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

# 2024

## Annual Report

# CONTENTS

# CORPORATE PROFILE

With pipeline prioritization and organizational optimization, Brii Bio, a pioneering biotechnology company dedicated to developing innovative therapies in areas of high unmet medical needs, particularly infectious diseases, remains committed to its mission to tackle public health challenges head-on through breakthrough scientific innovation and critical patients' insights.

Brii Bio's clinical strategy focuses on identifying the most effective curative regimens for different HBV population subsets while pursuing the most efficient regulatory path to approval. This approach involves multiple ongoing Phase 2 clinical studies, namely the ENSURE study, the ENRICH study, and the ENHANCE study. These studies test different HBV combination treatment regimens that include BRII-179, a recombinant protein-based HBV immunotherapeutic; elebsiran, an HBV-targeting siRNA; and tobevibart, a broadly neutralizing monoclonal antibody targeting HBV surface antigen. Each of these assets offers a distinct therapeutic perspective. Among them, Brii Bio believes BRII-179 is a key differentiator through stimulating and restoring HBV-specific immune response for cure. Through a multi-trial approach, these studies are systematically confirming the combination strategy of Brii Bio. In particular, they enable the validation of patient enrichment as a strategy to optimize functional cure outcomes and guide the decisions related to the registration pathway.

In recognition of Brii Bio's innovative candidates for HBV cure, elebsiran, tobevibart and BRII-179 have all been granted Breakthrough Therapy Designation by the CDE. Vir Biotechnology was also granted Fast Track designations for elebsiran and tobevibart for the treatment of chronic hepatitis D in June 2024 by the U.S. FDA. This was followed by Orphan designation granted to Vir Biotechnology by the EMA in November 2024. In December 2024, Vir Biotechnology received Breakthrough Therapy Designation from the U.S. FDA and Prime designation from the EMA.

With a strong focus on its HBV functional cure programs, the development of other clinical programs of Brii Bio, including its therapeutic candidates for HIV and MDR/XDR infections, is contingent on securing external partnerships. In October 2024, Brii Bio received IND approval from the CDE for a Phase 1 PK bridging study in China with its MDR/XDR infections program BRII-693.

Brii Bio also strengthened its discovery pipeline across new targets and platform technologies with expansion of its early discovery team and the appointment of a Chief Scientific Officer in 2024. This strategic investment reinforces Brii Bio's commitment to advancing research and delivering cutting-edge solutions for patients worldwide.

## BOARD OF DIRECTORS

**Executive Directors**
Dr. Zhi HONG *(Chairman and Chief Executive Officer)*
Dr. Ankang LI

**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. Zhi HONG
Dr. Martin J MURPHY JR

## STRATEGY COMMITTEE

Dr. Ankang LI *(Chairman)*
Mr. Gregg Huber ALTON
Dr. Taiyin YANG

## JOINT COMPANY SECRETARIES

Dr. Ankang LI
Ms. Wing Tsz Wendy HO

## AUTHORISED REPRESENTATIVES

*(for the purpose of the Listing Rules)*
Dr. Ankang LI
Ms. Wing Tsz Wendy HO

## LEGAL ADVISERS

*As to Hong Kong laws:*
Edwin Kwok & Co

*As to PRC laws:*
Global Law Office, Shanghai

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

## AUDITOR

Deloitte Touche Tohmatsu
*Registered Public Interest Entity Auditor*

## COMPLIANCE ADVISER

Somerley Capital Limited

## REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

# CORPORATE INFORMATION

## CORPORATE HEADQUARTERS

3rd Floor, Building 7
Zhongguancun Dongsheng
International Science Park
No. 1 North Yongtaizhuang Road
Haidian District, Beijing 100192
China

WeWork One City Center
Suite 05-130, 110 N Corcoran St
Durham, NC 27701
United States of America

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1920, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

## HONG KONG SHARE REGISTRAR

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

## PRINCIPAL BANKS

Bank of Beijing
Bank of China (Hong Kong)
China Merchants Bank
First Citizens Bank
Goldman Sachs International Bank
J.P. Morgan Chase Bank

## COMPANY WEBSITE

www.briibio.com

## STOCK CODE

2137

## LISTING DATE

July 13, 2021

A summary of the Group's results, assets and liabilities for the last five years (prepared in accordance with IFRS) are set out as below. This summary does not form part of the audited consolidated financial statements.

Operating Results

| | 2020<br>RMB'000 | 2021<br>RMB'000 | 2022<br>RMB'000 | 2023<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|---|---|---|
| Revenue | – | – | 51,626 | 617 | – |
| Other income | 84,625 | 99,032 | 107,857 | 163,728 | 141,440 |
| Other gains and losses, net | (21,993) | 45,062 | (12,289) | 252,402 | (197,665) |
| Net impairment losses under expected credit loss model | – | – | – | – | (50,788) |
| Research and development expenses | (875,795) | (494,615) | (440,634) | (402,705) | (249,847) |
| Administrative expenses | (103,396) | (208,404) | (168,629) | (196,499) | (153,155) |
| Selling and marketing expenses | – | – | (26,861) | (1,419) | – |
| Fair value loss on financial liabilities at fair value through profit or loss | (350,372) | (3,598,847) | – | – | – |
| Finance costs | (1,668) | (1,175) | (851) | (494) | (2,366) |
| Listing expenses | (14,911) | (32,137) | – | – | – |
| Loss before tax | (1,283,510) | (4,191,084) | (489,781) | (184,370) | (512,381) |
| Income tax expense | – | – | – | – | – |
| Loss for the year | (1,283,510) | (4,191,084) | (489,781) | (184,370) | (512,381) |
| Total comprehensive expense for the year | (1,173,148) | (4,248,951) | (238,456) | (159,687) | (482,186) |

Financial position

| | As at December 31, | | | | |
|---|---|---|---|---|---|
| | 2020<br>RMB'000 | 2021<br>RMB'000 | 2022<br>RMB'000 | 2023<br>RMB'000 | 2024<br>RMB'000 |
| Non-current assets | 175,102 | 197,758 | 314,950 | 415,473 | 292,503 |
| Current assets | 1,092,842 | 3,413,941 | 3,076,899 | 2,782,778 | 2,414,122 |
| Total assets | 1,267,944 | 3,611,699 | 3,391,849 | 3,198,251 | 2,706,625 |
| Non-current liabilities | 2,435,411 | 19,730 | 5,239 | – | 23,124 |
| Current liabilities | 575,235 | 280,713 | 229,113 | 125,869 | 77,421 |
| Total liabilities | 3,010,646 | 300,443 | 234,352 | 125,869 | 100,545 |
| Net (liabilities) assets | (1,742,702) | 3,311,256 | 3,157,497 | 3,072,382 | 2,606,080 |

# CHAIRMAN'S STATEMENT

This year, our primary focus remains in the infectious disease area, particularly centered around our HBV program and our three core assets, BRII-179, elebsiran and tobevibart. Each has a unique mechanism of action, and we are evaluating these in multiple combination studies with datasets that continue to show the value of our multi-modal approach to HBV and how a combination, or combinations of our assets could produce higher functional cure rate across a broader range of HBV patient groups.

BRII-179, our optimized recombinant vaccine, has shown it can induce strong anti-HBs and broad T-cell responses, suggesting its potential to play a promising role in boosting immune responses against HBV. Particularly, the immune response induced by BRII-179 shows the potential to profile for patients with stronger intrinsic immunity. To this end, we conducted a proof-of-concept study on BRII-179's immune profiling potential in Cohort 4 of our ENSURE study. The results presented at APASL 2025 recently reinforced our belief for the patient enrichment strategy, especially when the majority of patients may not achieve treatment success or functional cure. The prospective Phase 2b ENRICH study had been initiated last year and has been fully enrolled.

For our investigational siRNA elebsiran, built on the results from studies of elebsiran plus PEG-IFNα combination, conducted by Vir Biotechnology and Brii Bio, and BRII-179 plus PEG-IFNα combination, conducted by Brii Bio, we showed convincingly increased seroclearance of HBsAg in each combination vs PEG-IFNα alone. We have also initiated the ENHANCE study to look at the potential additive benefits of concurrent treatment with BRII-179, elebsiran and PEG-IFNα compared to PEG-IFNα alone. The ENHANCE study is fully enrolled.

