15,000	97,012
		33,556,314		155,000	1,002,455

Upon Listing, all issued Preferred Shares were automatically converted to 377,323,410 ordinary shares taking into account the effect of the one-to-two share subdivision.

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.

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 the reporting period are as follows:

	As at December 31, 2020
Time to IPO	0.5 year
Time to liquidation	2.2 year
Risk-free interest rate under liquidation scenario	0.14%
Volatility under liquidation scenario	84.5%
Dividend yield	0%
Possibilities under liquidation scenario	70%
Possibilities under redemption scenario	0%
Possibilities under Qualified Public Offering scenario	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 valuation date to the expected liquidation date. Volatility was estimated on the 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*	**Series C Preferred Shares** *RMB'000*	**Total** *RMB'000*
At January 1, 2020	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**
Issuance of Series C Preferred Shares	**–**	**–**	**1,002,455**	**1,002,455**
Changes in fair value	**1,996,290**	**1,359,188**	**243,369**	**3,598,847**
Exchange realignment	**(2,879)**	**(2,282)**	**(1,116)**	**(6,277)**
Automatic conversion of Preferred Share upon the Listing	**(3,209,042)**	**(2,544,297)**	**(1,244,708)**	**(6,998,047)**
At December 31, 2021	**–**	**–**	**–**	**–**

As at July 13, 2021, all Preferred Shares were automatically converted into ordinary shares and the fair value of the Preferred Shares were measured at the IPO issue price of HK$22.25.

Changes in fair value of the other financial liabilities were recorded in "gain from changes in fair value of other financial liabilities measured at FVTPL". Management considered that fair value change in the other financial liabilities that are attributable to changes of credit risk of this liability is not significant.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a biotechnology company committed to advancing therapies for significant infectious diseases and CNS diseases, with primary operations based in China and the United States. Our infectious disease programs are currently in clinical trials for the treatment of HBV, HIV and MDR/XDR gram-negative infections. For our CNS programs, we are currently exploring treatments for postpartum depression and prevention, as well as major depressive disorder, both of which pose significant public health burdens worldwide. Our pipeline spaning all phases of clinical development includes more than 10 innovative product candidates that focus on significant infectious diseases and mental illnesses.

Infectious diseases are a leading cause of death worldwide, but the limited number of both available therapeutics and companies dedicated to developing therapies for infectious diseases have resulted in significant unmet medical needs and substantial public health burdens. The prevalence of HBV-related diseases, the global HIV pandemic and the unprecedented outbreak of the COVID-19 pandemic each has underscored the societal and economic threats posed by infectious diseases. Therefore, we believe that the solution is to dedicate more resources to developing therapeutics that cure or treat such diseases.

Since our inception in 2017, and 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 10 innovative product candidates that focus on infectious diseases and mental illnesses, which are primarily in clinical stages.

We strive to be the leading public health-inspired and infectious diseases and CNS diseases-focused biotechnology company. To realize this vision, we are leveraging our business model, which combines internal discovery and in-licensing, while actively advancing our clinical programs.

We are currently developing a functional cure for chronic HBV infections, which have a disproportional health impact in China. This is one of our most advanced programs. In response to the global HIV pandemic, we discovered and are developing a long-acting, once-weekly single tablet regimen for HIV patients with an initial focus in the US We are also developing broad spectrum antibiotics to treat MDR/XDR gram-negative bacterial infections, which have a disproportional health impact in China.

In response to the unprecedented global COVID-19 pandemic, and consistent with our commitment to tackle public health challenges, we have developed a neutralizing antibody cocktail therapy for the treatment of COVID-19. In the summer of 2021, following the resurgence of COVID-19 caused by the Delta variant, we responded to requests from government agencies and hospitals in China for the emergency use of our antigen's antibodies in COVID-19 patients in Guangdong, Yunnan, Jiangsu, Hunan, Henan, Fujian, Ningxia, Gansu, Inner Mongolia, Heilongjiang, Qinghai, Guizhou and Liaoning. In December 2021, our internally discovered and developed amubarvimab/romlusevimab combination therapy was approved by the NMPA, making us the first company in China to be granted the approval for a medication to treat patients with COVID-19. Furthermore, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Edition) for the treatment of COVID-19 in March 2022. As next steps, we are pursuing the US EUA approval, which remains under active review by the US FDA and is pending on satisfactory completion of the US FDA's inspection of the manufacturing sites at our CDMO. Given the unique nature and mechanism of EUA, we cannot predict when and what decision US FDA will make but we are working closely with our CDMO to respond to any regulatory inquiry. We are also in active discussion with various governments regarding stockpiling and commercialization of our antibody therapy.

As another important arm of public health, we are also developing innovative therapies to address depression disorders, such as PPD and MDD. It is known that depression is frequently observed not only in patients with CNS diseases but also with other chronic diseases. The COVID-19 pandemic, accompanied by the resulting societal and economic disruption, has exacerbated the prevalence of mood disorders globally. We believe that there is a significant unmet need for new therapies that can provide better relief and profound and sustained therapeutic effect against these disorders.

Having quickly pivoted in 2020 and 2021 to serve the greater global needs compelled by COVID-19 and its variants, we were able to rapidly move through the clinical and regulatory processes to obtaining BLA approval within 20 months. We hope to leverage this experience as we re-emphasize our priorities, particularly in HBV and PPD, to bring us closer to our goals. In light of our strategic priorities for 2022, we are dedicated to:

- Advance BRII-179 (VBI-2601) and BRII-835 (VIR-2218) combination (therapeutic vaccine and siRNA combination therapy) and BRII-179 (VBI-2601) with PEG-IFN-α (therapeutic vaccine in HBV patients receiving PEG-IFN-α and NRTI treatment) to provide functional cures for HBV infection in the Greater China;

- Advance our PPD/MDD program to treat considerable unmet needs in the fast-growing depression market;

- Ensure sufficient supply of amubarvimab/romlusevimab antibodies for commercialization, gain EUA approval in the United States, and secure authorizations for use in other countries;

- Expand our pipeline through in-house discovery and additional licensing options. Explore business development opportunities that expedite global regulatory approval by in-licensing therapies for use in China and out-licensing internally discovered therapeutic candidates for use in international markets; and

