Brii Biosciences

Breakthrough innovation & insight

Brii Biosciences Limited

腾盛博药生物科技有限公司

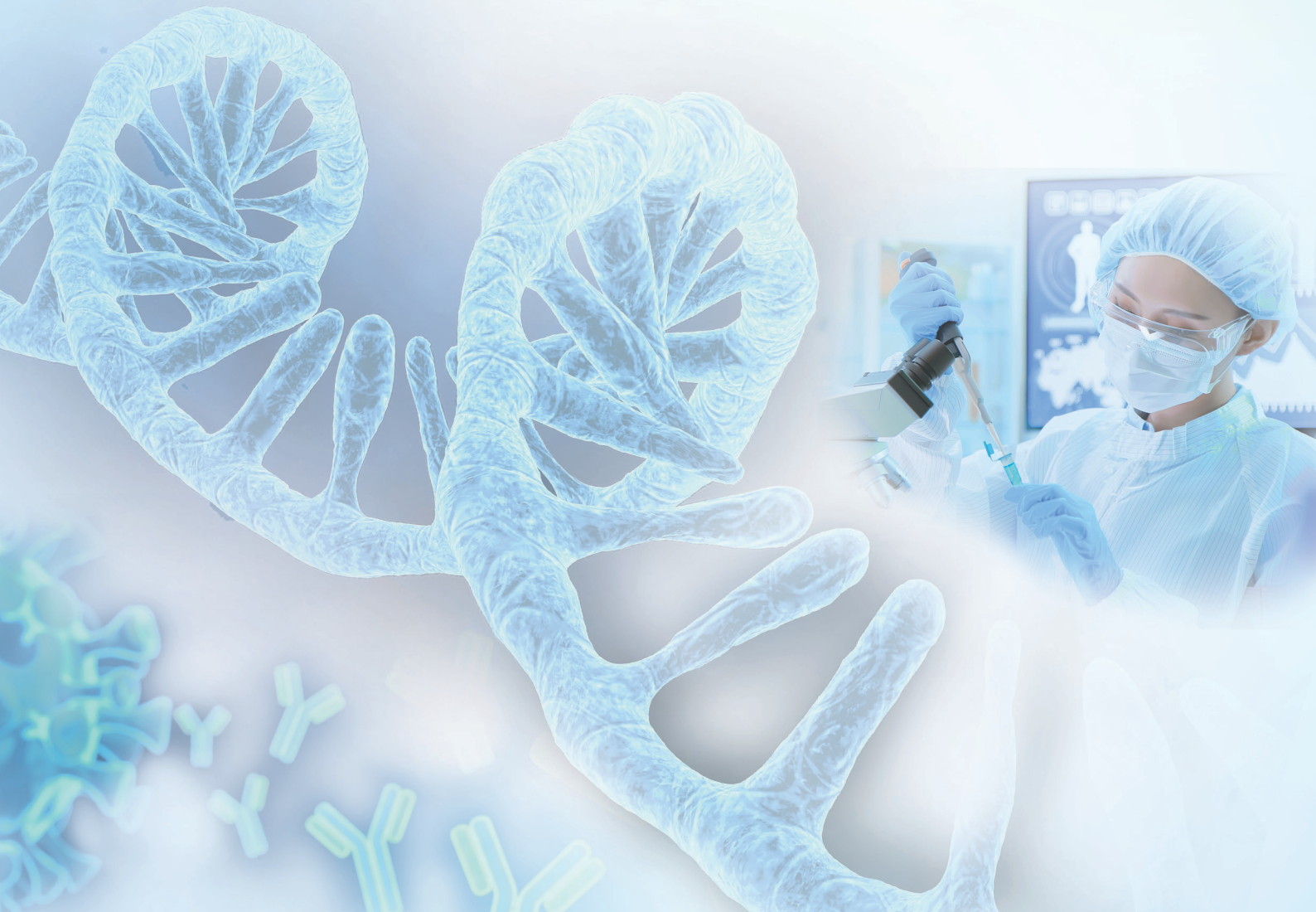
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2137

2022

Interim Report

CONTENTS



CORPORATE PROFILE

Since the Company's inception in 2017, we have been on a mission to tackle the biggest public health challenges of our time, with a focus on advancing therapies for significant infectious diseases and central nervous system disorders. Our international teams in China and the U.S. are committed to and adept at collaborating in ways that maximize our collective strengths and various areas of expertise in both key markets, as well as other areas around the world. At present, we have established a diversified pipeline with more than 10 product candidates that are mostly under clinical development, relying on our in-house team with strong product discovery and translational research capabilities as well as our extensive partnership with industry leaders around the globe. In search of viable treatments, in China, our focus is on HBV, COVID-19 and MDR/XDR, where we advance our programs through in-house R&D and with our partners. In the U.S., we mainly focus on our internally discovered HIV and anti-depression program. While our U.S. and China teams have separate therapeutic areas of focus, we are united in our operations around our capabilities and our shared vision to deliver world-class medicines to patients.

As the Company moved to the next stage of development, we expanded the depth and breadth of our senior executive leadership team with four newly added corporate executive team members to guide our public-health inspired programs. Bringing us professional experience in their respective fields, Dr. Susannah Cantrell, Ph.D., has joined the Company as our Chief Business Officer, Dr. Eleanor (Ellee) de Groot was appointed as our Chief Technology Officer, Ms. Karen D. Neuendorff was appointed as our Chief People Officer and Dr. Aleksandar Skuban joined the Company as our Head of CNS Disease Therapy Area. With these new additions to our leadership team, we are well-positioned to leverage each of our senior executives' unique leadership skills and industry experience to extensively execute across our broad therapeutic area development strategy.

In July 2022, our team achieved commercialization of our long-acting amubarvimab/romlusevimab combination therapy in China for treatment of COVID-19 in only 27 months following its initial discovery. The recent live virus data confirmed that our long-acting amubarvimab/romlusevimab combination therapy retains neutralizing activity against Omicron BA.4/5 and BA.2.12.1 subvariants which are dominant in most of the areas around the world. The amubarvimab/romlusevimab combination is one of the very few neutralizing antibodies that continues to show neutralizing activities in all current variants of concern.

With our commercial efforts well underway, the Company has returned its focus to our primary programs. Driven by the unique combination therapy design based on RNA interference therapeutics, our China team is working to find a functional cure for HBV. In July 2022, we further strengthened our HBV portfolio by exercising our option to in-license another therapeutic candidate from our partner Vir, BRII-877 (VIR-3434), a potent and broadly neutralizing monoclonal antibody against HBV showing great potential in multiple ongoing studies. Our existing assets, BRII-835 (VIR-2218) and BRII-179 (VBI-2601), are under Phase 2 combination trials in China and we expect to deliver new data later this year. Together, our portfolio of HBV therapeutic candidates is the most advanced worldwide, and we are poised to lead the search for a functional cure for HBV, along with our partners Vir and VBI.

Other projects spearheaded by our China team include our multidrug-resistant or extensive drug-resistant gram-negative infections programs where we see an increasing need for viable solutions around the world, especially in China. As our partners Qpex and AN2 diligently advance their clinical development programs in the U.S., we are working closely with them to prepare for their continued development in China.

For our in-house discovered global rights programs, in CNS disease area, we continue to build up a team with industry leaders across the business and execute our strategy to progress BRII-296 for both the treatment and the prevention of postpartum depression, as well as BRII-297 for the treatment of various anxiety and depression disorders. We aim to initiate a Phase 2 study for PPD treatment of BRII-296 and Phase 1 study of BRII-297 in the fourth quarter of 2022, respectively.

Our another in-house discovered program is for HIV. Our candidate BRII-732 remains on clinical hold out of caution as the U.S. FDA further investigates islatravir-based clinical studies, of which BRII-732 is a proprietary prodrug. We have received an initial response from the U.S. FDA providing specific guidance on the requirements to lift the clinical hold. We are working closely with the U.S. FDA to align on our understanding of the safety signal identified in the islatravir-related studies. Our aim is to lift the clinical hold as soon as we can and proceed with the development of our once-weekly oral combination of BRII-732 and BRII-778.

In addition, we continue to invest in establishing meaningful patient advocacy and engagement initiatives as part of our strategic approach to incorporate fundamental patient experiences and insights into every step of clinical development, starting with our PPD program. We have participated in several mental healthcare events in 2022 and rolled out our people strategy by participating in community activities to raise awareness of maternal mental health.

Looking forward, the Company will leverage the recent success to advance the development of our portfolio to satisfy the significant unmet medical needs and ease large public health burdens from a patient-centric vantage point.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director
Dr. Zhi HONG *(Chairman and Chief Executive Officer)*

Non-executive Directors
Mr. Robert Taylor NELSEN
Dr. Axel BOUCHON

Independent non-executive Directors
Dr. Martin J MURPHY JR
Ms. Grace Hui TANG
Mr. Yiu Wa Alec TSUI
Mr. Gregg Huber ALTON
Dr. Taiyin YANG

AUDIT AND RISK COMMITTEE

Ms. Grace Hui TANG *(Co-chairlady)*
Dr. Taiyin YANG *(Co-chairlady)*
Mr. Yiu Wa Alec TSUI

REMUNERATION COMMITTEE

Dr. Martin J MURPHY JR *(Chairman)*
Ms. Grace Hui TANG
Mr. Yiu Wa Alec TSUI

NOMINATION COMMITTEE

Mr. Gregg Huber ALTON *(Chairman)*
Dr. Martin J MURPHY JR
Dr. Zhi HONG

STRATEGY COMMITTEE

Dr. Zhi HONG *(Chairman)*
Mr. Robert Taylor NELSEN
Dr. Axel BOUCHON
Mr. Gregg Huber ALTON

JOINT COMPANY SECRETARIES

Dr. Ankang LI
Ms. Wing Tsz Wendy HO

AUTHORISED REPRESENTATIVES

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CORPORATE INFORMATION

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As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP

As to intellectual property laws of the PRC and the United States:
JunHe LLP

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China Merchants Bank, Zhangjiang Branch
Bank of Beijing, Shuangxiu Branch

COMPANY WEBSITE

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STOCK CODE

2137

LISTING DATE

July 13, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Since our inception, we have been on a mission to tackle the biggest public health challenges of our time through breakthrough innovation driven by patient insight. As the Company has moved to the next stage of development, our global leadership team has been expanded with diversified talents with extensive expertise. Early this year, Ms. Karen D. Neuendorff was appointed as our Chief People Officer to foster people-centric HR initiatives within the Company. In July 2022, Dr. Susannah Cantrell joined the Company as the Chief Business Officer. As we expand our public health-inspired programs, we are excited to leverage her 20 years of healthcare and biotechnology industry experience spanning our global pipeline strategy, sales, operations, marketing, and new product commercialization. In August 2022, we also welcomed Dr. Eleanor (Ellee) de Groot as our Chief Technology Officer and Dr. Aleksandar Skuban joined us as Head of CNS Disease Therapy Area, as we take a deeper dive into our important CNS program that focuses on mental health with initial indications in postpartum depression and major depressive disorder.

With these new additions to our leadership team, we are well-positioned to leverage each of our senior executives' unique leadership skills and industry experience to extensively execute across our broad therapeutic area development strategy. To realize this vision, we are leveraging our business model, which combines internal discovery and in-licensing, while actively advancing our clinical programs. Our cross-border organic operations are one of our competitive advantages and position us for accelerated commercialization opportunities. With our presence in both geographies, we can utilize our respective strengths to accelerate the discovery, development and delivery of innovative medicines that have the potential to improve the health of patients around the world.

United in collaborative operations and a shared goal, our program emphasis in China strategically focused on our HBV functional curative therapy program as this is the area where we see opportunity to contribute significant and meaningful therapeutic impact for patients in the region. In addition, we recently launched for commercial availability our long-acting antibody combination therapy for COVID-19 in China. In the U.S., we are centered on our internally discovered CNS and HIV programs, leveraging our strong in-house R&D capabilities.

Our lead program is designed to find a functional cure for chronic HBV infections, which have a disproportional health impact in China. This is one of our most advanced programs and we hold a rich pipeline of in-licensed assets from our partners Vir and VBI where we hold development and commercialization rights in Greater China. The newly introduced BRII-877, also called VIR-3434, a strong HBV-neutralizing monoclonal antibody showing great potential from the current studies led by Vir, further strengthen our core HBV portfolio. Leveraging our robust HBV assets, we are poised to be the leading player to find a functional cure for HBV, giving us a potential first-to-market advantage.

In response to the unprecedented global COVID-19 pandemic, and consistent with our commitment to tackle public health challenges, we have developed a long-acting neutralizing antibody cocktail therapy for the treatment of COVID-19. Following regulatory approval in December 2021, we successfully launched commercially our neutralizing antibodies in July 2022 with the first batch dispatch and dose prescription. By working closely with the leading distributor enterprises in China, we further strengthen and advance the near- and long-term commercialization process with extensive drug marketing, national distribution channel network, and comprehensive hospital access.

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 U.S. We have received an initial response from the U.S. FDA outlining the requirements for release of the clinical hold and further clarification is ongoing.

For the MDR/XDR program, our partners diligently advance their clinical development programs in the U.S., while we are working closely with them to track and inform the strategic development of our in-licensed therapeutic candidates for continued development in China.

As an important target area of public health, it is known that depression brings heavy social burdens and is frequently observed not only in patients with CNS diseases but also with other chronic diseases. In the first half of 2022, we continued to build our internal discovery team to progress BRII-296 for the treatment and prevention of postpartum depression, as well as BRII-297 for the treatment of various anxiety and depression disorders. We aim to initiate the Phase 1 study for BRII-297 in the fourth quarter of 2022.