As we advance each of these trials, we expect to have key interim data readouts throughout the year 2025 and into 2026 that will drive our next steps in the clinic as we advance toward registrational studies to achieve the highest HBV functional cure rate for HBV. We understand the competitive landscape and continue to focus on achieving the highest functional cure rate that requires sustained immunological control of the HBV infection.

In addition, our strategic acquisition of BRII-179 from VBI last December ensures that we can continue developing this unique asset with uninterrupted clinical supply and added commercial upside when we get there eventually.

With our resources squarely focused on HBV and as we pursue a functional cure and the right treatment for the right patient subsets, we are looking to partner our promising non-HBV programs for further development. These include our HIV long-acting program (BRII-732 and BRII-753) and multidrug-resistant and extensively drug-resistant gram-negative bacterial infections program (BRII-693).

In summary, we have accumulated strong data that support the ongoing development of our advanced HBV program. Our findings increasingly illuminate our clinical and regulatory path, and the datasets this year and next will tell us more. Our collective efforts will continue to drive progress and deliver value to the Shareholders and partners. Thank you for your continued support.

## OVERVIEW

Since our inception, we have diligently pursued breakthrough scientific innovations to tackle major public health challenges. Under the leadership of our seasoned executive team, we are guided by critical patients' insights and a global perspective as we advance our robust portfolio of infectious disease candidates.

Our strategic emphasis is on our HBV functional curative therapy program, where we believe there is a substantial opportunity to create a meaningful therapeutic impact for patients both in China and globally. We possess considerable competitive advantages in the pursuit of an HBV cure, driven by our extensive portfolio of assets. We are advancing multiple ongoing HBV studies towards late-stage development: our ENSURE study evaluates elebsiran in combination with PEG-IFNα (including a cohort with BRII-179-experienced patients); our ENRICH study evaluates BRII-179 in priming HBV-specific immunity and enriching patients with competent immunity, followed with elebsiran and PEG-IFNα combination treatment; and our ENHANCE study evaluates the triple combination of BRII-179, elebsiran and PEG-IFNα.

All three of our leading HBV candidates (BRII-179, elebsiran and tobevibart) have been granted Breakthrough Therapy Designation by the CDE, recognizing their potential to deliver substantial advancements over existing therapies and to expedite the clinical development and regulatory review as we strive for a functional cure for HBV. Key data readouts from these studies are planned throughout 2025 and 2026 and will guide our late-stage development and registrational strategy. Our goal is to improve the functional cure rate for broader patient populations through carefully designed combination treatment regimens in responsive or susceptible patients.

Vigorous clinical investigations over the past five years have provided us with essential understanding and unique insights into important factors to sustain HBsAg loss. Building on these data, in 2024, we presented first-time direct evidence that (i) immune responses induced by an HBV therapeutic vaccine (BRII-179) are associated with HBsAg reduction and viral control in certain participants with chronic HBV infection, and (ii) the contribution of siRNA on top of the PEG-IFNα therapy induced higher HBsAg seroclearance than PEG-IFNα alone. These pivotal breakthroughs inform our late-stage clinical combination trials as we execute a clinical strategy to assess and enhance the intrinsic immunity of HBV patients. Our goal is to enrich the lives of those patients who have the best chance of achieving a cure while also sparing others from poorly tolerated treatment regimens.

With approximately RMB2,413.4 million in bank deposits and cash and cash equivalents by the end of 2024, we have sufficient capital to support the late-stage development of our HBV programs through registration. We believe that, through focusing on key programs, we will create value for patients and our Shareholders with capital efficiency.

## Pipeline Summary

We have developed an extensive pipeline targeting infectious diseases. Our lead programs are centered on HBV functional cure, primarily in China, the world's largest HBV market.

The table below outlines the status of our key product candidates as of the date of this annual report:

| Indication | Program | Pre-clinical | IND | Phase 1 | Phase 2 | Phase 3 | NDA/BLA | Commercial | Our Rights | Partners |
|---|---|---|---|---|---|---|---|---|---|---|
| HBV Curative Treatments[1] | BRII-179 | | | | | | | | Global | - |
| | Elebsiran[2] | | | | | | | | Greater China[5] | Vir Biotechnology |
| | Tobevibart[3] | | | | | | | | Greater China[5] | Vir Biotechnology |
| HIV Long-Acting | BRII-732 | | | | | | | | Global | - |
| | BRII-753 | | | | | | | | Global | - |
| MDR/XDR Gram-negative Bacterial Infections | BRII-693 | | | | | | | | Global | - |
| NTM Lung Disease | Epetraborole[4] | | | | | | | | Greater China[5] | AN2 Therapeutics |

(1) The Phase 2 combination clinical trials conducted by Brii Bio:

- ENSURE study: Elebsiran + PEG-IFNα vs PEG-IFNα alone
- ENRICH study: BRII-179 → elebsiran + PEG-IFNα
- ENHANCE study: BRII-179 + elebsiran + PEG-IFNα

(2) Elebsiran was previously known as BRII-835 or VIR-2218.

(3) Tobevibart was previously known as BRII-877 or VIR-3434. The Phase 2 clinical trials have been conducted by Vir Biotechnology.

(4) Epetraborole was previously known as BRII-658. To this date, the development and clinical trials have been conducted by AN2.

(5) Greater China – Mainland China, Macau, Hong Kong and Taiwan.

## BUSINESS REVIEW

We continuously advanced our product pipeline and business operations during the Reporting Period. As we move our leading HBV candidates into late-stage clinical development, we have strategically increased our investments in these assets.

We successfully progressed multiple clinical trials and presented critical datasets, offering valuable insights that support further clinical evaluation of elebsiran and BRII-179 in combination with other modalities (such as siRNA and PEG-IFNα) for achieving a functional cure for chronic HBV infection. We presented EOT data from the ENSURE study at the 2024 AASLD The Liver Meeting®, demonstrating that siRNA in combination with PEG-IFNα achieved higher HBsAg seroclearance than PEG-IFNα alone. At the European Association for the Study of the Liver Congress 2024, we presented data from a Phase 2 study showing direct evidence for the first time that immune responses induced by an HBV therapeutic vaccine are associated with HBsAg reduction and viral control in certain participants with chronic HBV infection.

Upcoming critical datasets from our ongoing ENSURE (elebsiran in combination with PEG-IFNα versus PEG-IFNα alone), ENRICH (BRII-179 in priming HBV-specific immunity) and ENHANCE (concurrent combination of BRII-179, BRII-835 and PEG-IFNα) studies are expected throughout 2025 and 2026 and will further inform our late-stage studies as we advance towards our goal of determining the most optimal HBV functional cure for targeted populations.

With our strategic focus on HBV, we are actively exploring partnerships to further develop our promising programs in MDR/XDR and HIV.

As of the date of this annual report, our key achievements, along with our planned next steps and upcoming milestones, include:

### Core Clinical Pipeline Highlights and Upcoming Milestones

*Hepatitis B Virus Program Development Updates*

Led by its team in China, the Company is advancing multiple combination studies for the treatment of HBV to enhance the probability of achieving a high rate of functional cure for chronic HBV patients in China. China has the largest prevalence of HBV in the world, with around 87 million people impacted by this disease, yet there is no effective functional cure currently available for these patients.

*BRII-179 Related Studies and Plans*

**BRII-179** is a novel recombinant protein-based HBV immunotherapeutic candidate that expresses the Pre-S1, Pre-S2 and S HBV surface antigens and is designed to induce enhanced B-cell and T-cell immunity. In December 2024, the Company signed an asset purchase agreement with VBI to acquire the full intellectual property rights of BRII-179.

- Cohort 4 of the ENSURE study is investigating patients with prior experience receiving BRII-179. Based on early data from Cohort 4 (data have been released at the APASL 2025 in March 2025), the Company initiated the ENRICH study, evaluating the role of BRII-179 in priming HBV-specific immunity as part of a curative regimen and as a tool to identify immuno-responsive patients with a higher probability of achieving a functional cure. The study was fully enrolled in November 2024.