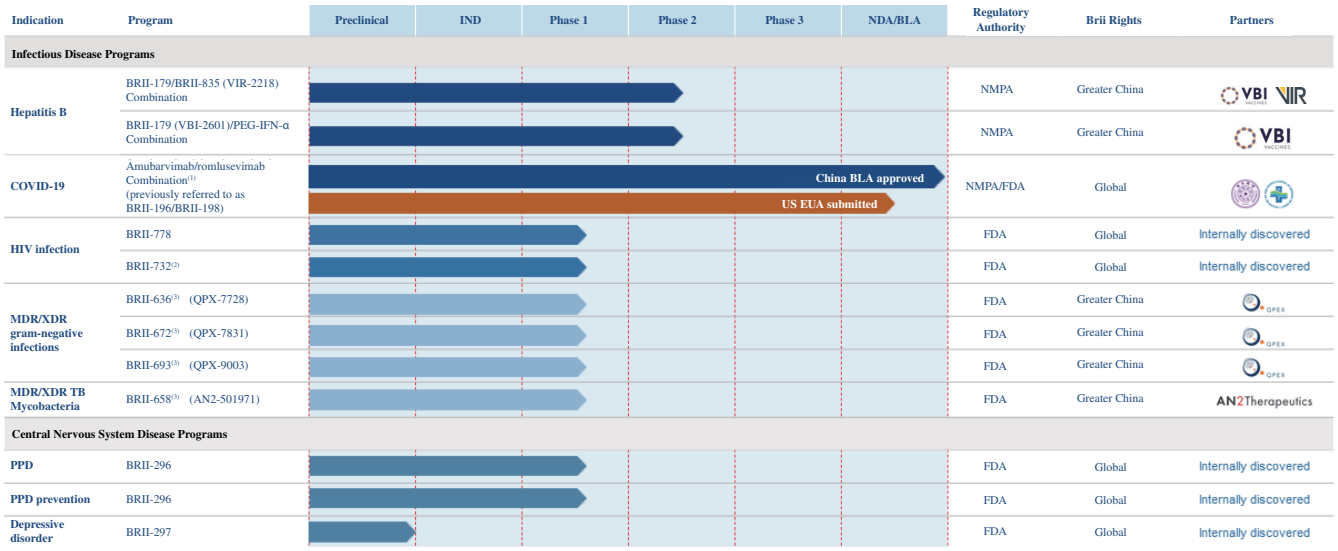
- Continue to expand our organization in China and the United States to support our developing business and establish a global patient-centric/people strategy built on a strong cultural foundation that lives through our mission to tackle the world's biggest challenges in public health.

Pipeline Summary

We have built a pipeline of more than 10 innovative product candidates that focus on infectious diseases and mental illnesses. Building on our robust clinical pipeline, we have options to in-license up to five additional innovative programs from our licensing partners.

Our strategic product pipeline is derived from (i) utilizing our in-house R&D capabilities to discover and develop our own innovative products and (ii) establishing collaborative licensing arrangements with carefully selected partners, whereby we in-license the Greater China rights to their important assets and lead the clinical development in China, playing an integral role in the global development of such assets.

The following table sets forth the status of our key product candidates as of the date of this announcement:



Source: Company information.

Notes:

(1) The filing of EUA application with US FDA for amubarvimab/romlusevimab combination has been completed in December 2021.

(2) Phase 1 study of BRII-732 is currently on clinical hold as part of US FDA's decision to temporarily hold islatravir-based clinical studies.

(3) To this date, the development and clinical trials have been conducted by Qpex and AN2, respectively.

As of the date of this announcement, we had more than 10 product candidates, presenting a mix of in-licensed and self-discovered candidates. Our internally discovered drug candidates for which we hold global rights include:

- Amubarvimab/romlusevimab combination therapy for the treatment of COVID-19 (global rights are collectively held by us and our non-wholly owned subsidiary TSB);
- BRII-778 and BRII-732 for the treatment of HIV;
- BRII-296 for the treatment of PPD and MDD; and
- BRII-297 for the treatment of various depressive disorders.

Our in-licensed drug candidates for which we hold the Greater China rights include:

- BRII-179 (VBI-2601) and BRII-835 (VIR-2218) 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 and NTM.

BUSINESS REVIEW

During 2021, we rapidly advanced our product pipeline and business operations, gaining our first BLA approval in China and filing the first EUA in the US for the treatment of COVID-19, while continuing to advance our HBV, HIV and CNS programs. Our primary achievements in 2021 along with our planned next steps and upcoming milestones include:

Our Product Candidates

HBV Functional Cure Program (licensed from VBI Vaccines Inc. and Vir Biotechnology, Inc.)

To treat HBV, we are currently developing BRII-179 (VBI-2601), an HBV-specific B cell and T cell immunotherapeutic vaccine candidate, and BRII-835 (VIR-2218), an investigational HBV-targeting siRNA, that have the potential to stimulate an effective immune response and have direct antiviral activity against HBV. We hold exclusive rights to develop and commercialize BRII-179 (VBI-2601) and BRII-835 (VIR-2218) in the Greater China. As a potential HBV functional cure regimen, we are focusing on developing BRII-179 (VBI-2601) and BRII-835 (VIR-2218) as a combination therapy.

Combination of BRII-179 (VBI-2601) and BRII-835 (VIR-2218) for HBV Functional Cure

Our BRII-179 (VBI-2601) and BRII-835 (VIR-2218) combination therapy may represent a novel HBV functional cure regimen. It encompasses dual mechanisms of action, removing immunosuppressive viral antigens by siRNA gene silencing followed by stimulating the host HBV-specific immunity with a therapeutic vaccine.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- We initiated a Phase 2 BRII-179 (VBI-2601)/BRII-835 (VIR-2218) combination MRCT study as the first to evaluate the combination of these two HBV mechanisms of action and began dosing patients in South Korea in August 2021.

- In November 2021, enrollment was completed in the main phase of the Phase 2 study. All 50 patients from New Zealand, Australia, Singapore, Hong Kong, Taiwan, South Korea and Thailand were dosed with BRII-835 (VIR-2218)/BRII-179 (VBI-2601). Enrollment to the second part of the Phase 2 combination study was triggered and additional floater patients had been enrolled and dosed by the end of 2021.

- In February 2022, we completed the enrollment of the additional floater patients from the Asia-Pacific region and enrolled 90 patients in total for our Phase 2 combination study for BRII-179 (VBI-2601)/BRII-835 (VIR-2218).

Next Achievements and Upcoming Milestones

- Interim topline data for the Phase 2 combination study of BRII-179 (VBI-2601)/BRII-835 (VIR-2218) is expected by the end of 2022.

- If positive results are achieved in the combination study, we plan to submit IND application to CDE to initiate a pivotal study in 2023.

BRII-179 (VBI-2601) and PEG-IFN-α combination therapy for HBV patients receiving PEG-IFN-α and NRTI treatment

The study of BRII-179 (VBI-2601) and PEG-IFN-α combination therapy will assess BRII-179 (VBI-2601) as an add-on therapy to the standard-of-care, NRTI and PEG-IFN-α therapy, in non-cirrhotic chronic HBV patients.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- In August 2021, we received IND approval from China's NMPA to conduct a two-parts Phase 2a/2b combination study with BRII-179 (VBI-2601) in HBV patients receiving PEG-IFN-α and NRTI treatment.