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 and a commercial launch in 27 months. Next, we will carry forward the experience from our COVID-19 program to expand and advance our other public health-inspired clinical programs with the goal of bringing proven and meaningful long-term therapeutic solutions to patients and the healthcare community. In light of our strategic priorities for the second half 2022, we are dedicated to:

- Advancing 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;
- Under the lead of our newly joined Head of CNS Disease Therapy Area, further advancing the clinical development of BRII-296 for the treatment and prevention of postpartum depression, as well as BRII-297 for the treatment of various anxiety and depression disorders;
- Ensuring sufficient supply of long-acting amubarvimab/romlusevimab antibodies for commercialization, and extending our product accessibility in other countries;
- Expanding our pipeline through in-house discovery and additional licensing options. Exploring 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
- Continuing 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 our 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 maintain options to in-license two 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 report:

Indication	Program	Preclinical / IND / Phase 1 / Phase 2 / Phase 3 / NDA/BLA	Regulatory Authority	Our Rights	Partners
Infectious Disease Programs					
Hepatitis B	BRII-179 (VBI-2601)/BRII-835 (VIR-2218) Combination		NMPA	Greater China	VBI, VIR
	BRII-179 (VBI-2601)/ PEG-IFN-α Combination		NMPA	Greater China	VBI
	BRII-877 (VIR-3434)[1]		NMPA	Greater China	VIR
COVID-19	Amubarvimab/romlusevimab Combination[2] (previously BRII-196/BRII-198)	China BLA approved and commercially launched; Under US EUA review	NMPA/FDA	Global	
HIV infection	BRII-778		FDA	Global	Internally discovered
	BRII-732[3]		FDA	Global	Internally discovered
MDR/XDR gram-negative infections	BRII-636[4] (OMNIvance®)		FDA	Greater China	Qpex
	BRII-672[4] (ORAvance™)		FDA	Greater China	Qpex
	BRII-693[4] (QPX-9003)		FDA	Greater China	Qpex
Nontuberculosis mycobacteria	BRII-658[4] (Epetraborole)		FDA	Greater China	AN2Therapeutics
Central Nervous System Disease Programs					
PPD	BRII-296		FDA	Global	Internally discovered
PPD prevention	BRII-296		FDA	Global	Internally discovered
Anxiety & depressive disorder	BRII-297		FDA	Global	Internally discovered

Notes:

1. The Phase 2 clinical trials have been conducted by Vir.
2. The filing of EUA application with the U.S. FDA for amubarvimab/romlusevimab combination has been completed in December 2021.
3. Phase 1 study of BRII-732 is currently on clinical hold as part of the U.S. FDA's decision to temporarily hold islatravir-based clinical studies.
4. To this date, the development and clinical trials have been conducted by Qpex and AN2, respectively.

As of the date of this report, 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 Therapeutics);
- BRII-778 and BRII-732 for the treatment of HIV;
- BRII-296 for the treatment of PPD/MDD; and
- BRII-297 for the treatment of various anxiety and depressive disorders.

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

- BRII-179 (VBI-2601), BRII-835 (VIR-2218) and BRII-877 (VIR-3434) 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 TB and NTM, with an initial focus on treatment of treatment-refractory Mycobacterium avium complex lung disease.

BUSINESS REVIEW

During the first half of 2022, we rapidly advanced our product pipeline and business operations. Specifically, we launched our first commercial product in China for COVID-19, and advanced our programs for HBV, HIV, MDR/XDR gram-negative or NTM infections, and PPD/MDD or other anxiety and depressive disorders, as well as broadened the depth of our senior executive leadership team. Our primary achievements as at the date of this report 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. China team core project)

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), BRII-835 (VIR-2218) and BRII-877 (VIR-3434) in 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 and restoring the host HBV specific immunity with an immunotherapeutic vaccine.

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

- In February 2022, we completed the enrollment of 90 patients from the Asia-Pacific region in our Phase 2 multi-regional clinical trial combination study of BRII-179 (VBI-2601)/BRII-835 (VIR-2218).

Next Achievements and Upcoming Readouts

- Patients' treatment in the Phase 2 MRCT combination therapy study has been completed in the third quarter of 2022, with interim topline data expected by the end of 2022.
- If positive results are achieved in the combination study, we plan to initiate a pre-IND discussion with CDE in 2023 for a pivotal study.

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

BRII-179 (VBI-2601): As one of our most advanced therapeutic candidates, BRII-179 (VBI-2601) is a novel recombinant protein-based HBV immunotherapeutic candidate. We in-licensed rights to BRII-179 (VBI-2601) in Greater China 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.

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 Report

- Continued enrolling patients in Phase 2a of our 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, defined as undetectable HBsAg and sustained suppression of HBV DNA, after receiving BRII-179 (VBI-2601) therapy in combination with PEG-IFN-α + NRTI.

Next Achievements and Upcoming Readouts

- Patient enrollment for part 1 (Phase 2a of approximately 120 patients) of the study is expected to be completed in the fourth quarter of 2022.
- Topline data readout is planned in the first half of 2023.

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 Report

- In March 2022, we presented findings from the Phase 2 China study on the safety and antiviral activity of BRII-835 (VIR-2218) administered on top of nucleos(t)ide analog therapy at the 2022 Asian Pacific Association for the Study of the Liver conference. The dose-dependent reduction in serum HBsAg observed in both HBeAg– and HBeAg+ Chinese chronic HBV patients in this trial after two doses of BRII-835 (VIR-2218) is consistent with previous findings demonstrated in other racial/ethnic groups.
- Our partner, Vir, presented data at the International Liver Congress in June 2022 showing that longer treatment duration of monthly BRII-835 (VIR-2218) results in deeper and more sustained reductions in HBsAg in participants with chronic HBV infection.

Next Achievements and Upcoming Readouts

- Additional data from the Phase 2 study of BRII-835 (VIR-2218) in combination with PEG-IFN-α led by Vir are expected in the second half of 2022.

BRII-877 (VIR-3434) (Study conducted by Vir): BRII-877 (VIR-3434) is an investigational, subcutaneously administered HBV-neutralizing monoclonal antibody designed to block entry of all 10 genotypes of HBV into hepatocytes and to reduce the level of virions and subviral particles in the blood. BRII-877 (VIR-3434), which incorporates Xencor's Xtend™ and other Fc technologies, has been engineered to potentially function as a T cell vaccine against HBV in infected patients, as well as to have an extended half-life.

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

- Data from a Phase 1 monotherapy study led by Vir were presented at the International Liver Congress in June 2022 demonstrating the dose-dependent durability of HBsAg reductions following administration of a single dose of BRII-877 (VIR-3434).
- In virally suppressed participants with HBsAg of less than 3,000 IU/mL, a single 6 mg to 75 mg dose of BRII-877 (VIR-3434) resulted in rapid HBsAg reductions of greater than 1 log10 IU/mL in most participants. Single dose of BRII-877 (VIR-3434) showed no clinically significant safety signals; all adverse events were Grade 1 or 2. These data support the potential for BRII-877 (VIR-3434) to provide a meaningful role in the functional cure of chronic HBV infection.
- In July 2022, we announced that the Company exercised its option to in-license BRII-877 (VIR-3434) for exclusive development and commercialization rights in Greater China as part of our broader collaboration with Vir.

Next Achievements and Upcoming Readouts

- We plan to request a pre-IND meeting with CDE for a Phase 1 study of BRII-877 (VIR-3434) by the end of 2022.

BRII-835 (VIR-2218) and BRII-877 (VIR-3434) Combination

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

- Our partner, Vir, shared encouraging data from Part A of its Phase 2 MARCH study in April 2022, which suggest that BRII-835 (VIR-2218) and BRII-877 (VIR-3434) are additive in reducing HBsAg, with no drug-related safety signals reported to date.

Next Achievements and Upcoming Readouts

- Additional data from the first cohort (Part A) of the Phase 2 MARCH study evaluating safety, pharmacokinetics and HBsAg suppression of BRII-835 (VIR-2218) and BRII-877 (VIR-3434) combination are expected later this year.
- Part B of the Phase 2 MARCH trial initiated in the second quarter of 2022 will evaluate additional cohorts to determine dose and length of treatment, and evaluate triple cocktails with PEG-IFN-α, when BRII-877 (VIR-3434) is given every 4 weeks.

COVID-19 Program (Discovered in collaboration with Tsinghua University and Third People's Hospital of Shenzhen through our subsidiary, TSB Therapeutics. China team core project)

Amubarvimab and romlusevimab are non-competing SARS-CoV-2 monoclonal neutralizing antibodies derived from convalesced COVID-19 patients. They have been specifically engineered to reduce the risk of antibody-dependent enhancement and prolong the plasma half-life for potentially more durable treatment effect.

Approved by the China's NMPA in December 2021, our long-acting amubarvimab/romlusevimab cocktail therapy is approved to be administered by intravenous infusion in two sequential doses for the treatment in 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. In March 2022, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Pilot Edition) for the treatment of COVID-19.

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

- We completed a Phase 2 study of amubarvimab/romlusevimab combination therapy (formerly BRII-196 and BRII-198 combination therapy) led by Professor Nanshan Zhong as the lead principal investigator. Data demonstrated that the combination therapy is generally safe and well-tolerated in both severe and non-severe Chinese patients with COVID-19. Favorable efficacy profiles were observed, consistent with the results observed in the ACTIV-2 study.
- As COVID-19 continues to evolve, we completed a neutralization activity evaluation on Omicron variants using pseudo Virus-Like Particles expressing the full-length spike protein of Omicron subvariants and available authentic Omicron viruses. The testing data from multiple independent laboratories demonstrate that the Company's long-acting amubarvimab/romlusevimab combination retains neutralizing activity against all previous variants of concern and Omicron subvariants, including the following commonly identified ones, B.1.1.7 (Alpha), B.1.351 (Beta), P.1 (Gamma), B.1.429 (Epsilon), B.1.617.2 (Delta), AY.4.2 (Delta Plus), C.37 (Lambda), B.1.621 (Mu), B.1.1.529 (Omicron), as well as Omicron subvariants BA.1.1, BA.2, BA.2.12.1 and BA.4/5.
- The long-acting amubarvimab/romlusevimab combination therapy was added to the COVID-19 Diagnosis and Treatment Guidelines (9th Pilot Edition) in March 2022 by the National Health Commission of China.
- The long-acting amubarvimab/romlusevimab combination therapy was commercially launched in China in July 2022 following the completion of the GMP compliance inspections.
- We announced strategic partnerships with Sinopharm Group and CR Pharma Comm in March and July 2022, respectively, to advance the commercialization of our long-acting COVID-19 neutralization antibody therapy in China.

Next Achievements and Upcoming Readouts

- The U.S. FDA is currently reviewing the Company's Emergency Use Authorization application for the amubarvimab/romlusevimab combination.
- An investigator-initiated Phase 2 randomized, single-blind, placebo-controlled study is planned by the First Affiliated Hospital of Guangzhou Medical University, aiming at evaluating the level of enhanced SARS-CoV-2 specific immunity after single infusion of monoclonal neutralizing antibody therapy, amubarvimab/romlusevimab combination, in immunocompromised population.

Central Nervous System Disease Program (Internally discovered. U.S. team core project)

We are developing BRII-296 and BRII-297 to address the challenges associated with the current treatments for PPD/MDD and other anxiety or 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 Report

- We are investigating the use of BRII-296 in patients with severe PPD or those at high risk of developing PPD. As there is currently no approved therapy to prevent PPD, we believe BRII-296 has the potential to shift the paradigm of PPD treatment and prevention.
- Our Phase 1 SAD study for BRII-296 is ongoing.

Next Achievements and Upcoming Readouts

- We expect to complete enrollment in the third quarter of 2022. The initial safety, tolerability and PK data will be shared at a scientific conference in the second half of this year.
- We have requested a Type C meeting with the U.S. FDA to align on our clinical development plan for both PPD treatment and prevention. We aim to start the PPD treatment study before the end of 2022.

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

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

- We are conducting IND-enabling studies with BRII-297 targeting various anxiety and depression disorders.

Next Achievements and Upcoming Readouts

- We aim to initiate the Phase 1 study for BRII-297 in the fourth quarter of 2022.

HIV Program (Internally discovered. U.S. team core project)

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 U.S. 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 Report

- We completed the final clinical study report for our BRII-778 Phase 1 SAD/MAD trial in June 2022.

Next Achievements and Upcoming Readouts

- Safety, tolerability and pharmacokinetic data from this study will be presented at Infectious Disease Week Conference in October 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 reverse transcriptase, that inhibits HIV reverse transcriptase by blocking translocation of nascently synthesized strand(s) for the next nucleotide incorporation.

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

- We completed our Phase 1 SAD/MAD study of BRII-732 in May 2022.
- We have received an initial response from the U.S. FDA outlining the requirements for release of clinical hold and further clarification is ongoing. We are working closely with the U.S. FDA to align on our understanding of the safety signal identified in the islatravir-related studies.

Next Achievements and Upcoming Readouts

- We plan to present safety, tolerability and PK data for our Phase 1 SAD/MAD study at Infectious Disease Week Conference in October 2022.
- The long-term toxicology data will be available by the end of 2022 and may provide additional evidence to support resumed clinical work.
- We will continue to actively correspond with the U.S. FDA to discuss our plan to further investigate and develop BRII-732. Our aim is to lift the clinical hold as soon as we can in 2022 and proceed with the development of our once-weekly oral combination of BRII-732 and BRII-778.

MDR/XDR Gram-negative Infections Program (Licensed from Qpex. China team core project)

We are developing our MDR/XDR therapies in collaboration with our partner Qpex as part of its 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 China as part of the global studies. BRII-636, BRII-672 and BRII-693 candidates all obtained QIDP designation from the U.S. 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), ORAvance™ (BRII-672, a broad spectrum BLI in combination with an oral β-lactam antibiotic) and BRII-693 (a novel lipopeptide IV antibiotic) for the treatment of bacterial infections for which there are critical needs for new antibiotic treatments.

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 Report

- In early 2022, our partner, Qpex, announced that BRII-636 (INN: xeruborbactam) received Qualified Infectious Disease Product designation by the U.S. FDA.
- Qpex has completed enrollment in a first-in-human Phase 1 study and a drug-drug interaction study.