- In June 2024, the Company presented data from two Phase 2 studies at the EASL™ Congress 2024, demonstrating that BRII-179, administered in combination with elebsiran, induced substantial HBV-specific B and T cell responses that correlate with an antiviral effect. Additionally, BRII-179, administered on top of PEG-IFNα, improved the overall HBsAg loss rate. These results contribute to a growing body of evidence supporting BRII-179's ability to enhance HBV functional cure rate in combination with other modalities.

*Elebsiran and Tobevibart Related Studies and Plans*

**Elebsiran** is an investigational subcutaneously administered HBV-targeting siRNA designed to degrade hepatitis B virus RNA transcripts and limit the production of hepatitis B surface antigen. It has the potential to have direct antiviral activity against HBV and HDV. 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. We licensed exclusive rights to develop and commercialize elebsiran for the Greater China territory from Vir Biotechonology in 2020.

**Tobevibart** is an investigational subcutaneously administered HBV-neutralizing monoclonal antibody designed to block entry of HBV and HDV into hepatocytes and to reduce the level of virions and subviral particles in the blood. The Fc domain of tobevibart has been engineered to increase immune engagement and clearance of HBsAg immune complexes, and incorporates Xencor's Xtend™ technology to extend half-life. We licensed exclusive rights to develop and commercialize tobevibart for the Greater China territory from Vir Biotechonology in 2022.

- Throughout 2025 to 2026, the Company plans to introduce datasets for its ongoing combination studies to evaluate the potency of different combination treatment regimens containing BRII-179, elebsiran and PEG-IFNα, including the ENSURE, ENRICH and ENHANCE studies.

- The Company completed enrollment in its ENHANCE study in January 2025. The ENHANCE study is a Phase 2b, randomized, double-blind study evaluating the clinical efficacy and safety of the combination therapy of BRII-179 and elebsiran, plus PEG-IFNα compared to PEG-IFNα in adult participants with chronic HBV infection without cirrhosis receiving nucleos(t)ide reverse transcriptase inhibitors as background therapy.

- The Company presented 48-week EOT data from its Phase 2 ENSURE study at the AASLD The Liver Meeting® in a late-breaking oral presentation in November 2024. Data showed patients treated with elebsiran in combination with PEG-IFNα achieved a higher rate of HBV surface antigen loss than patients treated with PEG-IFNα alone. The ENSURE study data suggest the industry's first evidence delineating the contribution of siRNA (elebsiran) towards functional cure on top of PEG-IFNα therapy through head-to-head comparison with PEG-IFNα alone, highlighting elebsiran's potential to make a substantial impact on producing a higher HBV functional cure rate. The Company plans to present additional key data readouts from its ENSURE study in the first half of 2025.

- The Company's development partner, Vir Biotechnology, presented data from its Phase 2 studies MARCH (evaluating tobevibart in combination with elebsiran, with or without PEG-IFNα for the treatment of chronic HBV) and SOLSTICE (evaluating tobevibart alone or in combination with elebsiran for the treatment of CHD) at the AASLD The Liver Meeting® in November 2024. Vir Biotechnology announced in March 2025 the start of a Phase 3 registrational clinical program (ECLIPSE) to evaluate the combination of tobevibart and elebsiran in people living with CHD.

- A Phase 1 study of tobevibart was completed in China, comparing human pharmacokinetics in mainland Chinese subjects with those from other APAC regions and Europe.

- In 2024, tobevibart and elebsiran were granted BTD by China's NMPA, and Fast Track designations for the treatment of CHD. Also, Vir Biotechnology was granted BTD for tobevibart and elebsiran for the treatment of CHD by the U.S. FDA and Orphan and Prime designations by the EMA.

*Additional Clinical and Pre-Clinical Development Updates*

In line with the Company's strategy to focus on its advanced HBV cure programs, the low priority programs have been paused and the development of the MDR/XDR and HIV programs of the Company is contingent on external partnership.

*Multidrug- and Extensively Drug-Resistant Gram-Negative Bacteria Infections Program*

**BRII-693** is a novel synthetic lipopeptide in development for the treatment of MDR/XDR gram-negative bacterial infections. Based on a combination of increased in vitro and in vivo potency and an improved safety profile compared with currently available polymyxins, BRII-693 has the potential to be an important addition to the arsenal of hospital-administered intravenous antibiotics for the treatment of critically ill patients with gram-negative bacterial infections. BRII-693 has a highly differentiated safety and efficacy profile to address the most difficult-to-treat infections due to Acinetobacter baumannii and Pseudomonas aeruginosa, including infections due to MDR/XDR isolates resistant to carbapenem antibiotics. We hold exclusive global rights to develop and commercialize BRII-693.

The U.S. FDA has granted BRII-693 designation as a QIDP, which offers various incentives for its development in the U.S., including priority review and eligibility for the U.S. FDA's Fast Track designations. This designation also opens the possibility for extended regulatory and market exclusivity in the U.S.

- In October 2024, Brii Bio received IND approval from the CDE for a Phase 1 PK bridging study in China with BRII-693, a novel polymyxin for the treatment of serious gram-negative infections. Previous Phase 1 data was published in *Antimicrobial Agents and Chemotherapy* in December 2024 to support a global Phase 3 registrational trial in patients with hospital-acquired bacterial pneumonia/ventilator-associated bacterial pneumonia.

*HIV Infection Program*

**BRII-753** is an NRTTI, which is an internally discovered NCE prodrug of EFdA currently in the pre-clinical stage of development. It is being developed as a long-acting subcutaneous injection with the potential to be given once monthly, once quarterly, or twice yearly. It can be used as a combination therapy for HIV treatment and as monotherapy for pre-exposure prophylaxis.

**BRII-732** is a proprietary NCE prodrug that, upon oral administration, is rapidly metabolized into EFdA and is under evaluation as a potential HIV treatment or prevention option. EFdA is an NRTTI, acting as both a chain terminator and translocation inhibitor of HIV. BRII-732 has completed Phase 1 studies with the potential for development as part of an oral, once-weekly, long-acting combination treatment option for HIV patients.

*NTM Lung Disease Program*

**Epetraborole (previously known as BRII-658)** is a boron-containing, small molecule inhibitor of mycobacterial leucyl-tRNA synthetase, or LeuRS, an enzyme involved in protein synthesis. We hold a license to develop, manufacture, and commercialize epetraborole in the Greater China.

- The Company's partner, AN2, has provided an update from its ongoing analysis of the Phase 2 portion of the epetraborole Phase 2/3 study. The findings are particularly noteworthy given the severe refractory status of the patients studied and the fact that two potential clinical endpoints achieved nominally statistical significance. AN2 has revised the statistical analysis plan to elevate one of the two clinical endpoints to the primary efficacy endpoint and plans to unblind the Phase 3 portion of the trial in the second quarter of 2025. Should the Phase 3 recapitulate the Phase 2 data, AN2 will seek a meeting with the U.S. FDA to seek pathways toward registration.

## 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

- In December 2024, the Company announced the approval of a HK$60 million share-buyback program to buy back Shares not exceeding 10% of the total number of issued Shares (excluding treasury shares (as defined under the Listing Rules)) as at June 25, 2024, underscoring the Company's confidence in its prospects. As of the date of this annual report, the Company had repurchased approximately 12,723,500 Shares on the Stock Exchange for a consideration of approximately HK$5.3 million.

- In December 2024, the Company signed an asset purchase agreement with, among others, VBI and its subsidiaries to acquire full intellectual property rights and other assets relating to BRII-179 for a total consideration of US$18 million. The agreement eliminates future payments to VBI related to BRII-179 and PreHevbri™ and terminates the prior agreements announced on February 14, 2024. The purchase brings to the Company additional commercial upside while ensuring the uninterrupted clinical supply of BRII-179 as the Company continues to develop this asset with ongoing studies that support BRII-179's potential to increase HBV patients' response to curative treatments.