- In December 2021, we began patient dose of this Phase 2 combination study containing two parts. Phase 2a is designed to determine the efficacy and safety of BRII-179 (VBI-2601) therapy in approximately 120 patients in combination with PEG-IFN-α + NRTI therapy. In Phase 2b, the study will expand to 480 patients to evaluate the proportion of patients achieving functional cure after receiving BRII-179 (VBI-2601) therapy in combination with PEG-IFN-α + NRTI.

Next Achievements and Upcoming Milestones

- Patient enrollment for part 1 (Phase 2a of approximately 120 patients) of the study is expected to be completed in the second half of 2022, with interim topline results expected in the first half of 2023.

BRII-179 (VBI-2601): As one of our most advanced therapeutics candidates, BRII-179 (VBI-2601) is a novel recombinant protein-based HBV immunotherapeutic candidate. We in-licensed rights for the Greater China for BRII-179 (VBI-2601) from VBI in December 2018. This therapeutic vaccine candidate builds upon the 3-antigen conformation of VBI's prophylactic HBV vaccine candidate with a Th-1 enhancing adjuvant to induce both B-cell and T-cell immune responses.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- In June 2021, we released the final positive results from the BRII-179 (VBI-2601) Phase 1b/2a study which evaluated the safety, antiviral activity and immunogenicity of BRII-179 (VBI-2601) alone or admixed with interferon-alpha as co-adjuvant, and demonstrated that the investigational immunotherapeutic induced both B cell (antibody) and T cell responses, and was well-tolerated with no safety signals observed, in non-cirrhotic chronic hepatitis B patients under nucleos(t)ide analog therapy.

BRII-835 (VIR-2218): BRII-835 (VIR-2218) is an investigational, subcutaneously administered HBV-targeting siRNA that has the potential to stimulate an effective immune response and has direct antiviral activity against HBV. It is the first siRNA in the clinic to include Enhanced Stabilization Chemistry Plus technology to enhance stability and minimize off-target activity, which potentially can result in an increased therapeutic index.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- Refer to Vir's Annual Report on Form 10-K filed with the US Securities Exchange Commission on February 28, 2022, Vir presented new data evaluating the potential for BRII-835 (VIR-2218) to achieve a functional cure for HBV in November 2021.

- In December 2021, we finished Phase 2 study evaluating the safety and antiviral activity of two monthly doses of BRII-835 (VIR-2218) in patients with chronic HBV infection.

Next Achievements and Upcoming Milestones

- The safety and antiviral activity findings of the Phase 2 BRII-835 (VIR-2218) monotherapy study conducted in China are expected to be available in the first quarter of 2022 and will be presented during the 2022 Asian Pacific Association for the Study of the Liver conference in March.

- Additional data from the Phase 2 trial of BRII-835 (VIR-2218) in combination with PEG-IFN-α is expected in the first half of 2022.

BRII-835 (VIR-2218) and VIR-3434 Combination

Clinical Development Milestones and Achievements as at the Date of This Announcement

- Vir initiated a Phase 2 study of BRII-835 (VIR-2218), VIR-3434 (a neutralizing monoclonal antibody targeting HBV), and/or PEG-IFN-α in subjects with chronic Hepatitis B virus infection, the Monoclonal Antibody siRNA Combination against Hepatitis B ("**MARCH**") trial, in July 2021.

Next Achievements and Upcoming Milestones

- Refer to Vir's Annual Report on Form 10-K filed with the US Securities Exchange Commission on February 28, 2022, initial data from the first cohorts of Vir's Phase 2 MARCH trial of BRII-835 (VIR-2218) in combination with VIR-3434 is expected in the first half of 2022. As some of the clinical trial sites are in Ukraine and Moldova, Vir is monitoring the situation to determine any impact resulting from the current conflict in this region.

- In addition to license BRII-835 (VIR-2218), we have an option to obtain exclusive development and commercialization rights in the Greater China to three additional products arising from other designated programs in Vir's pipeline that achieve certain pre-determined conditions, including VIR-3434. We may exercise our right to in-license VIR-3434 if the Prove of Concept ("**POC**") criteria is met.

COVID-19 Program (discovered in collaboration with Tsinghua University and Third People's Hospital of Shenzhen through our subsidiary, TSB Therapeutics Ltd (Beijing) Co. Limited ("TSB"))

The COVID-19 pandemic is an ongoing public health crisis caused by the severe acute respiratory syndrome coronavirus 2 ("**SARS-CoV-2**"). To address the COVID-19 pandemic, we have leveraged our expertise in infectious diseases to develop an amubarvimab/romlusevimab combination therapy. These two neutralizing antibodies, identified by our subsidiary TSB for the treatment of patients suffering from COVID-19, were approved by the NMPA in December 2021. Later, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Edition) for the treatment of COVID-19 in March 2022. Our amubarvimab/romlusevimab cocktail therapy is approved to be administered by intravenous infusion in two sequential doses for treating adults and pediatric patients (age 12-17 weighing at least 40 kg) of mild- and normal-type COVID-19 at high risk for progression to severe disease, including hospitalization or death. The indication of pediatric patients (age 12-17 weighing at least 40 kg) is under a conditional approval.

ACTIV-2 Trial: Phase 2/3 clinical study for testing amubarvimab/romlusevimab as a combination therapy in ambulatory patients with COVID-19.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- From July 2021, following the resurgence of COVID-19 caused by the Delta variant, we responded to requests from government agencies and hospitals in China for the emergency use of our antigen's antibodies in COVID-19 patients in Guangdong, Yunnan, Jiangsu, Hunan, Henan, Fujian, Ningxia, Gansu, Inner Mongolia, Heilongjiang, Qinghai, Guizhou and Liaoning.

- In August 2021, we completed the Phase 3 ACTIV-2 trial. Shortly thereafter, following review by Data and Safety Monitoring Board, we reported positive interim data demonstrating statistically significant reduction of 78% in the combined endpoint of hospitalization and death, compared with placebo, in 837 non-hospitalized COVID-19 patients at high risk of clinical progression. Additional subgroup analysis may further delineate the clinical benefits of early (≤5 days) versus late (6-10 days) treatment with BRII-196/BRII-198 following symptom onset, providing unique insight to inform real-world treatment decisions. In total, 846 participants were treated at sites in the United States, Brazil, South Africa, Mexico and Argentina. Data on the clinical efficacy of the combination BRII-196/BRII-198 by variant type will be evaluated as part of the study analysis. Current in vitro pseudovirus testing data suggests that combination BRII-196/BRII-198 retains activity against major SARS-CoV-2 variants of concern, including the following commonly identified variants, B.1.1.7 (Alpha), B.1.351 (Beta), P.1 (Gamma), B.1.429 (Epsilon), B.1.617.2 (Delta) and C.37 (Lambda).