Next Achievements and Upcoming Readouts

- The results are expected to be shared by Qpex for its Phase 1 study in the fourth quarter of 2022 at a scientific conference.
- We will submit an IND application to China's NMPA in due course.

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 its expertise in BLIs, using the boron atom as a part of its pharmacophore.

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

- Qpex announced in early 2022 that BRII-672 received QIDP designation by the U.S. FDA, and its Phase 1 study is progressing and on track to be completed.

Next Achievements and Upcoming Readouts

- We will submit an IND application to China's NMPA in due course.

BRII-693 (QPX-9003): BRII-693 is a novel synthetic lipopeptide, which has emerged as a development candidate based on a combination of increased in vitro and in vivo potency, and an improved safety profile as compared to the currently available polymyxins. 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 Report

- Qpex announced in early 2022 that BRII-693 received QIDP designation by the U.S. FDA.
- Enrollment in the first-in-human Phase 1 clinical study has been completed, including a cohort of Chinese subjects.

Next Achievements and Upcoming Readouts

- Qpex expects to share topline data in the fourth quarter of 2022.
- We will submit an IND application to China's NMPA in due course.

MDR/XDR Mycobacterium Tuberculosis and Nontuberculosis Mycobacteria Program (Licensed from AN2. China team core project)

We are developing epetraborole (BRII-658) in MDR/XDR TB and NTM with AN2. Epetraborole (BRII-658) is a novel antibiotic that has shown potent and broad-spectrum activity against mycobacteria and other bacterial pathogens in a Phase 1b trial. AN2 is conducting a pivotal Phase 2/3 clinical trials of epetraborole (BRII-658) for the treatment of treatment-refractory MAC lung disease. We hold a license to develop, manufacture and commercialize epetraborole (BRII-658) in Greater China.

BRII-658 (epetraborole): BRII-658 is an antibiotic with a novel mechanism of action. It is a boron-containing, orally available, small molecule inhibitor of mycobacterial leucyl-tRNA synthetase or LeuRS, an enzyme that inhibits protein synthesis.

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

BRII-658 (epetraborole)

- In June 2022, AN2 initiated patient screening for the pivotal Phase 2/3 clinical trial for treatment-refractory MAC lung disease.

Next Achievements and Upcoming Readouts

- AN2 has completed the enrollment for a Phase 1 bridging study in Japan, and topline data are pending.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ANY OF THE ABOVE PRE-CLINICAL STAGE OR CLINICAL STAGE DRUG CANDIDATES SUCCESSFULLY.

Other Corporate Developments

- We expanded our diverse global executive team with the additions of Dr. Susannah Cantrell as our Chief Business Officer, Dr. Eleanor (Ellee) de Groot as our Chief Technology Officer, Ms. Karen D. Neuendorff as our Chief People Officer and Dr. Aleksandar Skuban as our Head of CNS Disease Therapy Area. Each of these accomplished industry executives boasts a strong track record of success in leading international teams.
- The Company was added to the MSCI China Small Cap Index in Hong Kong in May 2022. The Index is designed to measure the performance of the China market's small-cap segment and is widely recognized by the international financial community as a benchmark for global institutional investors seeking to optimize their investment portfolios.
- In April 2022, we released our inaugural ESG report along with the 2021 annual report. We are committed to addressing 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 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 and we continue to make advancements in 2022. We are more dedicated than ever to environmental protection and adhere to the concept of green business.
- We sponsored the 20/20 Mom Annual Forum, Maternal Mental Health Now, the 35th Annual Postpartum Support International Conference and the 2022 Black Maternal & Mental Health Summit. These types of events would foster relationships with patients, their caregivers, and the disease-specific non-profit groups that support them. We believe it will ensure patients' voices are understood across every function from R&D to commercialization.

For more information on how we are working to make the world and the Company a better place, please see our 2021 ESG report available on the Company's website.

R&D

We are a biotech company primarily engaged in pharmaceutical R&D activities. We believe that R&D is the key to driving our therapeutic strategy and maintaining our competitiveness in the biopharmaceutical industry.

Patients' needs play an integral role in determining which diseases we target. Currently our portfolio aims to find more viable solutions to prevalent diseases that impact a growing number of people with infectious diseases and mental illnesses. We intentionally target diseases where we have clear insights into patients' needs or preferences.

Our teams are geographically delineated by disease indication with different emphases in the U.S. and China to better leverage our capabilities and create additional competitive advantages. In the U.S., we are developing our HIV and earlier stage CNS programs, as well as leveraging our partners' clinical data to move through clinical development more swiftly in China, or participate in late-stage global studies, where our focal programs are HBV, COVID-19 and MDR/XDR. China is also where we maintain close regulatory access and a commercial team. The rapid approval and commercialization of our COVID-19 neutralizing antibodies combination is an excellent example of how our international teams work together. While our U.S. and China teams currently have separate therapeutic areas of focus, we are united in our operations and our shared vision to deliver world-class medicines to patients.

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 candidates 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. With the planned expansion of our depression disorders pipeline, we may consider establishing additional laboratories that serve our international goals, such as advancing our U.S. capabilities.

Our in-house R&D capabilities are led by industry veterans who impart the Company with their extensive and substantial pharmaceutical experience in drug discovery all the way through commercialization. Our leaders include Chief Executive Officer Dr. Zhi Hong, General Manager, Greater China Mr. Xu Liang, Chief Medical Officer Dr. Li Yan, Head of Discovery Dr. Lianhong Xu, Head of R&D China Dr. Qing Zhu, Head of Patient Advocacy Mr. Coy Stout, and Head of Infectious Disease Therapy Area Dr. David Margolis.

In this year, we added four additional leaders to our senior executive team to broaden and deepen the scope of our management. These hires included additions of Dr. Susannah Cantrell as our Chief Business Officer, Dr. Eleanor (Ellee) de Groot as our Chief Technology Officer, Ms. Karen D. Neuendorff as our Chief People Officer and Dr. Aleksandar Skuban as our Head of CNS Disease Therapy Area. Each of these accomplished industry executives boasts a strong track record of success in leading international teams.

Dr. Susannah Cantrell joined our team as Chief Business Officer in July 2022. She brings us more than 20 years of healthcare and biotechnology industry experience spanning global pipeline strategy, sales, operations, marketing and new product commercialization. Her prior positions include senior executive leadership positions at Second Genome, Inc., Tricida, Inc. and Gilead Sciences, Inc.

Dr. Eleanor (Ellee) de Groot joined the Company in August 2022. She has more than two decades of experience of leading a wide range of streamlined global operations across growing biotechnology companies, from early to late stage clinical development and commercial-scale manufacturing.

With more than 25 years' experience in the biopharmaceutical industry, Dr. Zhi Hong previously led the infectious diseases departments of various multinational pharmaceutical companies, including 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.

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

Dr. Aleksandar Skuban joined us to spearhead our CNS program development, bringing his more than 25 years of global pharmaceutical research and development experience. He holds an extensive medical, scientific and business leadership track record of achievements, which include leading more than 30 studies across therapeutic areas from early-stage proof of concept through positive regulatory outcomes, with a focus in CNS diseases.

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 U.S. to important medications across a variety of disease areas, especially infectious diseases.

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.

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. 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.

With widely respected members in the 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 track record of 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 RMB258.5 million for the first six months of 2022. 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 highly focused on our core development programs in HBV in China, where we are an industry frontrunner, as well as our depression disorders programs, where we are accelerating our clinical development in depression treatment, particularly PPD in the United States.

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, regulatory and commercialization processes to bring our product to market within 27 months. Next, we will carry forward the experience gained from our COVID-19 program to expand and advance our other public health-inspired clinical programs with the goal of bringing proven and meaningful long-term therapeutic solutions to patients and the healthcare community.

Our strategic priorities for the second half of 2022 are 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;
- Under the lead of our newly joined Head of CNS Disease Therapy Area, continue to advance the clinical development of BRII-296 for the treatment and prevention of postpartum depression, as well as BRII-297 for the treatment of various anxiety and depression disorders;
- Ensure sufficient supply of amubarvimab/romlusevimab antibodies for commercial use, and extend our product accessibility 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

For our pipeline candidates, we maintain a mix of in-licensed Greater China rights and global rights.

Our COVID-19 antibody cocktail therapy, amubarvimab/romlusevimab, was commercialized in July 2022. Shortly thereafter, TSB Therapeutics entered into a strategic partnership with CR Pharma Comm to advance stockpiling, channel distribution and hospital access for our long-acting neutralizing monoclonal antibody therapy, the amubarvimab/romlusevimab combination. We are working together to ensure timely drug supply that supports the COVID-19 pandemic prevention and control efforts in China. The collaboration will also explore other novel partnership opportunities to enable expanded access of the combination therapy in China.

As at the date of this report, beyond commercialization of our COVID-19 therapy, 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 other than 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

On July 4, 2022, the Company announced that it exercised its option to in-license BRII-877(VIR-3434), a broadly neutralizing monoclonal antibody targeting HBV, for its exclusive development and commercialization rights in Greater China as part of its broader collaboration with Vir.

For details, please refer to the announcement of the Company dated July 4, 2022.

FINANCIAL REVIEW

1. Other income

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants	27,885	45,660
Bank interest income	10,343	620
Total	38,228	46,280

Our other income decreased by RMB8.1 million from RMB46.3 million for the six months ended June 30, 2021 to RMB38.2 million for the six months ended June 30, 2022. This was primarily due to the decrease in the recognition of government grants income of RMB17.8 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. The decrease in government grants income was partially offset by the increase in bank interest income of RMB9.7 million. The increase in bank interest income was primarily attributable to the increase in bank and cash balances after the Global Offering.

2. Other gains and losses

Our other gains and losses decreased by RMB34.0 million from losses of RMB9,000 for the six months ended June 30, 2021 to losses of RMB34.0 million for the six months ended June 30, 2022. The decrease was primarily attributable to the differences resulting from the depreciation 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 decreased by RMB2,751.6 million from RMB2,751.6 million for the six months ended June 30, 2021 to nil for the six months ended June 30, 2022. Fair value loss on financial liabilities measured at FVTPL consists of the issues of our Series A, Series B and Series C preferred shares issued or outstanding during the period. The amount of loss represents the increase in fair value of the preferred shares.

After the automatic conversion of all preferred shares into Shares upon the closing of the Global Offering in July 2021, we did not recognize any further gains or losses on fair value changes from these preferred shares.

4. Fair value (loss) gain on equity instrument at FVTOCI

Our fair value (loss) gain on equity instrument at FVTOCI decreased by RMB31.7 million from gain of RMB8.9 million for the six months ended June 30, 2021 to loss of RMB22.8 million for the six months ended June 30, 2022. The amounts represent the decrease of fair value of equity instrument at FVTOCI which is a listed equity investment in a biopharmaceutical company listed in the USA. The decrease was primarily attributable to the drop of quoted market price.

5. R&D expenses

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Third-party contracting cost	168,357	99,678
Employee cost	80,223	49,673
Licensing fees	6,487	6,476
Amortization	1,358	1,358
Others	2,059	426
Total	258,484	157,611

Our R&D expenses increased by RMB100.9 million from RMB157.6 million for the six months ended June 30, 2021 to RMB258.5 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase in third party contracting cost of RMB68.7 million, which was mainly due to Good Manufacturing Practice related activities in China for our amubarvimab/romlusevimab combination therapy. In addition, employee cost increased by RMB30.6 million due to the increase in R&D headcounts during the Reporting Period.

6. Administrative expenses

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Employee cost	63,222	44,910
Professional fees	15,751	6,833
Depreciation and amortization	6,956	6,564
Office expenses	2,088	1,368
Others	7,450	8,315
Total	95,467	67,990

Our administrative expenses increased by RMB27.5 million from RMB68.0 million for the six months ended June 30, 2021 to RMB95.5 million for the six months ended June 30, 2022. This was primarily attributable to an increase of RMB18.3 million in employee cost from RMB44.9 million for the six months ended June 30, 2021 to RMB63.2 million for the six months ended June 30, 2022. Such increase was primarily attributable to the increase in employee headcount, as well as the increase in stock compensation expense for employees. In addition, professional fees increased by RMB8.9 million mainly due to the professional services required as a listed company following the Global Offering.

7. Selling and marketing expenses

Our selling and marketing expenses primarily consist of employee related costs and pre-launch activity expenses for amubarvimab/romlusevimab combination therapy. We established a commercial team in order to better support our new product launch and distribution.

8. Liquidity and Capital resources

As at June 30, 2022, our bank and cash balances, including restricted bank deposits and time deposits, decreased to RMB3,221.9 million from RMB3,355.1 million as at December 31, 2021. The decrease is primarily due to payout of daily operations and third party contracting cost.

9. 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 period 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 period represents the loss for the period 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 period 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 figures 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 does not consider to be indicative of our operating performance, and thus facilitate comparisons of operating performance from period-to-period and company-to-company to the extent applicable.

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period	(365,614)	(2,953,579)
Added:		
Share-based compensation	53,988	27,391
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	–	2,751,575
Listing expenses	–	21,781
Adjusted loss for the period	(311,626)	(152,832)

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
R&D expenses for the period	(258,484)	(157,611)
Added:		
Share-based compensation	22,082	5,252
Adjusted R&D expenses for the period	(236,402)	(152,359)

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

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Administrative expenses for the period	(95,467)	(67,990)
Added:		
Share-based compensation	25,901	22,139
Adjusted administrative expenses for the period	(69,566)	(45,851)

The table below sets forth a reconciliation of the selling and marketing expenses to adjusted selling and marketing expenses during the periods indicated:

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Selling and marketing expenses for the period	(15,376)	–
Added:		
Share-based compensation	6,005	–
Adjusted administrative expenses for the period	(9,371)	–

10. Key financial ratios

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

	At June 30, 2022	At December 31, 2021
Current ratio[1]	1,068%	1,216%
Gearing ratio[2]	NM	NM

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date. Current ratio decreased mainly due to the decrease in cash balances as we pay out for our daily operations and third party contracting cost.

(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.