### Research and Development

We are a biotech company primarily engaged in pharmaceutical R&D activities. We recognize that R&D is fundamental for shaping our therapeutic strategy and sustaining our competitiveness in the biopharmaceutical industry. We prioritize diseases based on patients' needs, aiming to provide viable solutions to prevalent infectious diseases.

Our R&D capabilities, both in-house and through collaborations, enable us to identify and innovate therapies for both the Chinese and international markets. Led by industry veterans, our in-house R&D team is supported by a strong scientific advisory board and strategic partnerships with global pharmaceutical and biotech companies, along with contract research organizations, contract manufacturing organizations, contract development and manufacturing organizations, and research institutions. With our competitive advantage in cross-border and organic operations, we plan to further enhance our capacity and capabilities.

Our R&D executive team includes Chief Executive Officer Dr. Zhi Hong, Chief Medical Officer Dr. David Margolis, Chief Scientific Officer Dr. Brian A. Johns, Chief Technology Officer Dr. Ellee de Groot and Head of China R&D Dr. Qing Zhu. Our esteemed Board and scientific advisory board members, who possess diverse industry expertise and a proven record in successful drug development, direct our R&D processes and candidate selection through their extensive knowledge across various disciplines.

Our multi-pronged R&D strategies are designed with flexibility in mind, resulting in expenses that vary according to the number and scale of projects each year. Our R&D expenses for the year ended December 31, 2024 amounted to RMB249.8 million. We remain committed to leveraging our technology and R&D capabilities to broaden our life sciences research and application capabilities and product candidate portfolio.

### Commercialization

Our pipeline includes therapeutic candidates, encompassing both programs with global rights and with in-licensed Greater China rights.

As of the date of this annual report, our efforts have primarily focused on developing our therapeutic candidate pipeline. Most of our programs are in various stages of clinical development, and we do not anticipate sales or commercialization of drug candidates in the immediate future. As our pipeline gradually matures, we will evaluate strategic commercialization options, ensuring that we maximize their potential in addressing critical unmet medical needs.

## FUTURE DEVELOPMENT

In alignment with our corporate strategy devoted to alleviating public health burdens and improving patients' experiences through developing innovative treatment options, we strive to further advance our diverse pipeline by leveraging our in-house capabilities while exploring external partnerships.

As a leading company in the field of HBV functional cure, we will maintain our focus on increasing the functional cure rate through various combination therapies. We will further evaluate our combination treatment regimens under development, aiming for a higher functional cure rate for HBV infection by leveraging the additional data available from several ongoing trials. We also plan to initiate definitive clinical studies to bring a combination treatment regimen to the next stage of development in the Greater China. As our HBV candidates are approaching late-stage development, we are establishing a strategic and cost-effective manufacturing and supply chain management plan.

For our other programs, we are seeking partnerships for continued development, allowing us to optimize our resources and concentrate on our promising core HBV program.

Our long-term strategy focuses on expanding our pipeline through in-house discovery and strategic licensing opportunities. We aim to explore business development opportunities, especially the opportunities for out-licensing our internally discovered therapeutic candidates for international markets. As we embark on our second five-year period, we have refined our discovery strategy to align more closely with our long-term pipeline interests, priorities and overall vision. To ensure sustainable development, we will continue to optimize our organization to foster innovation and enhance our business development efforts, all in line with our mission to tackle the world's biggest public health challenges.

## SUBSEQUENT EVENTS

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2024 and up to the date of this annual report.

## FINANCIAL REVIEW

### 1. Other income

| | Year ended December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Bank interest income | 87,154 | 108,023 |
| Government grants | 49,936 | 55,274 |
| Others | 4,350 | 431 |
| Total | 141,440 | 163,728 |

Our other income was decreased by RMB22.3 million from RMB163.7 million for the year ended December 31, 2023 to RMB141.4 million for the year ended December 31, 2024. This was mainly due to the decrease in bank interest income of RMB20.8 million attributable to the declining interest rates on USD and HKD time deposits and the RMB5.4 million decrease in recognized income from government grants. These grants mainly represent the incentive and other subsidies from the PRC government which are intended to incentivize R&D activities and are recognized upon compliance with the attached conditions.

### 2. Other gains and losses

Our other gains and losses were decreased by RMB450.1 million from gains of RMB252.4 million for the year ended December 31, 2023 to losses of RMB197.7 million for the year ended December 31, 2024. The decrease was of non-cash nature and primarily attributable to the fair value loss on financial assets and the impairment loss recognized on intangible assets.

### 3. Fair value loss on equity instruments at FVTOCI

Our fair value loss on equity instruments at FVTOCI was decreased by RMB11.7 million from loss of RMB19.6 million for the year ended December 31, 2023 to loss of RMB7.9 million for the year ended December 31, 2024. The amount represents the equity investment in a biopharmaceutical company in the USA. As the biopharmaceutical company was delisted from NASDAQ Global Market on August 8, 2024, the fair value of the equity investment was determined to be zero. Subsequent to the Reporting Period, this biopharmaceutical company completed a restructuring proceeding under the Companies' Creditors Arrangement Act (Canada) and as a result, the Group no long holds any equity interest in this company.

4. **Research and development expenses**

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Third-party contracting cost | 139,145 | 218,363 |
| Employee cost | 107,057 | 174,815 |
| Amortization | 127 | 1,358 |
| Others | 3,518 | 8,169 |
| Total | 249,847 | 402,705 |

Our research and development expenses were decreased by RMB152.9 million from RMB402.7 million for the year ended December 31, 2023 to RMB249.8 million for the year ended December 31, 2024. The decrease was primarily attributable to the decrease in third-party contracting cost of RMB79.3 million and the decrease in employee cost of RMB67.7 million as the Company prioritizes HBV functional cure program and has strategically optimized its organization.

5. **Administrative expenses**

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Employee cost | 86,843 | 126,498 |
| Professional fees | 32,662 | 27,117 |
| Depreciation and amortization | 8,723 | 14,316 |
| Office expenses | 3,909 | 4,489 |
| Others | 21,018 | 24,079 |
| Total | 153,155 | 196,499 |

Our administrative expenses were decreased by RMB43.3 million from RMB196.5 million for the year ended December 31, 2023 to RMB153.2 million for the year ended December 31, 2024. This was primarily attributable to the decrease in employee cost of RMB39.7 million from RMB126.5 million for the year ended December 31, 2023 to RMB86.8 million for the year ended December 31, 2024, which was primarily attributable to organizational optimization.

6. **Liquidity and Capital resources**

As of December 31, 2024, our bank and cash balances, including restricted bank balances and time deposits, decreased to RMB2,413.4 million from RMB2,661.4 million as of December 31, 2023. The decrease was primarily due to payout of daily operations and third-party contracting costs.

### 7. Non-IFRS measures

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

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items, namely share-based compensation expenses. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. The presentation of such adjusted 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 year-to-year and company-to-company to the extent applicable.

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

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| Loss for the year | (512,381) | (184,370) |
| Added: | | |
| Share-based compensation | 16,051 | 64,223 |
| Adjusted loss for the year | (496,330) | (120,147) |

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

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| Research and development expenses for the year | (249,847) | (402,705) |
| Added: | | |
| Share-based compensation | 1,326 | 29,756 |
| Adjusted research and development expenses for the year | (248,521) | (372,949) |

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

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| Administrative expenses for the year | (153,155) | (196,499) |
| Added: | | |
| Share-based compensation | 14,725 | 37,306 |
| Adjusted administrative expenses for the year | (138,430) | (159,193) |

8. **Key financial ratios**

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

| | As at December 31, 2024 | As at December 31, 2023 |
|---|---|---|
| Current ratio[1] | 3,118% | 2,211% |
| Gearing ratio[2] | NM | NM |

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date. Current ratio increased mainly due to the decrease in other payables and deferred income as we have paid out most of the payables for third-party contracting cost and most of the deferred income has been amortized during the year.

(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 our interest-bearing borrowings less cash equivalents was negative.