- In September 2021, we committed to dedicating an additional US$100 million toward global regulatory filings and commercial efforts for amubarvimab/romlusevimab.

- In October 2021, we presented additional Phase 3 data at Infectious Disease Week 2021. Shortly thereafter, we initiated a rolling EUA filing submission to the US FDA. The Phase 3 data demonstrated that the amubarvimab/romlusevimab treatment reduced the risk of hospitalization and death over placebo by 78% in 837 outpatients at high risk of clinical progression. Grade 3 or higher adverse events were less common in the BRII-196/BRII-198 treatment arm versus placebo arm (3.8% (16/418) in the BRII-196/BRII-198 treatment arm versus 13.4% (56/419) in the placebo arm), with no drug-related severe adverse events or infusion reactions observed.

- In December 2021, we received BLA approval from the NMPA for amubarvimab/romlusevimab, treating adults and certain pediatric patients with mild- and normal-type COVID-19 who are at high risk of progression to severe disease. The indication of pediatric patients (age 12-17 weighing at least 40 kg) is under a conditional approval. The NMPA approval is based on positive final results from the NIH-sponsored ACTIV-2 Phase 3 clinical trial with 847 enrolled outpatients. The final results demonstrated a statistically significant reduction, 80%, of hospitalization and death through 28 days in the treatment arm (0) relative to placebo (9), and improved safety outcome over placebo in non-hospitalized COVID-19 patients at high risk of clinical progression to severe disease.

- In January 2022, data from *in vitro* pseudovirus, demonstrated that our amubarvimab/romlusevimab combination therapy retained neutralizing activity against Omicron SARS-CoV-2 variant, adding to its proven neutralizing activity against other variants of concern such as Delta and Delta Plus. We believe that our antibody therapy remains active against the Omicron variant given our high dose and that IV dosing provides antibody exposure in much excess.

- In March 2022, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Edition) for the treatment of COVID-19.

Next Achievements and Upcoming Milestones

- Our US EUA application remains under active review by the US FDA and is pending on satisfactory completion of the US FDA's inspection of the manufacturing sites at our CDMO. Given the unique nature and mechanism of EUA, we cannot predict when and what decision US FDA will make but we are working closely with our CDMO to respond to any regulatory inquiry. We are in active discussion with various governments regarding stockpiling and commercialization of our antibody therapy.

HIV Program (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.

BRII-778: BRII-778 is an extended-release formulation of an US 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 which is 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.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- By the end of 2021, we completed the Phase 1 SAD/MAD study for BRII-778 in the US and selected one of the formulations to progress into further clinical evaluation.

Next Achievements and Upcoming Milestones

- The data of Phase 1 SAD/MAD trial for BRII-778 is expected to be published at a future scientific conference in the second half of 2022.

BRII-732: BRII-732 is a new chemical entity that is metabolized upon oral administration into EFdA or islatravir. EFdA functions not only as a potent chain-terminator like other NRTIs, but also as a potent HIV reverse transcriptase translocation inhibitor, 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.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- In March 2021, we submitted an IND application with the US FDA to initiate a Phase 1 study with BRII-732 in the United States.

- In April 2021, we received clearance from the US FDA, and in May 2021 we began dosing subjects.

- In December 2021, the US FDA placed a temporary hold on all islatravir-based clinical trials sponsored by Merck due to a decline in CD4 cell count in some subjects.

- BRII-732 is a prodrug of islatravir and was also placed on clinical hold by the US FDA out of abundance of caution and pending additional safety evaluations. The last multiple ascending dose cohort had not yet dosed and is no longer needed.

- Based on the published data and information disclosed by Merck in December 2021, the safety finding of CD4 cell count decrease is both dose and time dependent. We believe a safe dose of BRII-732 may be selected based on our Phase 1 study and will be efficacious for patients.

Next Achievements and Upcoming Milestones

- Our Phase 1 SAD/MAD study for BRII-732 is completed and BRII-732 is well tolerated without any CD4 cell count decrease observed. Data will be presented at a future scientific conference in the second half of 2022.

- We plan to meet with the US FDA to discuss our plan to further investigate and develop BRII-732. Our aim is to lift the clinical hold in the second half of 2022 and proceed with development of our once-weekly oral combination of BRII-732 and BRII-778.

Postpartum Depression/Major Depressive Disorder/other depressive disorders (internally discovered):

We are developing BRII-296 and BRII-297 to address the challenges associated with current treatments for PPD, MDD and other depressive disorders. We are doing this by leveraging insight gained from, and applying drug formulation know-how utilized in, developing long-acting therapies where drug administration convenience and patient compliance are critical to potential treatment success.

BRII-296: BRII-296 is our novel and single treatment option for the treatment and prevention of PPD. It acts as a gamma-aminobutyric acid A receptor positive allosteric modulator. BRII-296 is currently in clinical Phase 1 study.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- Phase 1 study for BRII-296 is ongoing in the US and is planned to be completed in the second half of 2022.

- Based on the initial human PK data, we are planning to discuss with the US FDA and investigate in patients with severe PPD or at high risk of developing PPD in 2022. Currently there is no approved therapy to prevent PPD, we believe BRII-296 has the potential to change the paradigm of PPD treatment and prevention.

Next Achievements and Upcoming Milestones

- We expect to report the Phase 1 results of BRII-296 and share at a scientific conference in the second half of 2022.

BRII-297: BRII-297 is a new chemical entity discovered internally. BRII-297 is under development for treatment of various depressive disorders.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- We held a pre-IND meeting with the US FDA in 2021 and determined the regulatory strategy to bring it to first time in human study and beyond.

Next Achievements and Upcoming Milestones

- We plan to submit an IND to the US FDA for BRII-297 in the second quarter of 2022.

MDR/XDR Gram-negative Infections Program (licensed from Qpex)

We are developing our MDR/XDR therapies in collaboration with our partner Qpex as part of their global development plan. We retain responsibility for the development and regulatory activities in the Greater China, while Qpex is responsible for all development and regulatory activities outside the Greater China. Qpex is progressing BRII-636, BRII-672 and BRII-693 in parallel with a goal of moving each to global Phase 3 studies when we are expected to join with China as part of the global studies. All BRII-636, BRII-672 and BRII-693 candidates obtained QIDP designation from the US FDA, which may receive incentives in the future. We are collaborating with Qpex to progress OMNIvance® (BRII-636, a broad spectrum BLI, in combination with an IV β-lactam antibiotic) and ORAvance™ (BRII-672, a broad spectrum BLI in combination with an oral β-lactam antibiotic) as an oral β-lactam antibiotics, respectively, and BRII-693 (a next generation IV polymyxin antibiotic) for the treatment of bacterial infections for which there are critical needs for new antibiotics.