11. Indebtedness

Borrowings

As at June 30, 2022, the Group did not have any unutilized bank facilities, material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured.

Contingent Liabilities

As at June 30, 2022, the Group did not have any contingent liabilities.

Lease liabilities

We lease our office places under operating lease arrangements. Leases for office places are negotiated for terms ranging mainly from one to five years. As at June 30, 2022, the Group had lease liabilities of RMB17.5 million recognized under IFRS 16.

12. Significant investments, material acquisitions and disposals

As at June 30, 2022, we did not hold any significant investments. For the six months ended June 30, 2022, we did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures.

13. Charge on the Group's assets

As at June 30, 2022, none of the Group's assets were charged with any parties or financial institutions (December 31, 2021: nil).

14. Foreign exchange exposure

We are exposed to foreign exchange risk arising from certain currency exposures. Our reporting currency is RMB, but a significant portion of our operating transactions, assets and liabilities are denominated in other currencies such as USD and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at June 30, 2022, the Group's restricted bank deposits, time deposits with original maturity over three months and bank balances and cash were denominated as to 48.1% in US dollars, 31.5% in Hong Kong dollars, and 20.4% in RMB.

15. Employees and remuneration

As at June 30, 2022, we had a total of 123 employees. The following table sets forth the total number of employees by function as at June 30, 2022:

Function	Number of employees	% of total
R&D	73	59%
Administration	39	32%
Selling and marketing	11	9%
Total	123	100%

We enter into individual employment contracts with our employees to cover matters such as wages, benefits, equity incentive, and grounds for termination. We generally formulate our employees' remuneration package to include salary, bonus, equity incentive and allowance elements. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. We also provide our employees with welfare benefits in accordance with applicable regulations and our internal policies.

The Group also has adopted share incentive schemes for the purpose of providing incentives and rewards to its employees.

In accordance with applicable regulations in the PRC, we participate in a pension contribution plan, a medical insurance plan, an unemployment insurance plan, and a personal injury insurance plan for our employees. We have made adequate provisions in accordance with applicable regulations. Additionally, in accordance with PRC regulations, we make annual contributions toward a housing fund, a supplemental medical insurance fund, and a maternity fund.

We provide formal and comprehensive company-level and department-level training to our new employees followed by on-the-job training. We also provide training and development programs to our employees from time to time to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by different groups and departments serving different functions but working with or supporting each other in our day-to-day operations.

The total remuneration cost incurred by the Group for the six months ended June 30, 2022 was RMB157.4 million, as compared to RMB94.6 million for the six months ended June 30, 2021.

16. Treasury policy

Majority of our cash arises from equity funding. Such cash can only be invested in relatively liquid and low-risk instruments such as bank deposits or money market instruments. The primary objective of our investments is to generate finance income at a yield higher than the interest rate of current bank deposits, with an emphasis on preserving principal and maintaining liquidity.

USE OF NET PROCEEDS FROM LISTING

On July 13, 2021, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from 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 June 30, 2022:

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds (HK$ million)	Utilized amount as of June 30, 2022 (HK$ million)	Unutilized amount as of June 30, 2022 (HK$ million)
Used for our HBV functional cure programs	55%	1,437.6	95.1	1,342.5
– To fund ongoing and planned clinical trials, preparation for registration filings, milestone payments and other steps and activities related to commercialization for BRII-179, our Core Product	50%	1,306.9	80.8	1,226.1
• To fund ongoing and planned clinical trials and preparation for regulatory filings for BRII-179/BRII-835 combination therapy in chronic HBV patients	20%	522.8	41.4	481.4
• To fund planned clinical trials and preparation for regulatory filings for BRII179/PEG-IFN-α combination therapy in chronic HBV patients	16%	418.2	3.8	414.4
• To fund planned clinical trials and preparation for regulatory filings for BRII-179 in combination with other drug candidates with complimentary mechanism of actions	8%	209.1	35.6	173.5
• Used for regulatory milestone payments for BRII-179	1%	26.1	–	26.1
• Used for the launch and commercialization of BRII-179 (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	5%	130.7	14.3	116.4
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	81.8	310.3
Used for our MDR/XDR gram-negative infections programs	15%	392.1	25.9	366.2
– To fund the ongoing and planned clinical trials and preparation for registration filings for BRII636, BRII-672 and BRII-693	9%	235.2	17.4	217.8
– Used for regulatory milestone payments for BRII636, BRII-672 and BRII-693	6%	156.9	8.5	148.4
To fund the ongoing and planned clinical trials and preparation for registration filings for BRII-296	5%	130.6	54.1	76.5
Used for our early-stage pipeline, business development initiatives, working capital and general corporate purposes	10%	261.4	261.4	–
Total		2,613.8	518.3	2,095.5

For the Company's planned usage of the proceeds as described above, the Company expects that the net proceeds will be used up by 2025.

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended June 30, 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 principles in the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision C.2.1 of the CG Code.

Under code provision C.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. Zhi Hong ("**Dr. Hong**") as the chairman of the Board and the chief executive officer of the Company deviates from the aforesaid 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 one executive Director, two non-executive Directors and five 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 chief executive officer is necessary.

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 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 Reporting Period. 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.

REVIEW OF INTERIM REPORT

The external auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022 in accordance with the International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

The Audit and Risk Committee (formerly known as the audit committee of the Board), together with the management of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022) of the Group, and is of the view that the interim results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

CHANGES IN DIRECTORS' INFORMATION

Subsequent to the Company's 2021 annual report dated March 23, 2022, the changes in Directors' information, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:–

Name of Director	Details of Changes
Mr. Yongqing Luo (resigned)	Mr. Yongqing Luo has resigned as an executive Director, the President and General Manager, Greater China of the Company, and the chief executive officer of TSB Therapeutics, all with effect from September 15, 2022.
Dr. Zhi Hong	Dr. Zhi Hong has ceased to be the chairman of the Nomination Committee and will remain as a member of the Nomination Committee with effect from September 1, 2022. He has also ceased to be the chairman of the Strategy Committee with effect from September 30, 2022.
Dr. Axel Bouchon	Dr. Axel Bouchon has resigned as a non-executive Director and has ceased to be a member of the Strategy Committee with effect from September 30, 2022.
Dr. Ankang Li (appointment to be effective from September 30, 2022)	Dr. Ankang Li has been appointed as the chief executive officer of TSB Therapeutics with effect from September 16, 2022, and an executive Director with effect from September 30, 2022, in addition to his existing positions in the Company. He has also been appointed as the chairman of the Strategy Committee with effect from September 30, 2022.
Dr. Taiyin Yang	Dr. Taiyin Yang has been appointed as an independent non-executive Director with effect from September 1, 2022. She has also been appointed as the co-chairlady of the Audit and Risk Committee with effect from September 1, 2022 and a member of the Strategy Committee with effect from September 30, 2022.
Mr. Gregg Huber Alton	Mr. Gregg Huber Alton has been appointed as the chairman of the Nomination Committee with effect from September 1, 2022.
Dr. Martin J Murphy Jr	Dr. Martin J Murphy Jr has ceased to be a member of the Audit and Risk Committee with effect from September 1, 2022.
Mr. Yiu Wa Alec Tsui	Mr. Yiu Wa Alec Tsui has ceased to be a member of the Nomination Committee with effect from September 1, 2022.
Mr. Robert Taylor Nelsen	Mr. Robert Taylor Nelsen has ceased to be a director of Denali Therapeutics, Inc. (a company listed on the NASDAQ Global Market in the United States (stock code: DNLI)) effective from June 2022.

Please refer to the announcements of the Company dated September 1, 2022 and September 2, 2022 in relation to the aforesaid changes in the information of the Directors for more details.

Save as disclosed herein, as at the date of this report, there was no other change in the information of the Directors required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Model Code, are as follows:

Name of Director/Chief executive	Capacity/Nature of Interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company[1] (%)	Long position/ Short position/ Lending pool
Robert Taylor Nelsen[2]	Interest in controlled corporation	90,410,418	12.51	Long position
Zhi Hong[3]	Trustee	16,400,000	2.27	Long position
	Beneficial owner	17,063,500	2.36	Long position
	Founder of discretionary trust	16,000,000	2.21	Long position
Yongqing Luo[4]	Beneficial owner	10,375,500	1.44	Long position
Axel Bouchon[5]	Beneficial owner	84,000	0.01	Long position
Grace Hui Tang[6]	Beneficial owner	42,000	0.01	Long position
Martin J Murphy Jr[7]	Beneficial owner	42,000	0.01	Long position
Yiu Wa Alec Tsui[8]	Beneficial owner	42,000	0.01	Long position
Gregg Huber Alton[9]	Beneficial owner	42,000	0.01	Long position

Notes:

1. The calculation is based on the total number of 722,711,213 Shares in issue as at June 30, 2022.

2. ARCH Venture Fund IX, L.P. directly held 45,205,210 Shares. The general partner of ARCH Venture Fund IX, L.P. is ARCH Venture Partners IX, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (our non-executive Director), Mr. Clinton Bybee and Mr. Keith Crandell. In addition, ARCH Venture Fund IX Overage, L.P. directly held 45,205,208 Shares. The general partner ARCH Venture Fund IX Overage, L.P. is ARCH Venture Partners IX Overage, L.P., the general partner of which is ARCH Venture Partners IX, LLC. For the purpose of the SFO, Mr. Robert Taylor Nelsen is deemed to be interested in the Shares held by ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P. in aggregate.

3. Dr. Zhi Hong is interested or deemed to be interested in an aggregate of 49,463,500 Shares, including (i) his entitlements to receive up to 12,000,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Incentive Plan, subject to the vesting conditions; (ii) his entitlements to receive up to 4,152,500 Shares pursuant to the exercise of options granted to him under the Post-IPO Share Option Scheme, subject to the vesting conditions; (iii) 911,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions; (iv) 16,400,000 Shares held by the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust, of which he is the trustee; and (v) 16,000,000 Shares held by the Hong Family 2020 Irrevocable Trust, of which he is the grantor.

4. Mr. Yongqing Luo is interested in an aggregate of 10,375,500 Shares, including (i) his entitlements to receive up to 7,000,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Incentive Plan, subject to the vesting conditions; (ii) his entitlements to receive up to 2,768,500 Shares pursuant to the exercise of options granted to him under the Post-IPO Share Option Scheme, subject to the vesting conditions; and (iii) 607,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.

5. Dr. Axel Bouchon is interested in 84,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.

6. Ms. Grace Hui Tang is interested in 42,000 Shares underlying the RSUs granted to her under the Post-IPO Share Award Scheme, subject to the vesting conditions.

7. Dr. Martin J Murphy Jr is interested in 42,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.

8. Mr. Yiu Wa Alec Tsui is interested in 42,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.

9. Mr. Gregg Huber Alton is interested in 42,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.

Save as disclosed above, as at June 30, 2022, to the best knowledge of the Directors, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2022, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[1] (%)	Long position/ Short position/ Lending pool
Booming Passion Limited[2]	Beneficial interest	105,821,112	14.64	Long position
Boyu Capital Fund III, L.P.[2]	Interest of controlled corporation	105,821,112	14.64	Long position
Boyu Capital General Partner III, L.P.[2]	Interest of controlled corporation	105,821,112	14.64	Long position
Boyu Capital General Partner III, Ltd.[2]	Interest of controlled corporation	105,821,112	14.64	Long position
Boyu Capital Group Holdings Ltd.[2]	Interest of controlled corporation	111,894,958	15.48	Long position
XYXY Holdings Ltd.[2]	Interest of controlled corporation	111,894,958	15.48	Long position
Xiaomeng Tong[2]	Interest of controlled corporation	111,894,958	15.48	Long position
ARCH Venture Fund IX, L.P.[3]	Beneficial interest	45,205,210	6.25	Long position
ARCH Venture Fund IX Overage, L.P.[3]	Beneficial interest	45,205,208	6.25	Long position
ARCH Venture Partners IX, L.P.[3]	Interest of controlled corporation	45,205,210	6.25	Long position
ARCH Venture Partners IX Overage, L.P.[3]	Interest of controlled corporation	45,205,208	6.25	Long position
ARCH Venture Partners IX, LLC[3]	Interest of controlled corporation	90,410,418	12.51	Long position
Clinton Bybee[3]	Interest of controlled corporation	90,410,418	12.51	Long position
Keith Crandell[3]	Interest of controlled corporation	90,410,418	12.51	Long position
6 Dimensions Capital, L.P.[4]	Beneficial interest	61,772,560	8.55	Long position
6 Dimensions Capital GP, LLC[4]	Interest of controlled corporation	65,011,612	9.00	Long position

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[1] (%)	Long position/ Short position/ Lending pool
YF Bright Insight Limited[5]	Beneficial interest	53,495,664	7.40	Long position
Yunfeng Fund III, L.P.[5]	Interest of controlled corporation	53,495,664	7.40	Long position
Yunfeng Investment III, Ltd.[5]	Interest of controlled corporation	53,495,664	7.40	Long position
Yun Ma[5]	Interest of controlled corporation	53,495,664	7.40	Long position
Feng Yu[5]	Interest of controlled corporation	59,569,510	8.24	Long position
SC China Holding Limited[6]	Interest of controlled corporation	43,892,257	6.07	Long position
SNP China Enterprises Limited[6]	Interest of controlled corporation	43,892,257	6.07	Long position
Neil Nanpeng Shen[6]	Interest of controlled corporation	44,862,102	6.21	Long position
Invesco Advisers, Inc.[7]	Investment manager	43,351,738	6.00	Long position

Notes:

1. The calculation is based on the total number of 722,711,213 Shares in issue as at June 30, 2022.

2. Booming Passion Limited directly held 105,821,112 Shares. Booming Passion Limited is wholly owned by Boyu Capital Fund III, L.P., the general partner of which is Boyu Capital General Partner III, L.P. The general partner of Boyu Capital General Partner III, L.P. is Boyu Capital General Partner III, Ltd., which is wholly owned by Boyu Capital Group Holdings Ltd. XYXY Holdings Ltd. is the controlling shareholder of Boyu Capital Group Holdings Ltd. Mr. Xiaomeng Tong holds 100% of the outstanding shares of XYXY Holdings Ltd. In addition, Aqua Ocean Limited directly held 4,329,846 Shares. Aqua Ocean Limited is wholly owned by Boyu Capital Opportunities Master Fund. All voting power in Boyu Capital Opportunities Master Fund is held by Boyu Capital Investment Management Limited, which is wholly owned by Boyu Capital Group Holdings Ltd. Furthermore, Boyu Capital Opportunities Master Fund directly held 1,744,000 Shares.