9. **Indebtedness**

*Borrowings*

As at December 31, 2024, other than the note payables of RMB18.0 million, 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 December 31, 2024, 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 December 31, 2024, the Group had lease liabilities of RMB10.0 million recognized under IFRS 16.

### 10. Significant Investments, Material Acquisitions and Disposals

As at December 31, 2024, we did not hold any significant investments. For the year ended December 31, 2024, we did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures.

### 11. Charge on the Group's Assets

As at December 31, 2024, none of the Group's assets were charged with any parties or financial institutions (as at December 31, 2023: nil).

### 12. 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 December 31, 2024, 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, 35.1% in Hong Kong dollars, 16.6% in RMB and 0.2% in Australian Dollars.

### 13. Employees and remuneration

As at December 31, 2024, we had a total of 98 employees. The following table sets forth the total number of employees by function as of December 31, 2024:

| Function | Number of employees | % of total |
|---|---|---|
| Research and development | 67 | 68% |
| Administration | 31 | 32% |
| Total | 98 | 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.

We conducted portfolio optimization in early 2024. We decided to seek partnership for our non-HBV clinical programs and would not further invest internal resources on these programs. As a result, we implemented a reduction in force in our U.S. organization.

The total remuneration cost incurred by the Group for the year ended December 31, 2024 was RMB194 million, representing a decrease of 36%, compared with RMB302 million for the year ended December 31, 2023.

### 14. 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 comparable to the interest rate of current bank deposits, with an emphasis on preserving principal and maintaining liquidity.

## ADDITIONAL INFORMATION

### Passive Foreign Investment Company ("PFIC") Status

Based on the nature and composition of our income, assets and activities for our taxable year ending December 31, 2024, and certain assumptions with respect to the characterization of our income and assets as active or passive, the Company was classified as a PFIC for our taxable year ending December 31, 2024. If we are classified as a PFIC in any taxable year, a U.S. Holder will be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. Holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A notification letter addressed to our U.S. Holder, containing the available PFIC annual information statements for the year ended December 31, 2024, has been published on the website of the Stock Exchange in a separate announcement. For details of the impact and relevant guidance for action as our U.S. Holder of PFIC, please refer to the announcement of the Company dated March 22, 2024.

# DIRECTORS AND SENIOR MANAGEMENT

## Executive Directors

**Dr. Zhi HONG**, aged 61, was appointed as a Director on March 2, 2018, and re-designated as an executive Director and appointed as the chairman of the Board on March 24, 2021. He has been the chief executive officer of the Company since February 23, 2018 and a member of the Nomination Committee since September 1, 2022. He was the chairman of the Nomination Committee from July 13, 2021 to September 1, 2022, and the chairman of the Strategy Committee from July 13, 2021 to September 30, 2022.

Since January 2018, Dr. Hong has been serving as a director and the chief executive officer of Brii Biosciences, Inc. Since February 2019, he has been serving as a director and the chairman of the board of Brii Biosciences (Shanghai) Co. Limited* (騰盛博藥醫藥技術(上海)有限公司) ("**Brii Shanghai**") and Brii Biosciences (Beijing) Co. Limited* (騰盛博藥醫藥技術(北京)有限公司) ("**Brii Beijing**"). In addition, since May 2018 and November 2018 respectively, he has been serving as a director of Brii Biosciences Offshore Limited and Brii Biosciences (Hong Kong) Co. Limited (騰盛博藥醫藥技術(香港)有限公司) ("**Brii HK**").

Dr. Hong has over 25 years of experience in the biopharmaceutical industry. Prior to founding the Group, he was a senior vice president of GlaxoSmithKline plc. ("**GSK**"), a pharmaceuticals, vaccines and consumer healthcare products company listed on the New York Stock Exchange in the United States (stock code: GSK), and he was responsible to head the infectious diseases therapy area unit from April 2007 to March 2018. He was also a director of ViiV Healthcare Limited ("**ViiV**"), a subsidiary of GlaxoSmithKline plc. in the United Kingdom engaged in the research and development of HIV medicines, and he was responsible for overseeing the research and development of HIV treatment and prevention therapies from October 2009 to March 2018. He was an executive vice president of research and chief scientific officer of Ardea Biosciences, Inc., a biopharmaceutical company in the United States, and he was responsible for the research and development of infectious diseases and oncology from December 2006 to March 2007. He was a vice president and head of research of Bausch Health Companies Inc. (formerly known as Valeant Pharmaceuticals International), a pharmaceutical company listed on the New York Stock Exchange in the United States (stock code: BHC), and he was responsible for the research and development of infectious diseases, oncology and neuroscience R&D from June 2000 to March 2007.

Dr. Hong obtained his Bachelor of Science in Biochemistry from Fudan University in China in July 1985 and a Ph.D. in Biochemistry from State University of New York in the United States in January 1992.

**Dr. Ankang LI (李安康)**, aged 47, was appointed as an executive Director and the chairman of the Strategy Committee with effect from September 30, 2022 and as the chief executive officer of TSB Therapeutics (Beijing) Co. Limited, an indirect non-wholly owned subsidiary of the Company, with effect from September 16, 2022. He has been serving as the chief financial officer, the joint company secretary and the chief strategy officer of the Company since September 1, 2020, April 8, 2021 and March 22, 2022, respectively, responsible for overseeing financial, accounting, IT, legal, intellectual property, corporate development, procurement, investor relations and communication on matters of the Group. Dr. Li has also been serving as a director of Brii Beijing, Brii Shanghai, Brii HK and Brii Biosciences Pty Ltd. since August 2021, July 2021, June 2021 and March 2023, respectively.

Dr. Li has more than fifteen years of experience in investment banking, business development, legal transaction and biomedical research. Prior to joining the Group, he was the chief financial officer of Terns Pharmaceuticals, Inc., a clinical-stage biopharmaceutical company listed on NASDAQ Stock Exchange in the United States (stock code: TERN), and he was responsible for overseeing financial operation from June 2019 to August 2020. He was an executive director within the corporate finance department division of Goldman Sachs, an investment bank, and he was responsible for providing financial advisory services from January 2018 to June 2019. He was a director of the business development department of MSD R&D (China) Co., Ltd., a China subsidiary of a global pharmaceutical company Merck Sharp & Dohme Corporation ("**MSD**"), and he was responsible for overseeing business development and licensing transactions of MSD Asia Pacific Innovation Hub from September 2016 to December 2017. He was an associate of Ropes & Gray LLP, a global law firm, and he was responsible for providing legal advisory services in corporate transactions from August 2014 to September 2016. He was an associate of Davis Polk & Wardwell LLP, a global law firm, and he was responsible for providing legal advisory services in corporate transactions from September 2012 to August 2014. From September 2007 to September 2009, he was a research associate of Salk Institute for Biological Studies, a scientific research institute in the United States, conducting postdoctoral scientific research.

Dr. Li obtained his Bachelor of Science in Biochemistry from Fudan University in China in July 1999, a Master of Science in Biological Sciences from National University of Singapore in Singapore in October 2002, a Ph.D. in Biomedical Sciences from Baylor College of Medicine in the United States in June 2007 and a Juris Doctor degree from The University of Chicago Law School in the United States in June 2012. Dr. Li was also admitted to the New York Bar in January 2013 and was qualified as a Chartered Financial Analyst of the CFA Institute in August 2016.

### Independent Non-Executive Directors

**Dr. Martin J MURPHY JR**, aged 82, was appointed as an independent non-executive Director with effect from July 13, 2021. Dr. Murphy Jr has also been serving as the chairman of the Remuneration Committee and a member of the Nomination Committee since July 13, 2021. He was a member of the Audit and Risk Committee from July 13, 2021 to September 1, 2022.