BRII-636 (BLI of OMNIvance®): 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 IV to deliver BRII-636 into the bloodstream.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- Qpex progressed its ongoing Phase 1 clinical study and completed enrollment in eight cohorts out of the 10-cohorts study design by the end of 2021 under its US IND.

- In early 2022, Qpex announced that BRII-636 (INN: xeruborbactam) received QIDP designation by the US FDA.

- Qpex has completed the Phase 1 clinical study of subject enrollment in February 2022.

Next Achievements and Upcoming Milestones

- Pharmacokinetic results from the single dose studies of xeruborbactam will be presented at the European Society of Clinical Microbiology and Infectious Diseases ("**ECCMID**") meeting in April 2022. Topline data of the Phase 1 clinical study of BRII-636 is expected to be presented in the second half of 2022 at a scientific conference.

- We will submit an IND application to China's NMPA in due course, in line with the goal of participating in Qpex's global Phase 3 study.

BRII-672 (BLI of ORAvance™): BRII-672 is a prodrug 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.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- In February 2021, Qpex submitted a Phase 1 clinical trial IND application with the US FDA for BRII-672 (ORAvance™). The filing was approved by the US FDA in April 2021. The Phase 1 clinical study is under the subject enrollment process in the United States and Australia.

- In early 2022, Qpex announced that BRII-672 received QIDP designation by the US FDA.

Next Achievements and Upcoming Milestones

- The Phase 1 topline results are expected to be presented at a scientific conference in the second half of 2023.

- We will submit an IND application with China's NMPA in due course, in line with the goal of participating in Qpex's global Phase 3 study.

BRII-693 (QPX-9003): 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 hospital (IV) antibiotics.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- In March 2021, Qpex submitted an IND application with the US FDA for a Phase 1 study of BRII-693 in the Unites States. The study commenced enrollment in June 2021.

- In early 2022, Qpex announced that BRII-693 received QIDP designation by the US FDA.

- Our partner Qpex is currently conducting a Phase 1 clinical study in the United States, which is under the subject enrollment process.

Next Achievements and Upcoming Milestones

- Pharmacokinetic results from the single dose studies of QPX9003 will be presented at the ECCMID meeting in April 2022. The topline results are expected to be presented at a scientific conference in the second half of 2022.

- We will file an IND application with China's NMPA in due course, in line with the goal of participating in Qpex's global Phase 3 study.

MDR/XDR Tuberculosis Mycobacteria and Non-Tuberculosis Mycobacteria Program (licensed from AN2)

We are developing TB and NTM Program with AN2. Epetraborole (BRII-658) is a novel antibiotic for MDR/XDR TB and NTM that has potent and broad-spectrum activity against mycobacteria and other bacterial pathogens. AN2 is initiating global Phase 2/3 clinical trials of epetraborole (BRII-658) for treating NTM, with an initial focus on treatment of refractory MAC lung disease. We obtain a license to develop, manufacture, and commercialize epetraborole (BRII-658) in the Greater China.

BRII-658 (Epetraborole): BRII-658 is a novel mechanism of action antibiotic. It is a boron-containing, orally available, small molecule inhibitor of mycobacterial leucyl-tRNA synthetase or LeuRS, an enzyme that catalyzes the attachment of leucine to transfer RNA or tRNA molecules, an essential step in protein synthesis.

Clinical Development Milestones and Achievements as at the Date of This Announcement

- Our partner AN2 is developing epetraborole as a once-daily, orally administered treatment for patients with chronic NTM lung disease, with an initial focus on treatment of refractory MAC lung disease.

- In February 2022, our partner AN2 reported data from a Phase 1b dose-ranging study of oral epetraborole where it demonstrated a predictable PK profile that supports continued development of oral, once-daily dosing.

Next Achievements and Upcoming Milestones

- AN2 plans to initiate patient enrollment in a pivotal Phase 2/3 clinical trial of epetraborole in the treatment of refractory MAC lung disease in the first half of 2022. The US FDA has granted QIDP and Fast Track designations for epetraborole in treatment of refractory MAC lung disease and orphan drug designation for the treatment of infections caused by NTM.

Other Corporate Developments

- On July 13, 2021, we successfully listed on the Main Board of the Stock Exchange. We issued 111,580,000 shares globally at a final offer price of HK$22.25 per share, raising approximately HK$2.788 billion (approximately RMB2.325 billion) in gross proceeds with a partial exercise of the over-allotment option in the amount of 13,753,000 shares.

- In the fourth quarter of 2021, we were added to the Hong Kong Stock Connect and included in the following indexes:

  - Hang Seng Composite Index
  - Hang Seng Large-Mid Cap (Investable) Index
  - Hang Seng Stock Connect Hong Kong Index
  - Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index
  - Hang Seng SCHK Mainland China Companies Index
  - Hang Seng SCHK ex-AH Companies Index
  - Hang Seng Hong Kong-Listed Biotech Index
  - Hang Seng Healthcare Index

- We will be releasing our inaugural Environmental, Social and Governance ("**ESG**") report along with the 2021 annual report in April 2022. With the ability to help people around the world afflicted by debilitating and life-threatening diseases, we are committed to address the toughest public health challenges through ground-breaking innovation and insights, as well as enhancing the accessibility of innovative medicines. We have officially stepped into the patient advocacy space in 2021 and incorporated patient advocacy in all aspects of our work of helping global patients. Our patient centricity plan to properly involve advocates in our drug development and discovery process has made great progress in 2021 and will be delivered in 2022. In response to the Net Zero commitments from both the US and China, we pay more attention to environmental protection and adhere to the concept of green business. We have identified and assessed our climate change risks, and prepared response measures accordingly. Talents are the cornerstone of our business. We attract and empower the best talents, while offering various opportunities for our employees to improve skills and fulfill their ambitions. For more information on how we are working to make the world and our company a better place, please see our 2021 ESG report to be available on the websites of the Company and the Stock Exchange.