   For the purpose of the SFO, (i) each of Boyu Capital Fund III, L.P., Boyu Capital General Partner III, L.P. and Boyu Capital General Partner III, Ltd. is deemed to be interested in the Shares held by Booming Passion Limited; (ii) each of Boyu Capital Group Holdings Ltd., XYXY Holdings Ltd. and Mr. Xiaomeng is deemed to be interested in the Shares held by Booming Passion Limited, Aqua Ocean Limited and Boyu Capital Opportunities Master Fund in aggregate.

3. ARCH Venture Fund IX, L.P. directly held 45,205,210 Shares. The general partner of ARCH Venture Fund IX, L.P. is ARCH Venture Partners IX, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (our non-executive Director), Mr. Clinton Bybee and Mr. Keith Crandell.

   In addition, ARCH Venture Fund IX Overage, L.P. directly held 45,205,208 Shares. The general partner ARCH Venture Fund IX Overage, L.P. is ARCH Venture Partners IX Overage, L.P., the general partner of which is ARCH Venture Partners IX, LLC.

For the purpose of the SFO, each of ARCH Venture Partners IX, LLC, Mr. Robert Taylor Nelsen (as set out above), Mr. Clinton Bybee and Mr. Keith Crandell is deemed to be interested in the Shares held by ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P. in aggregate.

4. 6 Dimensions Capital, L.P. directly held 61,772,560 Shares. The general partner of 6 Dimensions Capital, L.P. is 6 Dimensions Capital GP, LLC, which is owned by several persons each holding a minority interest. In addition, 6 Dimensions Affiliates Fund, L.P. directly held 3,239,052 Shares. The general partner 6 Dimensions Affiliates Fund, L.P. is 6 Dimensions Capital GP, LLC. For the purpose of the SFO, 6 Dimensions Capital GP, LLC is deemed to be interested in the Shares held by 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. in aggregate.

5. YF Bright Insight Limited directly held 53,495,664 Shares. YF Bright Insight Limited is owned by Yunfeng Fund III, L.P., its parallel fund and certain co-investment funds as to 79.47%, 20.03% and 0.5% respectively. The general partner of each of Yunfeng Fund III, L.P., its parallel fund and the co-investment funds is Yunfeng Investment III, Ltd. Yunfeng Investment III, Ltd. is owned by Mr. Feng Yu and Mr. Yun Ma as to 60% and 40%, respectively.

   In addition, Youyu Global Limited directly held 6,073,846 Shares. Youyu Global Limited is wholly owned by Yunfeng Financial Group Ltd., a company whose shares are listed on the Stock Exchange (stock code: 376). Yunfeng Financial Group Ltd. is controlled by Jade Passion Limited, which is in turn controlled by Key Imagination Limited. Key Imagination Limited is controlled by Yunfeng Financial Holdings Limited, which is in turn controlled by Mr. Feng Yu.

   For the purpose of the SFO, (i) each of Yunfeng Fund III, L.P., Yunfeng Investment III, Ltd. and Mr. Yun Ma is deemed to be interested in the Shares held by YF Bright Insight Limited; and (ii) Mr. Feng Yu is deemed to be interested in the Shares held by YF Bright Insight Limited and Youyu Global Limited in aggregate.

6. SCC Venture VI Holdco, Ltd. directly held 22,344,337 Shares. SCC Venture VI Holdco, Ltd. is wholly owned by Sequoia Capital China Venture Fund VI, L.P. The general partner of Sequoia Capital China Venture Fund VI, L.P. is SC China Venture VI Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen.

   In addition, SCC Growth V Holdco Q, Ltd. directly held 21,547,920 Shares. SCC Growth V Holdco Q, Ltd. is wholly owned by Sequoia Capital China Growth Fund V, L.P. The general partner of Sequoia Capital China Growth Fund V, L.P. is SC China Growth V Management, L.P., whose general partner is SC China Holding Limited.

   Furthermore, N&J Investment Holdings Limited and URM Management Limited directly held 968,255 Shares and 1,590 and Shares, respectively. The sole shareholder of both N&J Investment Holdings Limited and URM Management Limited is Mr. Neil Nanpeng Shen.

   For the purpose of the SFO, (i) each of SC China Holding Limited and SNP China Enterprises Limited is deemed to be interested in the Shares held by SCC Venture VI Holdco, Ltd. and SCC Growth V Holdco Q, Ltd. in aggregate; and (ii) Mr. Neil Nanpeng Shen is deemed to be interested in the Shares held by SCC Venture VI Holdco, Ltd., SCC Growth V Holdco Q, Ltd., N&J Investment Holdings Limited and URM Management Limited in aggregate.

7. Invesco Developing Markets Fund directly held 36,030,738 Shares. Invesco Developing Markets Fund is an investment company registered with the U.S. Securities and Exchange Commission and is advised by Invesco Advisers, Inc. Invesco Advisers, Inc. is the principal U.S. investment advisory subsidiary of Invesco Ltd. and is registered with the U.S. Securities and Exchange Commission as an investment adviser. For the purpose of the SFO, Invesco Advisers, Inc. is deemed to be interested in the Shares held by Invesco Developing Markets Fund.

   Together with various other funds and accounts which Invesco Advisers, Inc. acts as investment adviser, as at June 30, 2022, Invesco Advisers, Inc. was in control of an aggregate of 43,351,738 Shares as investment manager. For the purpose of the SFO, Invesco Advisers, Inc. is deemed to be interested in the 43,351,738 Shares.

Save as disclosed above, as at June 30, 2022, the Directors are not aware of any other persons (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE INCENTIVE SCHEMES

We have adopted three share incentive schemes, namely the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme. For details of the principal terms of the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, please refer to Appendix IV to the Prospectus.

Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan was approved and adopted by the Shareholders on October 30, 2018 and subsequently amended on August 27, 2020 and February 26, 2021. The purpose of the Pre-IPO Share Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of the Company's shareholders generally. Further details of the Pre-IPO Share Incentive Plan are set out in the Prospectus and note 18 to the consolidated financial statements.

A summary of the principal terms of the Pre-IPO Share Incentive Plan is set out below:

Eligible Participants

Those eligible to participate in the Pre-IPO Share Incentive Plan include officers, directors, employees, advisers or consultants of our Company or any of its affiliates as determined, authorized and approved by the Board or one or more committees appointed by the Board (the "**Administrator**").

Maximum Number of Shares Available for Issue under the Pre-IPO Share Incentive Plan

The overall limit on the number of underlying Shares which may be delivered pursuant to awards granted under the Pre-IPO Share Incentive Plan is 35,816,502 Shares of the Company's authorized but unissued ordinary shares with a par value of US$0.000005 each, representing approximately 4.96% of the total issued share capital of the Company as at June 30, 2022, subject to any adjustments for other dilutive issuances.

Consideration

Nil consideration is required to be paid by the grantees for the grant of awards under the Pre-IPO Share Incentive Plan. There is no specific exercise period of the options granted under the Pre-IPO Share Incentive Plan, which shall be exercisable when they become vested.

Determination of Exercise Price

The exercise price of an option may be a fixed price based on the par value of an ordinary share of the Company or variable price related to the fair market value of an ordinary share of the Company. The exercise price of all the options and share awards granted under the Pre-IPO Share Incentive Plan is between US$0.035 and US$1.33.

Life of the Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan commenced on October 30, 2018 (the "**Effective Date**") and will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of the Pre-IPO Share Incentive Plan either upon such stated expiration date or its earlier termination by the Board, no additional awards may be granted under the Pre-IPO Share Incentive Plan, but previously granted awards (and the authority of the Administrator with respect thereto, including the authority to amend such awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Pre-IPO Share Incentive Plan.

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Incentive Plan as of June 30, 2022. No options were granted since the Listing Date and up to June 30, 2022. For further details on the movement of the options during the Reporting Period, please see note 18 to the consolidated financial statements.

As at June 30, 2022, pursuant to the Pre-IPO Share Incentive Plan, the Company had granted to directors, employees and consultants of the Group outstanding options to subscribe for 29,148,188 Shares, representing 4.03% of the total issued share capital of the Company as at June 30, 2022. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan during the Reporting Period are as follows:

Name of grantee	Exercise price[7]	Date of grant	Vesting commencement date	No. of options outstanding as at January 1, 2022	No. of options granted during the Reporting Period and up to June 30, 2022	No. of options exercised during the Reporting Period and up to June 30, 2022	No. of options cancelled during the Reporting Period and up to June 30, 2022	No. of options lapsed during the Reporting Period and up to June 30, 2022	No. of options outstanding as at June 30, 2022	Notes
Dr. Zhi Hong	US$0.68	September 18, 2020	October 31, 2020	5,000,000	-	-	-	-	5,000,000	1
Chairman, chief executive officer	US$0.68	September 18, 2020	October 31, 2020	3,000,000	-	-	-	-	3,000,000	2
and executive Director	US$0.68	September 18, 2020	September 18, 2020	4,000,000	-	-	-	-	4,000,000	3
Mr. Yongqing Luo	US$0.13	September 18, 2020	September 11, 2021	7,000,000	-	-	-	-	7,000,000	4
Executive Director										
Employees (in aggregate)	From US$0.035 to US$1.33	From October 30, 2018 to June 4, 2021	From July 1, 2018 to June 7, 2022	12,772,835	-	(2,399,742)	(818,482)	(6,038)	9,548,573	1, 4, 5, 6
Other grantees (in aggregate)	From US$0.035 to US$1.33	From October 30, 2018 to May 14, 2021	From July 1, 2018 to May 14, 2022	633,615	-	(34,000)	-	-	599,615	1, 6
Total:									29,148,188	

Notes:

1. In accordance with a vesting schedule, the Shares subject to the corresponding options will be vested in 24 substantially equal monthly installments with the first installment vesting on the vesting commencement date occurs.

2. In accordance with a vesting schedule, the Shares subject to the corresponding options will be vested in 48 substantially equal monthly installments with the first installment vesting on the vesting commencement date occurs.

3. In accordance with a vesting schedule, the first 1,333,334 Shares subject to the corresponding options will be vested upon the achievements by the Group of one of the four milestones as specified in the relevant award agreement, the second 1,333,334 Shares will be vested upon the achievements by the Group of one of the remaining three milestones, and the remaining 1,333,332 Shares will be vested upon the achievements by the Group of one of the remaining two milestones, in each case the satisfaction of any milestones will be determined by the Board in its sole discretion.

4. In accordance with a vesting schedule, 25% of the Shares subject to the corresponding options will be vested on the vesting commencement date, and the remaining 75% of the Shares subject to the corresponding options will be vested in 36 substantially equal monthly installments with the first installment vesting on the last day of the month following the month in which the vesting commencement date occurs.

5. In accordance with a vesting schedule and subject to the satisfaction of certain IPO vesting conditions as specified in the relevant award agreement, 25% of the Shares subject to the corresponding options will be vested on the first anniversary of the completion of the IPO, and 75% of the Shares subject to the corresponding options will be vested in a series of 36 successive equal monthly installments for each monthly period of the relevant grantee's continuous full-time employment with the Company thereafter.

6. In accordance with a vesting schedule, 100% of the Shares subject to the corresponding options will be vested on the vesting commencement date.

7. Closing price of the Shares is not applicable as the Shares of the Company were not listed at the date of grant.

8. The weighted average closing price of the Company's Shares immediately before the dates on which the options were exercised during the Reporting Period was HK$16.44.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the Shareholders on June 22, 2021. The purpose of the Post-IPO Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Further details of the Post-IPO Share Option Scheme are set out in the Prospectus and note 18 to the consolidated financial statements.

A summary of the principal terms of the Post-IPO Share Option Scheme is set out below:

Eligible Participants

Any directors (including executive directors, non-executive directors and independent non-executive directors), employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group.

Maximum Number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 70,620,092 Shares (the "**General Scheme Limit**"), representing approximately 9.77% of the total issued share capital of the Company as at June 30, 2022.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Group shall not in aggregate exceed 30% of the Shares in issue from time to time.

The General Scheme Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed General Scheme Limit shall not exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option scheme of our Group) will not be counted for the purpose of calculating the refreshed General Scheme Limit.

Limit of Each Participant

Unless approved by Shareholders in a general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

Duration

The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted (after which, no further options shall be offered or granted), but in all other respects the provisions of the Post-IPO Share Incentive Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

Exercise Price

Pursuant to the Post-IPO Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option granted under the Post-IPO Share Option Scheme at a price determined by the Board provided that it shall not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

Consideration

A nominal consideration of HK$1.00 must be paid upon acceptance of the grant of an option, and such payment must be made within 5 business days from the date the share option grant offer is made to the grantee.