Dr. Murphy Jr has been serving as the chairman and the chief executive officer of AlphaMed Consulting, Inc., a biomedical consulting company, since March 2003. He provides executive consultation on cancer drug development, clinical trial design, key thought leader identification and strategic analysis of big data and artificial intelligence to both corporate executives as well as cancer drug developers. Dr. Murphy Jr was the founding chief executive officer of CEO Roundtable on Cancer, a non-profit organization that works to develop and implement initiatives that reduce the risk of cancer, from August 2000 to January 2020. He received the Charles A. Sanders Life Sciences Award presented by Life Sciences Consortium and CEO Roundtable on Cancer in November 2019. Dr. Murphy Jr has been the Emeritus Director of the CEO Roundtable on Cancer since January 2021. He has also been a fellow of the American Society of Clinical Oncology since 2013.

Dr. Murphy Jr was awarded a Master of Science in Biology from New York University in the United States in February 1967, a Ph. D in Biology from New York University in the United States in June 1969 and a Doctor of Medical Science (honoris causa) from Queen's University of Belfast in the United Kingdom in July 2009.

**Ms. Grace Hui TANG**, aged 65, was appointed as an independent non-executive Director on June 22, 2021 (with effect from July 13, 2021). Ms. Tang has also been serving as the co-chairlady of the Audit and Risk Committee and a member of the Remuneration Committee since July 13, 2021.

Ms. Tang has been serving as a director and the chair of the audit committee of ECARX Holdings Inc, a company listed in the NASDAQ Stock Exchange in the United States (stock code: ECX) since March 2021, and a director and members of the audit committee and the operation committee of Elkem ASA, a company listed on the Oslo Stock Exchange in Norway (stock code: ELK) since April 2021. Ms. Tang was a director and a member of the audit committee of Textainer Group Holdings Limited, a container leasing company listed on the New York Stock Exchange in the United States (stock code: TGH) from July 2020 to March 2024. She has been serving as a professor and interviewer of Peking University's Guanghua School of Management, and she is responsible for teaching graduate accounting program and interviewing MBA candidates since September 2018. Ms. Tang held several positions in China, Hong Kong and US Silicon Valley offices in PricewaterhouseCoopers, an accounting firm, from March 1990 to June 2020 and her last position therein was partner in the assurance department in China office and she was responsible for overseeing audit work.

Ms. Tang obtained her Bachelor of Science with majors in Accounting from the University of Utah in the United States in June 1982 and a Master of Business from Utah State University in the United States in June 1984. Ms. Tang has been a certified public accountant of the California Board of Accountancy of the United States since December 1993. She has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 1995. She has been a fellow of the Hong Kong Institute of Certified Public Accountants since March 2003.

**Mr. Yiu Wa Alec TSUI (徐耀華)**, aged 75, was appointed as an independent non-executive Director on June 22, 2021 (with effect from July 13, 2021). Mr. Tsui has also been serving as members of the Audit and Risk Committee and the Remuneration Committee since July 13, 2021. Mr. Tsui was a member of the Nomination Committee from July 13, 2021 to September 1, 2022.

Mr. Tsui has over 40 years of experience in finance and administration, corporate and strategic planning, information technology and human resources management. Mr. Tsui has been an independent non-executive director of a number of companies listed on the Stock Exchange, namely, COSCO Shipping International (Hong Kong) Co., Ltd. (a company engaged in ship-related businesses) (stock code: 517) since February 2004, Pacific Online Limited (a company engaged in the provision of Internet advertising services) (stock code: 543) since November 2007 and Hua Medicine (a company engaged in the development a global first-in-class oral drug for the treatment of diabetes) (stock code: 2552) since September 2018. He has also been serving as the independent director of a number of companies listed on NASDAQ Stock Exchange in the United States, namely, ATA Creativity Global (a company providing educational services) (stock code: AACG) since January 2008 and Melco Resorts & Entertainment Limited (a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia) (stock code: MLCO) since December 2006. Since August 2000, he has also been an independent non-executive director of Industrial & Commercial Bank of China (Asia) Limited, a company previously listed on the Stock Exchange (stock code: 349) and was delisted with effect from December 21, 2010. In addition, Mr. Tsui has been serving as a director to WAG Worldsec Management Consultancy Limited, a consulting company, and he is responsible for setting the strategic direction of the company and the day-to-day management of the company since April 2006.

Mr. Tsui served as independent non-executive directors in various other Hong Kong listed companies, including China Oilfield Services Limited (an integrated oilfield services providers) (stock code: 2883) from June 2009 to June 2015, China Power International Development Limited (a Chinese electric power company) (stock code: 2380) from March 2004 to December 2016, Summit Ascent Holdings Limited (a company engaged in leisure facilities and services) (stock code: 102) from March 2011 to September 2018, Kangda International Environmental Company Limited (a company engaged in the constructions and operations of wastewater treatment business) (stock code: 6136) from October 2013 to April 2019, and DTXS Silk Road Investment Holdings Company Limited (a company engaged in e-commerce business) (stock code: 620) from December 2015 to May 2020, and Melco Resorts and Entertainment (Philippines) Corporation (a company which owns and operates casinos) listed on the Philippine Stock Exchange (stock code: MRP) from December 2012 to November 2020.

Mr. Tsui was the chairman and director of WAG Worldsec Corporate Finance Limited, a private professional consulting services and financial solutions company, and he was responsible for setting the strategic direction of the company, the supervision of regulatory activities licensed under the SFC and the day-to-day management of the company from November 2003 to February 2017. He was the chief executive of WAG Financial Services Group Limited, a financial service company, and he was responsible for setting the strategic direction of the company, the supervision of regulatory activities licensed under the SFC and the day-to-day management of the company from April 2001 to November 2006. He was also the chairman of Hong Kong Securities Institute from December 2001 to December 2004. He was the consultant of the Shenzhen Stock Exchange from July 2001 to June 2002. He joined the Stock Exchange as the executive director of the finance and operations services division in January 1994 and served various positions in the Stock Exchange, including the chief executive of the Stock Exchange from February 1997 to August 2000 and the chief operating officer of Hong Kong Exchanges and Clearing Limited from March 2000 to August 2000. Before that, he held several positions in the SFC since January 1989, including the general manager of the finance and information technology department. He held several positions in China Light & Power

Co., Ltd. (currently known as CLP Power Hong Kong Limited, a wholly-owned subsidiary of CLP Holdings Limited which is listed on the Stock Exchange (stock code: 2)) from May 1980 to December 1988 and his last position therein was manager of the financial planning and analysis department. He was an analyst of Arthur Andersen & Co., an accounting firm, from October 1976 to May 1979.

Mr. Tsui was admitted as a member of the Hong Kong Securities and Investment Institute in November 1998 and became the senior fellow of the Hong Kong Securities and Investment Institute in September 2014. Mr. Tsui obtained his Bachelor of Science in Industrial Engineering from the University of Tennessee in the United States in June 1975 and a Master of Engineering from the University of Tennessee in the United States in August 1976. He also completed the Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University in the United States in August 1993.

**Mr. Gregg Huber ALTON**, aged 59, was appointed as an independent non-executive Director on June 22, 2021 (with effect from July 13, 2021). Mr. Alton has also been serving as the chairman of the Nomination Committee and a member of the Strategy Committee since July 13, 2021 and September 1, 2022, respectively.

Mr. Alton has been serving as a director and a member of the audit committee of Novavax, Inc., a vaccine development company listed on NASDAQ Stock Exchange in the United States (stock code: NVAX) since November 2020 and December 2020, respectively. He has been serving as a director, the chairman of the audit committee, and a member of the compensation committee of Corcept Therapeutics Incorporated, a pharmaceuticals company listed on NASDAQ Stock Exchange in the United States (stock code: CORT) since March 2020. Further, Mr. Alton has been serving as a director, a member of the audit committee and the chair of the nominating and corporate governance committee of Renovaro, Inc. (formerly known as Enochian Biosciences Inc.), a pharmaceuticals company listed on NASDAQ Stock Exchange in the United States (stock code: ENOB) since December 2019.

Mr. Alton held several positions in Gilead Sciences, Inc. ("**Gilead**"), a biopharmaceutical company listed on NASDAQ Stock Exchange in the United States (stock code: GILD) from October 1999 to January 2020, including general counsel, chief patient officer, interim chief executive officer and senior advisor of Gilead, and he was responsible for the company's government affairs, public affairs, patient outreach and engagement initiatives, and led the company's international commercial operations and corporate affairs groups. Mr. Alton was an associate at Cooley Godward, LLP, a law firm, between November 1993 to December 1996, and June 1998 to October 1999. He was an associate attorney at Mintz Levin P.C., a law firm, from January 1997 to May 1998.