- We have been broadly recognized by our peers, industry authorities and corporate channels for our accomplishments in advancing therapeutic from discovery through clinical development and to commercialization, as well as our achievements as a newly listed company. In acknowledgement of our achievements in 2021, we were the proud recipients of the following awards:

    - Bio-innovative Drug Most Growth in 2021 by eMedClub
    - Best IPO of the Year 2021 by PharmaDJ & Clinical Trial
    - R&D Achievement of the Year 2021 by Biocentury-Bayhelix
    - Listed Company with the Most Growth Potential in 2021 by Xueqiu
    - Guru Club's Greater China Best Listed Company Awards 2021: Most Valuable IPO of the Year and Most Social Responsibility
    - IR Magazine's 2021 Best IR Practice in the Greater China
    - SINA Finance's Best CFO of Hong Kong and US Listed Companies in 2021, and Best New Economy Listed Company Performance in 2021
    - IRSC's Best Capital Market Communication in 2021
    - Zhitongcaijing's Best IR of the Year 2021 and Best Golden Hong Kong Stocks in 2021
    - China Times's Industry Leader of the Year 2021 – our chief executive officer Dr. Hong

Research and Development ("R&D")

We are a biotech 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.

As of December 31, 2021, we had a total of 113 employees globally with 72 employees in China and 41 employees in the US More than half of our employees hold advanced degrees such as MDs or PhDs. Investing in our people and talented pool of R&D professionals will be one of our continued areas of focus in 2022, with a goal of recruiting additional key leaders as our business grows.

Our R&D collaborations and in-house R&D capabilities facilitate our global sourcing of innovative therapies for China and global markets. We have built our product candidate pipeline by leveraging our in-house R&D capabilities, R&D collaborations and support from our strong scientific advisory board and veteran investors. Additionally, we have R&D collaborations with global pharmaceutical and biotech companies, leading CROs, CMOs, CDMOs, research institutions and other strategic partners. Our cross-border organic operations are one of our competitive advantages and we plan to extend this capability and our capacity to our organization in 2022. With the planned expansion of our depression disorders pipeline, we may consider establishing additional laboratories that serve our international goals, such as advancing our US capabilities.

Our in-house R&D capabilities are led by industry veterans who impart the Company with their large pharma experience in drug discovery all the way through commercialization. Our leaders include Chief Executive Officer Dr. Hong, President and General Manager of the Greater China Mr. Yongqing Luo, Chief Medical Officer Dr. Li Yan, Senior Vice President, Head of Medicinal Chemistry Dr. Lianhong Xu, Senior Vice President, Head of Pharmaceutical Sciences Dr. Jean-Luc Girardet, Senior Vice President, Head of Pharmaceutical Research Dr. Qing Zhu, Senior Vice President, Head of US Market Access and Patient Advocacy Mr. Coy Stout, and Vice President, Head of Infectious Disease Therapy Area Dr. David Margolis.

With more than 25 years' experience in the biopharmaceutical industry, Dr. Hong previously led the infectious diseases departments of various multinational pharmaceutical companies, including GlaxoSmithKline ("**GSK**"). He is widely credited as the key architect of GSK's comeback with notable success in HIV and other infectious diseases medicine discovery and development.

Mr. Yongqing Luo is responsible for running the Company's business in China while supporting the Company's growth in the US. During his tenure at Gilead Sciences, Inc., he led the product launches of several high-profile medicines, and pioneered new patient access solutions through collaborations with private insurance companies and government agencies.

Developing and driving the execution of the Company's clinical development programs and registrations, Dr. Li Yan leverages his experience as the former lead of GSK Oncology, where he oversaw global development of oncology assets focusing on immunotherapy, cancer epigenetics, and cell therapy.

Dr. Lianhong Xu brings us her vast experience as the co-inventor of several successful antiviral therapies at Gilead Sciences, Inc. where she led the discovery efforts in many therapeutic areas against HIV, Hepatitis C, HBV and cancers resulting in numerous clinical candidates.

Helping to expand our translational sciences, Dr. Jean-Luc Samuel Francois Girardet draws from his prior experience at Ardea Biosciences, Inc. where he holistically led the internal discovery programs.

Dr. Qing Zhu leads our biopharmaceutical research, with her extensive R&D experience including spearheading the antiviral R&D programs at MedImmune progressing antibody candidates from discovery through the clinic and regulatory submissions.

As a leader in public health and biopharmaceutical industry, Mr. Coy Stout establishes strategic commercial planning and infrastructure to help advancing patient access in the US to important medications across a variety of disease areas, especially infectious diseases.

Dr. David Margolis has extensive experience on clinical development of infectious disease products. He is responsible for our clinical programs in infectious diseases in the US and provides strategic input and support for the clinical programs in China.

With widely respected members in our Board who are well regarded in the industry, our R&D process and drug candidate selection are guided by a leading team of experts. Our diverse Board members hold exceptional industry experience across multiple scientific and corporate disciplines, including leadership at large biopharmaceutical companies, specialization in infectious diseases, and successfully bringing biologic candidates through the clinical development, regulatory review and commercialization process.

By design, our multi-pronged R&D strategies entail R&D expenses that vary with the number and scale of projects each year. Our R&D expenses were RMB494.6 million for the year ended December 31, 2021. We intend to continue to leverage our technology and R&D capabilities to broaden our life sciences research and application capabilities and product candidate portfolio.

Future Development

Our mission is to develop and bring transformative therapies to underserved markets, addressing critical public health needs, and becoming a leader in infectious diseases and central nervous system disease solutions. In 2022 we are shifting our focus and efforts back to our core development programs in HBV, where we are an industry frontrunner, as well as to our depression disorders programs, where we are accelerating our clinical development in depression, particularly PPD in both the United States and China.

Having quickly pivoted in 2020 and 2021 to serve the greater global needs compelled by COVID-19 and its variants, we were able to rapidly move through the clinical and regulatory processes to obtaining BLA approval within 20 months. We hope to leverage this experience as we re-emphasize our priorities, particularly in HBV and PPD, to bring us closer to our goals. Our strategic priorities for 2022 are to:

- Advance BRII-179 (VBI-2601) and BRII-835 (VIR-2218) combination (therapeutic vaccine and siRNA combination therapy designed) and BRII-179 (VBI-2601) with PEG-IFN-α (therapeutic vaccine in HBV patients receiving PEG-IFN-α and NRTI treatment) to provide functional cures for HBV infection in the Greater China;

- Advance our PPD/MDD program to treat considerable unmet needs in the fast-growing depression market;

- Ensure sufficient supply of amubarvimab/romlusevimab antibodies for commercialization, gain EUA approval in the United States, and secure authorizations for use in other countries;

- Expand our pipeline through in-house discovery and additional licensing options. Explore business development opportunities that expedite global regulatory approval by in-licensing therapies for use in China and out-licensing internally discovered therapeutic candidates for use in international markets; and

- Continue to expand our organization in China and the United States to support our developing business and establish a global patient-centric/people strategy built on a strong cultural foundation that lives through our mission to tackle the world's biggest challenges in public health.