As at June 30, 2022, pursuant to the Post-IPO Share Option Scheme, the Company had granted to directors and employees of the Group outstanding options to subscribe for 21,738,500 Shares, representing approximately 3.01% of the total issued share capital of the Company as at June 30, 2022. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

Details of the movements of the options granted under the Post-IPO Share Option Scheme during the Reporting Period are as follows:

Name of grantee	Date of grant	Option period	Exercise price	No. of options outstanding as at January 1, 2022	No. of options granted during the Reporting Period and up to June 30, 2022	No. of options exercised during the Reporting Period and up to June 30, 2022	No. of options cancelled during the Reporting Period and up to June 30, 2022	No. of options lapsed during the Reporting Period and up to June 30, 2022	No. of options outstanding as at June 30, 2022	Closing price of the Shares immediately before the date of grant	Notes
Dr. Zhi Hong *Chairman, chief executive officer and executive Director*	September 17, 2021	10 years from the date of grant	HK$47.60	4,152,500	-	-	-	-	4,152,500	HK$47.60	1
Mr. Yongqing Luo *Executive Director*	September 17, 2021	10 years from the date of grant	HK$47.60	2,768,500	-	-	-	-	2,768,500	HK$47.60	2
Employees (in aggregate)	September 17, 2021	10 years from the date of grant	HK$47.60	6,745,500	-	-	(776,500)	-	5,969,000	HK$47.60	3
	December 3, 2021	10 years from the date of grant	HK$43.41	876,000	-	-	-	-	876,000	HK$42.70	4
	March 29, 2022	10 years from the date of grant	HK$10.33	-	5,924,000	-	(327,500)	-	5,596,500	HK$10.33	5
	June 24, 2022	10 years from the date of grant	HK$9.16	-	2,376,000	-	-	-	2,376,000	HK$9.16	6
Total:									21,738,500		

Notes:

1. The vesting schedule of the options is as follows:

   (i) in relation to 262,500 options granted: 25% shall vest on September 17, 2022; 25% shall vest on September 17, 2023; 25% shall vest on September 17, 2024; and 25% shall vest on September 17, 2025; and

   (ii) 3,890,000 options shall vest over three years from September 17, 2021 subject to the fulfilment of certain performance targets relating to the Company determined by the Board which are specified in the relevant grant letter.

2. The vesting schedule of the options is as follows:

   (i) in relation to 175,000 options granted: 25% shall vest on September 17, 2022; 25% shall vest on September 17, 2023; 25% shall vest on September 17, 2024; and 25% shall vest on September 17, 2025; and

   (ii) 2,593,500 options shall vest over three years from September 17, 2021 subject to the fulfilment of certain performance targets relating to the Company determined by the Board which are specified in the relevant grant letter.

3. The vesting schedule of the options is as follows:

   (i) in relation to 3,115,500 options granted: 25% shall vest on the first anniversary of the employment commencement date or the promotion date of each grantee; 25% shall vest on the second anniversary of the employment commencement date or the promotion date of each grantee; 25% shall vest on the third anniversary of the employment commencement date or the promotion date of each grantee; and 25% shall vest on the fourth anniversary of the employment commencement date or the promotion date of each grantee;

   (ii) in relation to 593,000 options granted: 5% shall vest on September 17, 2022; 10% shall vest on September 17, 2023; 40% shall vest on September 17, 2024; and 45% shall vest on September 17, 2025; and

   (iii) 4,468,000 options shall vest over three years from September 17, 2021 subject to the fulfilment of certain performance targets relating to the Company determined by the Board which are specified in the relevant grant letter of the grantees.

4. The vesting schedule of the options is as follows:

   (i) in relation to 674,000 options granted: 25% shall vest on the first anniversary of the employment commencement date or the promotion date of each grantee; 25% shall vest on the second anniversary of the employment commencement date or the promotion date of each grantee; 25% shall vest on the third anniversary of the employment commencement date or the promotion date of each grantee; and 25% shall vest on the fourth anniversary of the employment commencement date or the promotion date of each grantee; and

   (ii) 202,000 options shall vest over three years from the employment commencement date subject to the fulfilment of certain performance targets relating to the Company determined by the Board which are specified in the relevant grant letter of the grantees.

5. The vesting schedule of the options is as follows:

   (i) in relation to 966,000 options granted: 25% shall vest on the first anniversary of the promotion date of each grantee; 25% shall vest on the second anniversary of the promotion date of each grantee; 25% shall vest on the third anniversary of the promotion date of each grantee; and 25% shall vest on the fourth anniversary of the promotion date of each grantee;

   (ii) in relation to 1,938,500 options granted: 25% shall vest on the first anniversary of the employment commencement date of each grantee; 25% shall vest on the second anniversary of the employment commencement date of each grantee; 25% shall vest on the third anniversary of the employment commencement date of each grantee; and 25% shall vest on the fourth anniversary of the employment commencement date of each grantee;

   (iii) in relation to 1,396,500 options granted: 5% shall vest on March 29, 2023; 10% shall vest on March 29, 2024; 40% shall vest on March 29, 2025; and 45% shall vest on March 29, 2026;

   (iv) in relation to 1,350,500 options granted: 25% shall vest on March 29, 2023; 25% shall vest on March 29, 2024; 25% shall vest on March 29, 2025; and 25% shall vest on March 29, 2026;

(v) 135,500 options shall vest over three years from the employment commencement date of each grantee upon the achievements by the Group of certain program milestones determined by the Board which are specified in the relevant grant letter of the grantees; and

(vi) 137,000 options shall vest over three years from the employment commencement date of each grantee upon the achievements by the Group of certain market capitalization milestones determined by the Board which are specified in the grant letter of the grantees.

6. The vesting schedule of the options is as follows:

(i) in relation to 2,313,500 options granted: 25% shall vest on the first anniversary of the employment commencement date of each grantee; 25% shall vest on the second anniversary of the employment commencement date of each grantee; 25% shall vest on the third anniversary of the employment commencement date of each grantee; and 25% shall vest on the fourth anniversary of the employment commencement date of each grantee; and

(ii) in relation to 62,500 options granted: 25% shall vest on the first anniversary of the promotion date of each grantee; 25% shall vest on the second anniversary of the promotion date of each grantee; 25% shall vest on the third anniversary of the promotion date of each grantee; and 25% shall vest on the fourth anniversary of the promotion date of each grantee.

Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme was approved by the Shareholders on June 22, 2021. The purpose of the Post-IPO Share Award Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. Further details of the Post-IPO Share Award Scheme are set out in the Prospectus and note 18 to the consolidated financial statements.

The Post-IPO Share Award Scheme shall be valid and effective for the period of 10 years commencing on the Listing Date.

On January 20, 2022, (i) 3,890,250 RSUs were granted to 83 grantees pursuant to the Post-IPO Share Award Scheme, among which, 252,000 RSUs were granted to AMLOne UG (limited liability) (in respect of Dr. Axel Bouchon's services to the Company), Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui and Mr. Gregg Huber Alton; and (ii) 1,518,000 RSUs were granted to Dr. Zhi Hong and Mr. Yongqing Luo, approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on Wednesday, June 22, 2022. Further details of the RSU grants are set out in the announcement of the Company dated January 20, 2022 and the circular of the Company dated March 29, 2022.

On March 29, 2022, 2,033,500 RSUs were granted to 67 grantees pursuant to the Post-IPO Share Award Scheme. Further details of the RSU grants are set out in the announcement of the Company dated March 29, 2022.

On June 24, 2022, 981,000 RSUs were granted to 20 grantees pursuant to the Post-IPO Share Award Scheme. Further details of the RSU grants are set out in the announcement of the Company dated June 24, 2022.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As of June 30, 2022, the Company does not have any disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

To The Board Of Directors Of Brii Biosciences Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Brii Biosciences Limited (the "Company") and its subsidiaries set out on pages 44 to 66, which comprise the condensed consolidated statement of financial position at June 30, 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410") issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 23, 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Six months ended June 30,	
		2022	2021
		RMB'000	RMB'000
	Notes	(unaudited)	(unaudited)
Other income	4	38,228	46,280
Other gains and losses	5	(34,035)	(9)
Research and development expenses		(258,484)	(157,611)
Administrative expenses		(95,467)	(67,990)
Selling and marketing expenses		(15,376)	–
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")		–	(2,751,575)
Finance costs	6	(480)	(893)
Listing expenses		–	(21,781)
Loss before tax	7	(365,614)	(2,953,579)
Income tax expense	8	–	–
Loss for the period		(365,614)	(2,953,579)
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		173,492	25,158
Fair value (loss) gain on equity instrument at fair value through other comprehensive income ("**FVTOCI**")		(22,780)	8,918
		150,712	34,076
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(2,785)	(1,953)
Other comprehensive income for the period		147,927	32,123
Total comprehensive expense for the period		(217,687)	(2,921,456)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Six months ended June 30,	
		2022	2021
		RMB'000	RMB'000
	Notes	(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(347,587)	(2,953,177)
Non-controlling interests		(18,027)	(402)
		(365,614)	(2,953,579)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(199,660)	(2,921,054)
Non-controlling interests		(18,027)	(402)
		(217,687)	(2,921,456)
Loss per share			
– Basic and diluted (RMB)	9	(0.48)	(14.86)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2022

	Notes	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	9,959	12,573
Right-of-use assets	11	16,520	20,862
Intangible assets		8,148	9,506
Financial assets at FVTPL	12	128,946	117,790
Equity instrument at FVTOCI	13	12,477	34,241
Rental deposits	14	2,786	2,786
		178,836	197,758
Current assets			
Deposits, prepayments and other receivables	14	71,031	58,882
Restricted bank deposits	15	2,474	319
Time deposits with original maturity over three months	15	253,276	499,647
Bank balances and cash	15	2,966,195	2,855,093
		3,292,976	3,413,941
Current liabilities			
Other payables	16	271,241	218,860
Lease liabilities		9,267	8,969
Deferred income		27,840	52,884
		308,348	280,713
Net current assets		2,984,628	3,133,228
Total assets less current liabilities		3,163,464	3,330,986

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2022

	Notes	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		8,204	12,647
Deferred income		4,583	7,083
		12,787	19,730
Net assets		3,150,677	3,311,256
Capital and reserves			
Share capital	17	23	23
Share premium and reserves		3,200,329	3,342,881
Equity attributable to owners of the Company		3,200,352	3,342,904
Non-controlling interests		(49,675)	(31,648)
Total equity		3,150,677	3,311,256

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Investments revaluation reserve RMB'000	Translation reserve RMB'000	Other reserve RMB'000 (Note)	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total (deficits) equity RMB'000
At January 1, 2021 (audited)	7	74,332	18,529	77,922	(75,917)	40,887	(1,874,049)	(1,738,289)	(4,413)	(1,742,702)
Loss for the period	–	–	–	–	–	–	(2,953,177)	(2,953,177)	(402)	(2,953,579)
Other comprehensive income	–	–	8,918	23,205	–	–	–	32,123	–	32,123
Total comprehensive income (expense) for the period	–	–	8,918	23,205	–	–	(2,953,177)	(2,921,054)	(402)	(2,921,456)
Vesting of restricted ordinary shares	–	5,264	–	–	–	(5,264)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	27,391	–	27,391	–	27,391
At June 30, 2021 (unaudited)	7	79,596	27,447	101,127	(75,917)	63,014	(4,827,226)	(4,631,952)	(4,815)	(4,636,767)
At January 1, 2022 (audited)	23	9,317,066	12,457	26,127	(75,917)	101,046	(6,037,898)	3,342,904	(31,648)	3,311,256
Loss for the period	–	–	–	–	–	–	(347,587)	(347,587)	(18,027)	(365,614)
Other comprehensive (expense) income	–	–	(22,780)	170,707	–	–	–	147,927	–	147,927
Total comprehensive (expense) income for the period	–	–	(22,780)	170,707	–	–	(347,587)	(199,660)	(18,027)	(217,687)
Vesting of restricted ordinary shares	–	2,140	–	–	–	(2,140)	–	–	–	–
Exercising of restricted share units	–	577	–	–	–	(577)	–	–	–	–
Exercising of share options	–	8,994	–	–	–	(5,874)	–	3,120	–	3,120
Recognition of equity-settled share-based payments	–	–	–	–	–	53,988	–	53,988	–	53,988
At June 30, 2022 (unaudited)	23	9,328,777	(10,323)	196,834	(75,917)	146,443	(6,385,485)	3,200,352	(49,675)	3,150,677

Note: Other reserve represents the adjustment to the non-controlling interests to reflect the changes in the respective share of the carrying amounts of the net liabilities of a subsidiary upon the capital contribution by the Company which resulted in its additional interest in that subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(268,944)	(601,964)
INVESTING ACTIVITIES		
Interest received	10,343	620
Receipt of return from money market funds	1,023	51
Placement of time deposits with original maturity over three months	(253,276)	–
Withdrawal of time deposits with original maturity over three months	499,647	20,000
Placement of restricted bank deposits	(2,155)	–
Withdrawal of restricted bank deposits	–	3,434
Purchase of property, plant and equipment	–	(1,771)
NET CASH FROM INVESTING ACTIVITIES	255,582	22,334
FINANCING ACTIVITIES		
Proceeds from exercise of share options	3,120	–
Payments of lease liabilities	(4,145)	(3,948)
Interest paid	(480)	(893)
Proceeds from issuance of Series C Preferred Shares (as defined in note 23 in the 2021 annual report)	–	1,002,455
Payments of deferred issue costs	–	(620)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,505)	996,994
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,867)	417,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,855,093	1,034,965
Effects of foreign exchange rate changes	125,969	(7,513)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,966,195	1,444,816

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

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 and central nervous system 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 these condensed consolidated financial statements is RMB as it best suits the needs of the shareholders and investors.

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

The directors of the Company have, at the time of approving these condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020

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

3. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer of the Group. For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the Group's accounting policies. Accordingly, the Group has only one reportable segment and only entity-wide disclosures are presented.

Geographical information

All of the Group's non-current assets (excluding financial instruments) are located in the PRC.

4. OTHER INCOME

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants (Note)	27,885	45,660
Bank interest income	10,343	620
	38,228	46,280

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 interim period, the Group did not (six months ended June 30, 2021: nil) receive any government grants. At June 30, 2022, government grants of RMB32.4 million (December 31, 2021: RMB60.0 million) have not fully reached the relevant conditions and therefore these government grants were deferred and recorded as deferred income.