Mr. Alton obtained his Bachelor of Arts with a major in legal studies from the University of California in Berkeley, the United States in May 1989, and a Doctor of Jurisprudence from The Leland Stanford Junior University in the United States in June 1993. Mr. Alton was also admitted as an attorney and counselor at law by the supreme court of the state of California between June 1994 and July 2019.

**Dr. Taiyin YANG (楊台瑩)**, aged 71, was appointed as an independent non-executive Director on September 1, 2022. Dr. Yang currently acts as the co-chairlady of the Audit and Risk Committee and a member of the Strategy Committee. Dr. Yang has more than four decades of experience in developing and manufacturing medicines in several therapeutic categories. Dr. Yang has been serving as a director of the board and a member of the audit committee of Kodiak Sciences Inc., a biopharmaceutical company listed on NASDAQ Stock Exchange in the United States (stock code: KOD), since December 2019. She has been serving as a director of the board and a member of the nominating and governance committee of Kronos Bio, Inc., a biopharmaceutical company listed on NASDAQ Stock Exchange in the United States (stock code: KRON), since March 2021 and a member of its audit committee since August 2022, respectively. She has been serving as a member of the scientific advisory board of Sionna Therapeutics since August 2022. She was a member of the expert scientific advisory committee of Medicines for Malaria Venture, a non-profit research and development organization, from March 2020 to March 2024.

Dr. Yang held several positions in Gilead, a biopharmaceutical company listed on NASDAQ Stock Exchange in the United States (stock code: GILD), from March 1993 to July 2022, including director of analytical chemistry and senior vice president of pharmaceutical development and manufacturing. Her last position at Gilead was executive vice president of pharmaceutical development and manufacturing, during which she was responsible for development and manufacturing for Gilead's small molecules, biologics and antibody-drug conjugates in development programs and commercial products. She directed operations of process, device and formulation development, manufacturing, packaging, analytical operations, laboratory information systems and data science, quality assurance, regulatory affairs, chemistry, manufacturing and controls processes program management, product distribution, supply chain management and site operations including production, quality control, technical services, facility, engineering and environment, health and safety. Under her leadership, Gilead developed the world's first human immunodeficiency virus single tablet regimen in 2006 and advanced numerous compounds from early-stage development to market, reaching millions of people around the world. During her tenure at Gilead, she also served as the executive sponsor for Gilead Asian Interest Network, an employee resource group established in April 2018, to promote, support and encourage inclusion and diversity. Before that, she held various positions in Syntex Corporation from January 1980 to March 1993, including staff researcher, department head of methods development and director of chemical analysis, supporting drug development.

Dr. Yang has been admitted as a fellow of the American Institute for Medical and Biological Engineering in March 2021 and was elected as a member of the National Academy of Engineering in February 2022. Dr. Yang obtained a Bachelor of Science Degree in Chemistry from the National Taiwan University in Taiwan, the People's Republic of China in June 1974, and a Ph.D. in Organic Chemistry from University of Southern California in the United States in January 1980.

# DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

Our senior management team, in addition to our Directors listed above, is as follows:

**Dr. Susannah CANTRELL,** aged 55, was appointed as the Chief Business Officer of the Company with effect from July 11, 2022. Dr. Cantrell brings with her more than 20 years of healthcare and biotechnology industry experience spanning global pipeline strategy, sales, operations, marketing and new product commercialization.

Prior to joining the Group, Dr. Cantrell served as the Chief Operating Officer and Chief Business Officer at Second Genome from November 2020 to July 2022, overseeing all aspects of operations across the growing company, including R&D, finance and facilities, among other key functions. Prior to that, she was Executive Vice President and Chief Commercial Officer at Tricida, Inc. from January 2019 to November 2020, where she established and built a high-performing U.S.-focused commercial organization. Dr. Cantrell held the role of Vice President and Head of Global Commercial Strategy and Marketing Oncology at Gilead where she was instrumental in leading and growing the company's oncology and inflammation businesses from November 2011 to January 2019. She also held various senior level and sales and marketing positions early on in her career at global pharmaceutical giants, Genentech, Inc/Roche Holding AG and GlaxoSmithKline plc.

Dr. Cantrell holds a B.A. in Biology from Westminster College in May 1991 and a Ph.D. in Biochemistry from the University of Missouri-Columbia in May 1998.

**Dr. Eleanor (Ellee) DE GROOT**, aged 56, was appointed as the Chief Technology Officer of the Company with effect from August 15, 2022. Dr. de Groot has more than two decades of experience leading a wide range of streamlined global operations across growing biotechnology companies, from early to late-stage clinical development and commercial-scale manufacturing.

Prior to joining the Group, Dr. de Groot held key leadership roles during her career with Alaunos Therapeutics, Inc. from July 2015 to May 2022, most recently serving as Executive Vice President of Operations where she oversaw the development of novel cell therapy programs and led clinical manufacturing, quality and process development. In addition, Dr. de Groot held multiple roles of increasing responsibility within chemistry, manufacturing, and controls processes management in Helsinn Therapeutics, Inc. and its predecessor companies from April 2002 to July 2015 where she directed preparations for drug product commercialization, including global regulatory engagement, technology transfers and collaborations with key business partners worldwide.

Dr. de Groot holds both a Ph.D. and a Master of Science degree in chemical engineering from Stanford University in June 1995 and June 1991, respectively. She also held a Bachelor of Science degree in chemical engineering from Massachusetts Institute of Technology in June 1990 and a Master of Business Administration from Rice University in May 2014.

**Dr. Brian A. JOHNS**, aged 54, was appointed as the Chief Scientific Officer of the Company with effect from January 3, 2024. Dr. Johns brings a wealth of experience from the pharmaceutical industry, with a proven track record of successfully building and leading teams in the discovery and early development of novel medicines.

Prior to joining the Group, Dr. Johns was the Chief Scientific Officer of HemoShear Therapeutics, Inc. from September 2019 to December 2023 and the Vice President of External Discovery Sciences at ViiV from October 2018 to September 2019. From April 2016 to September 2019, he was the Co-director of UNC HIV Cure Center and Qura Therapeutics, Inc. and served as an Adjunct Research Associate Professor of University of North Carolina at Chapel Hill. Before that, Dr. Johns held various leading positions in GSK (and predecessor company GlaxoWellcome) from September 1999 to October 2018. His last position in GSK was the Vice President of the HIV discovery performance unit, where he led the GSK discovery business unit for the HIV therapy area. In that role, Dr. Johns was accountable for all aspects of the drug discovery strategy and execution. Dr. Johns is a co-inventor of two HIV medicines, dolutegravir and cabotegravir used worldwide for the treatment and prevention of HIV.

Dr. Johns holds a Bachelor of Science in Chemistry from Andrews University in June 1993 and received his Ph.D in Organic Chemistry from Wayne State University in August 1997. He also completed training as a National Institutes of Health Postdoctoral Fellow at the University of Virginia in August 1999.

**Dr. David MARGOLIS**, aged 50, has been serving as the Chief Medical Officer of the Company since June 15, 2023. He was the Vice President (Head of Infectious Diseases Therapy Area) of the Company from October 1, 2020 to June 14, 2023.

Prior to joining the Group, Dr. Margolis was Medical Director and Senior Medical Director for both GlaxoSmithKline plc. from January 2010 to May 2015 and ViiV from June 2015 to September 2020, serving as the lead physician for the clinical development program for the long-acting integrase inhibitor, cabotegravir. Within this role he created and executed the strategic plan for the clinical development of this first long-acting treatment regimen in HIV, CAB+RPV, inclusive of the clinical collaborations with Janssen Pharmaceuticals, Inc., The International Maternal Pediatric Adolescent AIDS Clinical Trials (IMPAACT) Network and the AIDS Clinical Trials Group, resulting in worldwide regulatory submissions and the first approval and launch of this novel approach to HIV therapy. Dr. Margolis also oversaw the clinical collaboration with the U.S. National Institutes of Health for the evaluation of cabotegravir for the prevention of HIV and has worked across all stages of clinical development from pre-clinical discovery through Phase 3 and post-marketing studies. While at GlaxoSmithKline plc. and ViiV, Dr. Margolis maintained a clinical infectious disease practice, serving as an Assistant Consulting Professor in the Infectious Diseases Department of Duke University Medical Center for 8 years, caring for patients with infectious diseases and serving as the lead attending for the infectious disease fellow's clinic.