Commercialization

We maintain a mix of in-licensed Greater China rights and global rights to our pipeline candidates.

Our COVID-19 antibody cocktail therapy, amubarvimab/romlusevimab, was approved for use in China in December 2021. We are in active discussion with various governments regarding stockpiling and commercialization of our antibody therapy.

To date, our efforts have focused on building our drug candidate pipeline. Most of our programs are in different stages of clinical development. As most of our candidates are engaged in ongoing clinical trials, we do not anticipate sales or commercialization of drug candidates outside of our COVID-19 therapy in the immediate future.

As our pipeline matures, we will further evaluate strategic commercialization for our various drug candidates.

Subsequent Event

Grant of Restricted Share Units ("**RSUs**") and Connected Transactions in relation to Proposed Grants of RSUs to Executive Directors

On January 20, 2022, the Company granted (i) 84,000 RSUs to AMLOne UG (limited liability) (in respect of Dr. Axel Bouchon's services to the Company); (ii) 42,000 RSUs to Dr. Martin J Murphy Jr, 42,000 RSUs to Ms. Grace Hui Tang, 42,000 RSUs to Mr. Yiu Wa Alec Tsui and 42,000 RSUs to Mr. Gregg Huber Alton; and (iii) a total of 3,638,250 RSUs to 78 other grantees including employees and senior management of the Company under the Post-IPO Share Award Scheme, subject to acceptance. The Company also proposed to grant 911,000 RSUs to Dr. Hong and 607,000 RSUs to Mr. Yongqing Luo under the Post-IPO Share Award Scheme on January 20, 2022, subject to acceptance and the approval of the Independent Shareholders at the EGM.

For details, please refer to the announcement of the Company dated January 20, 2022. The capitalized terms used in the above paragraph shall have the same meanings as those defined in such announcement.

Financial Review

1. Other income

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Government grants	**92,542**	82,218
Bank interest income	**6,490**	2,407
Total	**99,032**	84,625

Our other income increased by RMB14.4 million from RMB84.6 million for the year ended December 31, 2020 to RMB99.0 million for the year ended December 31, 2021. This was primarily attributable to the increase in the recognition of government grants income of RMB10.3 million. These grants mainly represent the incentive and other subsidies from the PRC government which are for R&D activities, and are recognized upon compliance with the attached conditions. Bank interest income increased by RMB4.1 million due to an increase in cash from the Global Offering.

2. Other gains and losses

Our other gains and losses increased by RMB67.1 million from losses of RMB22.0 million for the year ended December 31, 2020 to gains of RMB45.1 million for the year ended December 31, 2021. Among which the fair values of the unlisted preferred shares investments of certain private entities established in the USA contributed to an increase by RMB61.6 million in other gains. There were foreign exchange gains increased by RMB5.5 million in the year ended December 31, 2021 compared to that in the year ended December 31, 2020 resulting from the increase in foreign currency exchange rates on the carrying amount of financial assets denominated in a foreign currency.

3. Fair value loss on financial liabilities at FVTPL

Our fair value loss on financial liabilities at FVTPL increased by RMB3,248.4 million from RMB350.4 million for the year ended December 31, 2020 to RMB3,598.8 million for the year ended December 31, 2021. Financial liabilities measured at FVTPL consists of the issues of our Series A, Series B, and Series C Preferred Shares issued or outstanding during this year. The amount of loss represents the increase in fair value of the Preferred Shares.

As disclosed in the Prospectus, we expected to incur a substantial charge with respect to financial liabilities at FVTPL from December 31, 2020 to the Listing Date because of the significant increase in the fair value of such financial instruments during this year. After the automatic conversion of all Preferred Shares into Shares upon the closing of the Global Offering, we did not, and will not in the future, recognize any further gains or losses on fair value changes from these Preferred Shares.

4. R&D expenses

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Third-party contracting costs	**367,069**	671,311
Employee costs	**117,134**	61,156
Licensing fees	**6,453**	141,461
Amortization	**2,716**	1,358
Others	**1,243**	509
Total	**494,615**	875,795

Our R&D expenses decreased by RMB381.2 million from RMB875.8 million for the year ended December 31, 2020 to RMB494.6 million for the year ended December 31, 2021. The decrease was primarily due to a decrease of RMB304.2 million in third party contracting costs, mainly attributable to manufacturing costs incurred in 2020 with our CMOs to produce drug supplies of BRII-196/198 for use in clinical studies, and a decrease of RMB135.0 million mainly attributable to license fees for our BRII-835 (VIR-2218) program incurred during 2020, partially offset by an increase of RMB56.0 million in our employee costs due to an increase in our R&D headcount since December 31, 2020.

5. Administrative expenses

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Employee costs	**146,688**	55,618
Professional fees	**21,579**	18,350
Depreciation and amortization	**14,546**	12,851
Office expenses	**3,750**	1,774
Others	**21,841**	14,803
Total	**208,404**	103,396

Our administrative expenses increased by RMB105.0 million from RMB103.4 million for the year ended December 31, 2020 to RMB208.4 million for the year ended December 31, 2021. This was primarily attributable to an increase of RMB91.1 million in employee costs from RMB55.6 million for the year ended December 31, 2020 to RMB146.7 million for the year ended December 31, 2021. Such increase was primarily attributable to the increase in employee headcount as well as the increase in share-based compensation expenses for employees. Other expenses increased by RMB7.0 million mainly due to the increase in general operating expenses to support our growth in headcount and due to being a listed company.

6. Listing expenses

For the year ended December 31, 2021, we recorded listing expenses of RMB32.1 million (2020: RMB14.9 million), reflecting the fees paid to professional parties engaged in preparation for our Listing in 2021.

7. Liquidity and capital resources

As at December 31, 2021, our bank and cash balances, including restricted bank deposits and time deposits, increased to RMB3,355.1 million from RMB1,058.7 million as at December 31, 2020. The increase is primarily attributable to the proceeds received from the issuance of our Series C Preferred Shares as well as the Global Offering.

In connection with our Global Offering, we issued in total of 125,333,000 ordinary shares at a price of HK$22.25 per share, resulting in gross proceeds of HK$2,788.7 million (approximately RMB2,325.1 million) before deduction of underwriting fee, commissions, and related expenses.

8. Non-IFRS measures

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, we also use adjusted loss for the year and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. We believe that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes of the conversion feature of preferred shares (financial liabilities measured at fair value through profit or loss), share-based compensation expenses and listing expenses. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. The presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, we believe that this and other non-IFRS measures are reflections of our normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of our operating performance, and thus facilitate comparisons of operating performance from year-to-year and company-to-company to the extent applicable.