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net foreign exchange loss	(39,846)	(64)
Fair value gain of money market funds	1,023	55
Fair value gain on financial assets at FVTPL	4,788	–
	(34,035)	(9)

6. FINANCE COSTS

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on lease liabilities	480	893

7. LOSS BEFORE TAX

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss before tax for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	2,614	2,415
Depreciation of right-of-use assets	4,342	4,222
Amortization of intangible assets (included in research and development expenses)	1,358	1,358

8. INCOME TAX EXPENSE

No provision for income tax expense has been made since the operating subsidiaries of the Company have no assessable profits for both periods.

9. 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:

	Six months ended June 30,	
	2022 (unaudited)	2021 (unaudited)
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share (RMB'000)	(347,587)	(2,953,177)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	721,780	198,737

The computation of basic and diluted loss per share for the six months ended June 30, 2021 and 2022 excluded the unvested restricted ordinary shares of the Company. Details of these restricted ordinary shares are set out in Note 18.

The computation of diluted loss per share for the six months ended June 30, 2022 did not assume the exercise of share options, the vesting of restricted share units and restricted ordinary shares since their assumed exercise and vesting would result in a decrease in loss per share.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that share subdivision as disclosed in note 17 has been effective on January 1, 2021.

The computation of diluted loss per share for the six months ended June 30, 2021 did not assume conversion of the preferred shares, the exercise of share options and the vesting of restricted ordinary shares since their assumed conversion, exercise and vesting would result in a decrease in loss per share.

10. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended June 30, 2022.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group had no additions of property, plant and equipment (six months ended June 30, 2021: RMB1,771,000) and had no disposal of property, plant and equipment (six months ended June 30, 2021: nil).

During the current interim period, the Group had no additions of right-of-use assets (six months ended June 30, 2021: RMB3,034,000) and had no disposal of right-of-use assets.

12. FINANCIAL ASSETS AT FVTPL

At June 30, 2022, the amount represents investments in a listed and two unlisted (December 31, 2021: three unlisted) entities in the USA focusing on infectious diseases. During the six months ended June 30, 2022, the Group has no additions of equity investments (six months ended June 30, 2021: nil). The fair value of the listed equity investment is measured based on quoted market price. The fair values of these financial assets at FVTPL are established by using valuation techniques as disclosed in Note 20.

13. EQUITY INSTRUMENT AT FVTOCI

The amount represents listed equity investment in a biopharmaceutical company listed on the NASDAQ Global Market. During the six months ended June 30, 2022, the Group has no addition nor disposal of these equity investments (six months ended June 30, 2021: nil). The fair value of the equity investment at FVTOCI is established by using valuation technique as disclosed in Note 20.

14. RENTAL DEPOSITS/DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Value-added tax recoverable	52,089	45,537
Prepayments	11,114	7,365
Interests receivable	5,625	4,873
Rental and other deposits	2,786	2,786
Other receivables	2,203	1,107
	73,817	61,668
Analyzed as:		
Non-current	2,786	2,786
Current	71,031	58,882
	73,817	61,668

15. RESTRICTED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/BANK BALANCES AND CASH

At June 30, 2022, restricted bank deposits represent bank deposits which are restricted for money market funds and trust of share option scheme, and carry interests ranged from 0.01% to 0.03% (December 31, 2021: 0.01%) per annum.

At June 30, 2022, time deposits with maturity more than three months carry fixed interest rate at 2.35% (December 31, 2021: from 0.16% to 2.55%) per annum.

Bank balances and cash comprise cash held by the Group, short-term bank deposits with an original maturity of three months or less and low volatility net assets value money market funds which are measured FVTPL. The short-term bank deposits carry interests at market rate ranged from 0.42% to 2.80% (December 31, 2021: 0.05% to 0.30%) per annum at June 30, 2022.

16. OTHER PAYABLES

	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Payables for research and development expenses	202,822	44,111
Accrued research and development expenses	34,074	136,835
Payroll payables	19,862	23,840
Accrued issue costs	10,738	10,201
Other tax payables	1,284	1,653
Other payables for		
– legal and professional fee	1,384	1,042
– others	1,077	1,178
	271,241	218,860

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:

	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
0-30 days	39,247	43,327
31-60 days	10,387	780
61-90 days	144,161	4
Over 90 days	9,027	–
	202,822	44,111

17. SHARE CAPITAL

	Number of shares				
	Class A	Class B	Ordinary shares	Total	Share capital US$
Authorised					
Ordinary shares of US$0.00001 each (before share subdivision) and US$0.000005 each (after share subdivision)					
At January 1, 2021 (audited)	317,357,841	20,000,000	–	337,357,841	3,374
Increase in authorised ordinary shares on February 26, 2021 (note i)	40,733,068	30,000,000	191,909,091	262,642,159	2,626
Redesignation of Class A ordinary shares and Class B ordinary shares to ordinary shares	(358,090,909)	(50,000,000)	408,090,909	–	–
Share subdivision (note ii)	–	–	600,000,000	600,000,000	–
At June 30, 2021 (unaudited), January 1, 2022 (audited) and June 30, 2022 (unaudited)	–	–	1,200,000,000	1,200,000,000	6,000

17. SHARE CAPITAL (Continued)

	Class A			Class B			Ordinary Shares			Total			Equivalent amount of
	Number of shares	Par value per share US$	Amount US$	Number of shares	Par value per share US$	Amount US$	Number of shares	Par value per share US$	Amount US$	Number of shares	Par value per share US$	Amount US$	ordinary shares RMB'000
Issued and fully paid													
At January 1, 2021 (audited) and June 30, 2021 (unaudited)	101,898,757	0.00001	1,019	6,750,001	0.00001	67	-	-	-	108,648,758	0.00001	1,086	7
At January 1, 2022 (audited)	-	-	-	-	-	-	720,292,216	0.000005	3,602	720,292,216	0.000005	3,602	23
Issuance of ordinary shares in relation to exercise of share options (Note 18)	-	-	-	-	-	-	2,433,742	0.000005	12	2,433,742	0.000005	12	-*
Issuance of ordinary shares in relation to vesting of restricted share units (Note 18)							57,755	0.000005	-**	57,755	0.000005	-**	-*
Repurchase and cancellation of ordinary shares (Note iii)	-	-	-	-	-	-	(72,500)	0.000005	-**	(72,500)	0.000005	-**	-*
At June 30, 2022 (unaudited)	-	-	-	-	-	-	722,711,213	0.000005	3,614	722,711,213	0.000005	3,614	23

* Less than RMB1,000.

** Less than US$1,000.

Notes:

(i) On February 26, 2021, the authorized share capital of the Company was increased to US$6,000 divided into 600,000,000 shares, consisting of (i) 358,090,909 Class A ordinary shares of par value of US$0.00001 each, (ii) 50,000,000 Class B ordinary shares of par value of US$0.00001 each, (iii) 86,513,192 Series A Preferred Shares (as defined in note 23 in the 2021 annual report) of par value of US$0.00001 each, (iv) 68,592,199 Series B Preferred Shares (as defined in note 23 in the 2021 annual report) of par value of US$0.00001 each, and (v) 36,803,700 Series C Preferred Shares (as defined in note 23 in the 2021 annual report) of par value of US$0.00001 each.

(ii) Pursuant to written resolutions of the Company's shareholders passed on June 22, 2021, each of the Company's authorized share capital of a par value of US$0.00001 each were subdivided into 2 shares with par value of US$0.000005 each, such that following the subdivision, the authorized share capital of the Company is US$6,000 divided into 1,200,000,000 shares with par value of US$0.000005 each (the "Share Subdivision").

(iii) During the six months ended June 30, 2022, upon the resignation of the Company's employee whom was granted with restricted ordinary shares, the Company repurchased and cancelled 72,500 shares, representing the unvested portion of the restricted ordinary shares, held by the employee with a reduction of the Company's treasury shares and share capital of RMB2.

18. SHARE-BASED PAYMENT TRANSACTIONS

Restricted ordinary shares

On June 19, 2018, the Company, for the purpose of providing incentive and motivate the key management of the Group, issued 12,600,000 time-based restricted ordinary shares (before Share Subdivision) and 3,500,000 milestone-based restricted ordinary shares (before Share Subdivision) to a director and 6,525,000 time-based restricted ordinary shares (before Share Subdivision) to key management of the Group (collectively referred to as "Restricted Person") at a total consideration of approximately RMB1,000 (at US$0.00001 per share before Share Subdivision).

The Company shall have the right to repurchase the unvested shares from the Restricted Person at the initial issuance price upon termination of the Restricted Person's employment or upon his voluntary termination of his employment with the Company (the "Repurchase Right") during the vesting period.

All restricted ordinary shares are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assessment, pledge, encumbrance or charge, directly or indirectly, by the Restricted Person prior to the termination of the Repurchase Right. The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted ordinary shares at the grant date and is recognizing the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted ordinary shares. Time-based restricted ordinary shares shall have one forth (25%) vested upon first anniversary of grant date and the remaining portion vested ratably on a monthly basis over a 36-months vesting period afterwards. Milestone-based restricted ordinary shares will be vested upon the earlier of (i) the completion of issuance of the Series B Preferred Shares and completion of issuance of the Series C Preferred Shares with valuation higher than the Series B Preferred shares or initial public offering ("IPO") on an internationally recognized exchange, whichever is earlier; or (ii) the fifth anniversary of the grant date. The expected vesting period is estimated by directors of the Company based on the most likely outcome of each of the performance condition.

During the six months ended June 30, 2022, except for 72,500 (2021: nil) restricted ordinary shares were repurchased and cancelled by the Company, the remaining restricted ordinary shares has been vested (six months ended June 30, 2021: 2,390,625 restricted ordinary shares).

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Post-IPO Share Award Scheme

On June 22, 2021, a Post-IPO share award scheme (the "Post-IPO Share Award Scheme") was approved and adopted pursuant to a board resolution passed. The directors of the Company may, from time to time, at its absolute discretion to make an offer of a share award (consisting of either restricted shares or restricted share units (the "RSUs")) to an eligible person in accordance with the Post-IPO Share Award Scheme. The overall limit on the number of RSUs under the Post-IPO Share Award Scheme is 35,310,046 shares and the maximum number of shares which may be awarded to any eligible person under the Post-IPO Share Award Scheme shall not exceed 5% of the issued share capital of the Company at July 13, 2021.

The vesting of the Post-IPO RSUs granted is subject to the eligible person remaining at all times after the date of granting and on the vesting date an eligible person of the Post-IPO Share Award Scheme. RSUs granted under the Post-IPO Share Award Scheme consists of time-based RSUs and milestone-based RSU, and shall have a contractual term of 10 years. The time-based RSUs shall have the vesting periods for different batches as follows:

(i) One fourth (25%) of the RSUs shall vest each time on the first, second, third and fourth anniversary of the vesting commencement date.

(ii) Five percent (5%), ten percent (10%), forty percent (40%) and forty-five percent (45%) of the RSUs shall vest each time on the first, second, third and fourth anniversary of the vesting commencement date.

(iii) One third (33.3%) of the RSUs shall vest each time on the first, second and third anniversary of the vesting commencement date.

The expected vesting period of milestone RSUs is estimated by directors of the Company based on the most likely outcome of each of the performance condition.

The grantee may not have any interest or right in the RSUs granted until such Post-IPO RSUs have been vested.

A share award shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to such share award (or, prior to vesting of a restricted share award, the shares subject thereto).

On January 20, 2022, March 29, 2022 and June 24, 2022, the Group issued 5,408,250, 2,033,500 and 981,000 Post-IPO RSUs to directors of the Company and employees of the Group under the Post-IPO Share Award Scheme, respectively. The closing price of the Company's shares immediately before January 20, 2022, March 29, 2022 and June 24, 2022, the dates of the grant, were HK$22.75, HK$9.46 and HK$9.16, respectively. The fair values of the Post-IPO RSUs determined at the dates of grant are measured on the basis of an observable market price which was HK$22.75, HK$9.46 and HK$9.16, respectively.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Post-IPO Share Award Scheme (Continued)

The following table summarized the Group's Post-IPO RSUs and movement during the reporting period.

	Number of Post-IPO RSUs
At January 1, 2021 (audited), June 30, 2021 (unaudited) and January 1, 2022 (audited)	–
Granted	8,422,750
Vested	(57,755)
Forfeited	(439,995)
At June 30, 2022 (unaudited)	7,925,000

Equity-settled share option scheme of the Company

The Company's pre-IPO share incentive plan (the "**Incentive Plan**") was adopted pursuant to a resolution passed on October 30, 2018. The primary purpose of the Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing a mean through which the Company may grant equity-based incentives to attract, motivate, retain and reward employees, directors and consultants (the "**Eligible Persons**") and to further link the Eligible Persons' interests with those of the Company's shareholders generally.

The Incentive Plan provides for the grant of the following types of share awards: (i) share options, (ii) share appreciation rights, (iii) restricted share awards and (iv) other share awards. The directors of the Company approved up to 3,408,251 Class B non-voting ordinary shares (before share subdivision) of the Company, in which share awards may be granted under the Incentive Plan. On February 19, 2021, resolution was passed by the board of directors of the Company to increase the capacity of the Incentive Plan to 17,908,251 Class B non-voting ordinary shares (before Share Subdivision).

On June 22, 2021, the Company underwent a share subdivision whereby each issued and unissued share of par value US$0.00001 each in the Company's authorized share capital was subdivided into two shares of US$0.000005 par value each. Each option was subdivided into two options.

To enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group, on June 22, 2021, the resolutions conditionally adopted the Post-IPO Share Option Scheme was passed in writing of all shareholders of the Company. The Post-IPO Share Option Scheme provides for the grant of share options.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

Set out below are details of the movements of the outstanding options granted under the Incentive Plan and the Post-IPO Share Option Scheme during the reporting period:

For the six months ended June 30, 2022

Option	Name of grantee	Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 1.1.2022	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2022
Time-based										
Option A	Consultants and employees	30.10.2018	Note i	Note iii	US$0.035	2,400,000	–	(675,406)	(64,594)	1,660,000
Option B	Consultants and employees	3.4.2019 – 16.9.2019	Note i	Note iii	US$0.05	828,666	–	(163,685)	(6,981)	658,000
Option C	Employees	4.2.2020 – 11.12.2020	Note i	Note iii	US$0.13 – US$0.68	21,876,984	–	(1,533,903)	(550,029)	19,793,052
Option D	Consultants and employees	18.2.2021 – 3.12.2021	Note i	Note iii	US$0.68 – US$1.33 HK$43.41 – HK$47.60	5,804,800	–	(60,748)	(604,416)	5,139,636
Option E	Consultants and employees	29.3.2022 – 24.6.2022	Note i	Note iii	HK$9.16 – HK$10.33	–	8,027,500	–	(327,500)	7,700,000
Sub-total						30,910,450	8,027,500	(2,433,742)	(1,553,520)	34,950,688
Milestone-based										
Option F	Employees	18.9.2020	Note ii	Note iii	US$0.13 – US$0.68	5,200,000	–	–	–	5,200,000
Option G	Employees	4.6.2021 – 3.12.2021	Note ii	Note iii	US$1.06 HK$43.41 – HK$47.60	10,838,500	–	–	(375,000)	10,463,500
Option H	Employees	29.3.2022	Note ii	Note iii	HK$10.33	–	272,500	–	–	272,500
Sub-total						16,038,500	272,500	–	(375,000)	15,936,000
Total						46,948,950	8,300,000	(2,433,742)	(1,928,520)	50,886,688
Exercisable at the end of the period										13,267,291
Weighted average exercise price						US$2.18	US$1.28	US$0.20	US$2.91	US$2.09

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

For the six months ended June 30, 2021

Option	Name of grantee	Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 1.1.2021	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2021
Time-based										
Option A	Consultants and employees	30.10.2018	Note i	Note iii	US$0.07	1,405,000	–	–	–	1,405,000
Option B	Consultants and employees	3.4.2019 – 16.9.2019	Note i	Note iii	US$0.1	657,000	–	–	(27,417)	629,583
Option C	Employees	4.2.2020 – 11.12.2020	Note i	Note iii	US$0.26 – US$1.36	11,243,200	–	–	(111,333)	11,131,867
Option D	Consultants and employees	18.2.2021 – 4.6.2021	Note i	Note iii	US$1.36 – US$2.66	–	1,080,400	–	(20,000)	1,060,400
Sub-total						13,305,200	1,080,400	–	(158,750)	14,226,850
Milestone-based										
Option E	Employees	18.9.2020	Note ii	Note iii	US$0.26 – US$1.36	2,600,000	–	–	–	2,600,000
Option F	Employees	4.6.2021	Note ii	Note iii	US$2.12	–	30,000	–	–	30,000
Sub-total						2,600,000	30,000	–	–	2,630,000
Total						15,905,200	1,110,400	–	(158,750)	16,856,850
Exercisable at the end of the period										2,925,355
Weighted average exercise price						US$0.77	US$1.84	–	US$0.85	US$0.84

Notes:

(i) The share options were granted to employees of the Group or consultants who are in contractual agreements with the Group in providing services similar to those rendered by the Group's employees. The vesting is based on the vesting schedules within the vesting period of 1 – 4 years.

(ii) The milestone-based share options are vested conditionally upon the achievement of specified performance targets including but not limited to, marketing authorization of various drug candidates and the Group by a specific time, achievement of key partnership of various drug candidates, achievement of commercial revenue targets of various drug candidates, achievement of proof-of-concept phase targets of various drug candidates by a specific time, starting certain clinical phase of various drug candidates by a specific time, achievement of out-license of various drug candidates by a specific time, achievement of in-licensing targets, achievement of certain research targets, completion of the Listing, achievement of market capitalization target, achieving a specific proof-of-concept therapeutic potential and achieving of a sales target by a specific time. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

(iii) Each vested option is exercisable during a period from and including the vesting date of the relevant option to the tenth anniversary of grant date of the option.

The fair value of the options granted during the reporting period was determined using the Binominal Tree model. These fair values and corresponding inputs into the model were as follows:

For the six months ended June 30, 2022

Option Granted	Grant date option fair value per share	Exercise price	Volatility	Expected life	Risk-free interest rate	Dividend yield	Fair value at grant date
Option E	HK$5.08 – HK$5.54	HK$9.16 – HK$10.33	65.08% – 65.94%	10 years	2.24% – 3.09%	0%	HK$42,735,390
Option H	HK$5.13 – HK$5.19	HK$10.33	65.08%	10 years	2.24%	0%	HK$1,406,100

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

19. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors of the Company and other members of key management of the Group during the interim period were as follows:

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Salary and other benefits	26,368	17,732
Retirement benefit scheme contribution	541	380
Share-based payments	32,656	31,232
	59,565	49,344

The remuneration of key management personnel of the Group is determined by the directors of the Company having regard to the performance of individuals and market trends.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Notes	Fair value at June 30, 2022 RMB'000	Fair value at December 31, 2021 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Listed equity investments at FVTOCI	Note 13	12,477	34,241	Level 1	Active market quoted transaction price	N/A
Listed equity investment measured at FVTPL	Note 12	61,294	53,522	June 30, 2022: Level 1 (December 31, 2021:Level 2)	June 30, 2022: Active market quoted transaction price December 31, 2021: Recent transaction Price	N/A
Unlisted equity investment measured at FVTPL	Note 12	3,694	3,509	Level 2	Recent transaction price	N/A
Unlisted equity investment measured at FVTPL	Note 12	63,958	60,759	Level 3	Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple	June 30, 2022: Discount rate of 31% (note i) and P/R&D multiple of 1.00 (note ii) December 31, 2021: Discount rate of 31% and P/R&D multiple of 1.69
Money market funds measured at FVTPL	Note 15	828,666	1,011,649	Level 2	Based on the net assets value of the funds, which are determined with reference to observable and quoted prices of underlying investment portfolio	N/A

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

(i) A slight increase in the discount rate used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment, and vice versa. If the discount rate was 0.5% higher/lower to 31.5%/30.5% while holding all other variables constant, the carrying amount of the unlisted equity investment would decrease or increase by RMB490,000 at June 30, 2022.

(ii) A slight increase in the Price-to-cumulative Research & Development Expenses ("P/R&D") multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment, and vice versa. If the P/R&D multiple was 5% higher/lower to 1.06/0.95 while all other variables constant, the carrying amount of the unlisted equity investment would increase or decrease by RMB3,382,000 at June 30, 2022.

(ii) Reconciliation of Level 3 fair value measurements

The fair value changes are unrealised in these condensed consolidated statement of profit or loss and other comprehensive income.

The following table presents the reconciliation of Level 3 measurements of preferred shares and financial assets at FVTPL during the reporting periods:

	Preferred shares RMB'000
At January 1, 2021 (audited)	2,403,022
Issuance of Series C Preferred Shares	1,002,455
Changes in fair value	2,751,575
Exchange realignment	(31,876)
At June 30, 2021 (unaudited)	6,125,176

	Unlisted equity investment RMB'000
At January 1, 2022 (audited)	60,759
Exchange realignment	3,199
At June 30, 2022 (unaudited)	63,958

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(iii) Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities measured at amortized cost in these condensed consolidated financial statements approximate their fair values.

21. SUBSEQUENT EVENTS

Saved as disclosed elsewhere in these condensed consolidated financial statements, the following significant event took place subsequent to the end of the reporting period:

In May 2018, the Company entered into a collaboration, option and license agreement with Vir Biotechnology, Inc. ("**Vir**"), a corporation whose stocks are listed on the NASDAQ Global Market ("**Vir License Agreement**"), pursuant to which the Company was granted the option to obtain exclusive rights to certain Vir programs in China, Hong Kong, Macau and Taiwan ("**Greater China**"). On July 4, 2022, the Company exercised its option to in-license VIR-3434 for its exclusive development and commercialization rights in Greater China with Vir Biotechnology, Inc. Further details are set out in the Company's announcement on the same date.

Under the terms of the Vir License Agreement, following the exercise of the option for VIR-3434, the Group will pay an option exercise fee, regulatory and commercial milestone payments, and tiered royalty payments based on net sales with royalty rates from mid-teens to mid-twenties, with such royalty rates or payments subject to certain specified reductions and offsets. On July 2, 2022, the Company paid and capitalized the option exercise fee amounted to USD20,000,000 (equivalent to RMB133,726,000).

DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the following meanings.

"ACTIV-2"	The clinical trials of outpatient monoclonal antibodies and other therapies under the Accelerating Covid-19 Therapeutic Interventions and Vaccines program
"AIDS"	Acquired immunodeficiency syndrome, defined as an HIV infection with either a CD4+ T-cell count below 200 cells per μL or the occurrence of specific diseases associated with HIV infection
"AN2"	AN2 Therapeutics, Inc., a corporation incorporated in Delaware, U.S., whose stocks are listed on the NASDAQ Global Market (NASDAQ: ANTX)
"ART"	antiretroviral therapy
"Audit and Risk Committee"	the audit and risk committee of the Board
"BLA"	biologics license application
"BLI"	β-lactamase inhibitor
"Board"	the board of directors of the Company
"CD4"	cluster of differentiation antigen 4
"CDE"	the Center for Drug Evaluation of the NMPA of China
"CDMO"	Contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"CMO"	Contract manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide drug manufacturing services
"CNS"	central nervous system, part of the nervous system consisting of the brain and spinal cord

DEFINITIONS

"Company", "our Company", "we" or "us"	Brii Biosciences Limited (騰盛博藥生物科技有限公司) (formerly known as BiiG Therapeutics Limited and B.I.G. Therapeutics Limited), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 8, 2017, the Shares of which are listed on the Main Board of the Stock Exchange with stock code 2137
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules
"COVID-19"	Coronavirus Disease 2019, a disease caused by the novel virus 2 SARS-CoV-2 and designated as severe acute respiratory syndrome
"CR Pharma Comm"	China Resources Pharmaceutical Commercial Group Co., Ltd.
"CRO"	Contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"Director(s)"	director(s) of the Company
"DNA"	deoxyribonucleic acid
"EFdA" or "Islatravir"	An NRTTI and an investigational drug for the treatment of HIV infection
"ESG"	Environmental, Social and Governance
"EUA"	Emergency Use Authorization
"FVTPL"	Fair value loss on financial liabilities at fair value through profit or loss
"Global Offering"	the Hong Kong initial public offering and the international offering of the Shares
"GMP"	the Good Manufacturing Practice
"Greater China"	Mainland China, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Group"	The Company and its subsidiaries
"GSK"	GlaxoSmithKline plc., a company listed on the New York Stock Exchange in the United States (stock code: GSK)
"HBeAg"	hepatitis B e antigen

"HBsAg"	hepatitis B surface antigen
"HBV"	hepatitis B virus
"HIV"	human immunodeficiency virus
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HR"	human resources
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standard
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	July 13, 2021, the date on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MAC"	mycobacterium avium complex, an infection caused by two types of bacteria
"MARCH"	Monoclonal Antibody siRNA Combination against Hepatitis B
"MBL(s)"	Metallo-Beta-lactamases, a subclass of lactamases that use one of two Zinc ions in their active site
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules
"MDD"	major depressive disorders
"MDR/XDR"	multi-drug resistant/extensive drug resistant
"MRCT"	the multi-regional clinical trials
"MSCI"	MSCI Inc., an American finance company

DEFINITIONS

"NDA"	New drug application
"NMPA"	the National Medical Products Administration
"NNRTI"	Non-nucleoside reverse transcriptase inhibitor, a form of ART used to treat HIV infection or AIDS
"Nomination Committee"	the nomination committee of the Board
"NRTI"	Nucleotide/nucleoside reverse transcriptase inhibitors, a form of ART used to treat HIV infection or AIDS
"NTM"	non-tuberculosis mycobacteria
"PEG-IFN-α"	pegylated interferon alfa
"PK"	pharmacokinetics
"Post-IPO Share Award Scheme"	the post-IPO Share Award scheme adopted by our Company on June 22, 2021
"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by our Company on June 22, 2021
"PPD"	postpartum depression
"Pre-IPO Share Incentive Plan"	the pre-IPO share incentive plan approved and adopted by our Company on October 30, 2018
"Prospectus"	the prospectus of the Company dated June 30, 2021
"QIDP"	Qualified Infectious Disease Product
"Qpex"	Qpex Biopharma Inc., a corporation incorporated in Delaware, the United States
"Reporting Period"	the six months ended June 30, 2022
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RNA"	ribonucleic acid
"RSU(s)"	restricted share unit(s)

"R&D"	research and development
"SAD/MAD"	single ascending dose and multiple ascending dose
"SARS-CoV-2"	severe acute respiratory syndrome coronavirus 2
"SBL(s)"	Serine-lactamases, a diverse set of enzymes sharing several highly conserved amino acid sequences with penicillin binding proteins that act as a catalyst to break down a broad range of -lactam drugs, including carbapenems
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share Incentive Schemes"	collectively, the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of US$0.00001 each
"Shareholder(s)"	the holder(s) of the Share(s)
"Sinopharm Group"	Sinopharm Group Co. Ltd., a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Stock Exchange with stock code 1099
"siRNA"	Small interfering RNA, sometimes known as short interfering RNA or silencing RNA, a class of double stranded non-coding RNA molecules
"Strategy Committee"	the strategy committee of the Board
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"TB"	tuberculosis, a contagious infection caused by bacteria
"TSB Therapeutics"	TSB Therapeutics Ltd (Beijing) Co. Limited, a limited liability company incorporated under the laws of the PRC on May 26, 2020, being an indirect non-wholly owned subsidiary of our Company
"United States" or "U.S." or "USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA"	the U.S. Food and Drug Administration

DEFINITIONS

"VBI"	VBI Vaccines Inc., a corporation with corporate headquarters in Cambridge, the United States, whose stocks are listed on the NASDAQ Global Market (NASDAQ: VBIV)
"Vir"	Vir Biotechnology, Inc., a corporation incorporated in San Francisco, the United States, whose stocks are listed on the NASDAQ Global Market (NASDAQ: VIR)
"%"	per cent.