The table below sets forth a reconciliation of the loss to adjusted loss during the years indicated:

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Loss for the year	**(4,191,084)**	(1,283,510)
Added:		
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	**3,598,847**	350,372
Share-based compensation expenses	**79,370**	29,483
Listing expenses	**32,137**	14,911
Adjusted loss for the year	**(480,730)**	(888,744)

The table below sets forth a reconciliation of the R&D expenses to adjusted R&D expenses during the years indicated:

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
R&D expenses for the year	**(494,615)**	(875,795)
Added:		
Share-based compensation expenses	**16,962**	5,311
Adjusted R&D expenses for the year	**(477,653)**	(870,484)

The table below sets forth a reconciliation of the administrative expenses to adjusted administrative expenses during the years indicated:

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Administrative expenses for the year	**(208,404)**	(103,396)
Added:		
Share-based compensation expenses	**62,408**	24,172
Adjusted administrative expenses for the year	**(145,996)**	(79,224)

9. Key financial ratios

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

	As at December 31, 2021	As at December 31, 2020
Current ratio[(1)]	**1,215%**	190%
Gearing ratio[(2)]	**NM**	NM

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date. Current ratio increased mainly due to the increase in cash balances from our Series C Preferred Shares financing.

(2) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%. Gearing ratio is not meaningful as we do not have any interest-bearing borrowings.

USE OF NET PROCEEDS FROM LISTING

On July 13, 2021 (the "**Listing Date**"), the Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The net proceeds received by the Group from the global offering of the Company (the "**Global Offering**") and the partial exercise of the over-allotment option (after deducting underwriting fee and relevant expenses) amounted to approximately HK$2.614 billion. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and the partial exercise of the over-allotment option and the actual usage up to December 31, 2021:

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds *(HK$ million)*	Utilized amount up to December 31, 2021 *(HK$ million)*	Unutilized amount up to December 31, 2021 *(HK$ million)*
Used for our HBV functional cure programs	55%	1,437.6	43.0	1,394.6
• To fund ongoing and planned clinical trials, preparation for registration filings, milestone payments and other steps and activities related to commercialization for BRII-179 (VBI-2601), our Core Product	50%	1,306.9	32.5	1,274.4
– To fund ongoing and planned clinical trials and preparation for regulatory filings for BRII-179 (VBI-2601)/BRII-835 (VIR-2218) combination therapy in chronic HBV patients	20%	522.8	14.7	508.1
– To fund planned clinical trials and preparation for regulatory filings for BRII179/PEG-IFN-α combination therapy in chronic HBV patients	16%	418.2	0.1	418.1
– To fund planned clinical trials and preparation for regulatory filings for BRII-179 (VBI-2601) in combination with other drug candidates with complimentary mechanism of actions	8%	209.1	17.7	191.4
– Used for regulatory milestone payments for BRII-179 (VBI-2601)	1%	26.1	–	26.1
– Used for the launch and commercialization of BRII-179 (VBI-2601) (as a monotherapy and/or combination therapy)	5%	130.7	–	130.7
• Used to fund additional ongoing and planned clinical trials and the preparation for registration filings for BRII-835 (VIR-2218)	5%	130.7	10.5	120.2
Used for our HIV programs, funding the ongoing and planned clinical trials and preparation for registration filings for BRII-778 and BRII-732	15%	392.1	49.5	342.6
Used for our MDR/XDR gram-negative infections programs	15%	392.1	9.8	382.3
• To fund the ongoing and planned clinical trials and preparation for registration filings for BRII636, BRII-672 and BRII-693	9%	235.2	9.8	225.4
• Used for regulatory milestone payments for BRII636, BRII-672 and BRII-693	6%	156.9	–	156.9
To fund the ongoing and planned clinical trials and preparation for registration filings for BRII-296	5%	130.6	20.0	110.6
Used for our early-stage pipeline, business development initiatives, working capital and general corporate purposes	10%	261.4	256.4	5.0
Total		**2,613.8**	**378.7**	**2,235.1**

For the Company's planned usage of the use of proceeds as described above, the Company expects that the net proceeds will be used up by 2025 at the earliest or within the next 4 years.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021.

CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold the annual general meeting ("**AGM**") on Wednesday June 22, 2022. The register of members of the Company will be closed from Friday, June 17, 2022 to Wednesday, June 22, 2022, both days inclusive, in order to determine the identity of the shareholders of the Company (the "**Shareholders**") who are entitled to attend and vote at the AGM, during which no share transfers will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, June 16, 2022.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code (version up to December 31, 2021) (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the period from the Listing Date to December 31, 2021, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision A.2.1 of the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Accordingly, the appointment of Dr. Hong as the chairman of the Board and the chief executive officer of the Company deviates from the relevant code provision. Dr. Hong, as the founder of the Group, has extensive experience in the biopharmaceutical industry and has served in the Company since its establishment. Dr. Hong is in charge of overall management, business, strategic development and scientific R&D of the Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer of the Company in the same person, Dr. Hong, is beneficial to the management of the Group. The Board also believes that the combined role of the chairman of the Board and the chief executive officer of the Company 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 the Board, which comprises experienced and diverse individuals. The 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. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and the chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding securities transactions of the Directors (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code and the Company's Code during the period from the Listing Date to December 31, 2021. No incident of non-compliance of the Model Code or the Company's Code by the relevant employees who are likely to be in possession of unpublished inside information of the Company was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The shares of the Company were listed on the Main Board of the Stock Exchange on July 13, 2021. During the period from the Listing Date to December 31, 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Ms. Grace Hui Tang, Dr. Martin J Murphy Jr and Mr. Yiu Wa Alec Tsui. Ms. Grace Hui Tang serves as the chairlady of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and risk management and internal controls.

The Audit Committee, together with the management and external auditor of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed risk management and internal control and financial reporting matters of the Group (including the review of the condensed consolidated financial statements of the Group for the year ended December 31, 2021), and is of the view that the annual results of the Group for the year ended December 31, 2021 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on March 22, 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2021 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.briibio.com). The annual report of the Company for the year ended December 31, 2021, containing all the information required by the Listing Rules, will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Brii Biosciences Limited
Dr. Zhi Hong
Chairman

Hong Kong, March 23, 2022

As at the date of this announcement, the Board comprises Dr. Zhi Hong and Mr. Yongqing Luo as executive Directors; Mr. Robert Taylor Nelsen and Dr. Axel Bouchon as non-executive Directors; and Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui and Mr. Gregg Huber Alton as independent non-executive Directors.