Dr. Margolis received his MD from Duke University School of Medicine in June 2002, concurrent with a Master of Public Health at the University of North Carolina, Chapel Hill in May 2000 and then completed an Internal Medicine residency at University of Colorado Health Science Center in June 2005 and a fellowship in Infectious Diseases at University of California at San Diego in La Jolla in December 2009, with a research focus on infectious diseases in the immunocompromised host.

**Dr. Karen D. NEUENDORFF**, aged 49, has been serving as the Chief People Officer (Head of Human Resources) of the Company since January 27, 2022.

Before joining the Group, Dr. Neuendorff served as the Senior Vice President, Human Resources at WeDriveU from June 2019 to January 2022, a division of the premier transportation firm National Express LLC, where she led HR strategy, recruiting and talent management, and acted as a trusted advisor to senior leaders and operational talent alike. Prior to her time at WeDriveU, Dr. Neuendorff served as Vice President, Global Human Resources at Nexant Inc. for 14 years from October 2005 to June 2019, where she managed operational functions for the organization to create a unified, value-based culture and brand globally. Throughout her career, she has converted business vision into HR initiatives that improved performance, profitability, growth and employee engagement on a global scale.

Dr. Neuendorff holds a Bachelor of Arts degree in Psychology from the University of San Francisco in May 1997. She is also certified by the Human Resource Certification Institute as a Senior Professional in Human Resources (SPHR, SHRM-SCP) from June 2010 and July 2015, a Global Professional in Human Resources (GPHR) from June 2012, and a California Professional in Human Resources (PHR-CA) from May 2011.

**Dr. Qing ZHU,** aged 56, has been appointed as the Head of China R&D of the Company with effect from October 1, 2022. She was the Senior Vice President (Head of Biopharmaceutical Research) of the Company from July 16, 2020 to September 30, 2022 and the Vice President (Head of Biopharmaceutical Research) of the Company from April 2, 2018 to July 15, 2020.

Prior to joining the Group, Dr. Zhu held several positions in MedImmune, LLC (a subsidiary of Astrazeneca plc, which is a pharmaceutical company listed on London Stock Exchange in the United Kingdom (stock code: AZN) and New York Stock Exchange in the United States (stock code: AZN)) from August 2007 to March 2018 and her last position therein was Director and Head of Virology Group and she was responsible for research and development of antiviral programs. Before that, she was a scientist in Novartis Pharmaceuticals Corporation, a pharmaceutical company in the United States, and she was responsible for translational research from April 2006. She was a scientist in Chiron Corporation, a biotech company in the United States, and she was responsible for leading research projects from April 2004 to April 2006. She was a postdoctoral associate in Fox Chase Cancer Center, a research institute in the United States, and she completed postdoctoral training from May 2001 to April 2004.

Dr. Zhu obtained her Bachelor of Science in Microbiology from Shanxi University in China in August 1989 and a Ph.D. in Molecular and Cell Biology Program from University of Maryland in the United States in July 2000.

The Board is pleased to present the report of directors together with the audited consolidated financial statements of the Group for the Reporting Period.

## PRINCIPAL ACTIVITIES

We are a biotech company primarily engaged in pharmaceutical R&D activity. The principal activities of the Group are research and develop advancing therapies for significant infectious diseases and CNS diseases, with primary operations based in China and the United States.

An analysis of the principal activities of the Group during the Reporting Period is set out in note 5 to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

## FINAL DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: nil).

## ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, June 17, 2025. The notice of the AGM will be despatched, if necessary, to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

## BUSINESS REVIEW

A review of the business of the Group during the Reporting Period as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is provided in the "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the Reporting Period using key financial performance indicators is provided in the "Financial Review" on pages 14 to 19 of this annual report. The results of the Group for the Reporting Period are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 80 to 81 of this annual report.

### Risks and Uncertainties Relating to the Group's Business

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond the control of the Group:

- The Group depends substantially on the success of our drug candidates, all of which are currently in pre-clinical or clinical development. The Group may be unable to successfully complete development, obtain regulatory approval and commercialize the drug candidates of the Group, or experience significant delays.
- The Group faces substantial competition, which may result in others discovering, developing or commercializing competing drugs before or more successfully than the Group does.
- The Group had incurred significant net losses in each period since the inception, expect to incur net losses for the foreseeable future and may never achieve or maintain profitability.
- The Group will need to obtain additional financing to fund our operations and, if financing is not available on terms acceptable to the Group or at all, the Group may be unable to complete the development and commercialization of the Group's primary drug candidates.
- The Group may be unable to establish, protect or enforce intellectual property rights of the Group adequately.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

### Environmental Policies and Performance

The Company is committed to operating its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations.

Further details of the Company's environmental policies and performance are disclosed in the environmental, social and governance report of the Company for the year ended December 31, 2024.

### Compliance with Laws and Regulations

During the Reporting Period, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

## FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out in the section headed "Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements of the Group for the year ended December 31, 2024.

## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

On July 13, 2021, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering (including the partial exercise of the over-allotment option) amounted to approximately HK$2.614 billion (after deducting underwriting fee and relevant expenses). During the Reporting Period, the Company had utilized such net proceeds in accordance with the purposes as set out in the Prospectus (as subsequently revised and disclosed in the annual results announcement of the Company dated March 24, 2023 (the "**Announcement**")).

As of December 31, 2024, the Company has not yet fully utilized the net proceeds from the Global Offering (the "**Net Proceeds**") of approximately HK$1,082.3 million (the "**Unutilized Net Proceeds**").

### Change in Use of Proceeds from the Global Offering

The Board, having considered the reasons set out in "Reasons for the Change in Use of Proceeds" below, resolved to change the use of the Unutilized Net Proceeds after the Reporting Period. The planned applications of the Net Proceeds as disclosed in the Announcement, the actual usage up to December 31, 2024, and the proposed change and the revised allocation of the Net Proceeds and Unutilized Net Proceeds are set out in the table below:

| Original use of proceeds as disclosed in the Announcement | Original allocation of Net Proceeds as disclosed in the Announcement (HK$ million) | Original percentage of total Net Proceeds as disclosed in the Announcement | Amount of utilized Net Proceeds during the Reporting Period (HK$ million) | Amount of Unutilized Net Proceeds as at December 31, 2024 (HK$ million) | Amount of utilized Net Proceeds as at December 31, 2024 (HK$ million) | Changed use of proceeds | Revised allocation of Net Proceeds (HK$ million) | Revised percentage of total Net Proceeds | Revised amount of Unutilized Net Proceeds as at December 31, 2024 (HK$ million) |
|---|---|---|---|---|---|---|---|---|---|
| 1. Used for our HBV functional cure programs | 994.1 | 38% | 182.5 | 312.3 | 681.8 | 1. Same as original | 1,466.6 | 56% | 784.8 |
| 1.1 To fund ongoing and planned clinical trials and preparation for regulatory filings for developing combination regimens containing BRII-179, BRII-835 or BRII-877 | 837.3 | 32% | 182.5 | 155.5 | 681.8 | 1.1 Same as original | 1,195.9 | 46% | 514.1 |
| 1.2 Used for regulatory milestone payments for BRII-179 | 26.1 | 1% | - | 26.1 | - | 1.2 Used for IP related payments for BRII-179 | 140.0 | 5% | 140.0 |
| 1.3 Used for the launch and commercialization of HBV curative treatment regimens | 130.7 | 5% | - | 130.7 | - | 1.3 Same as original | 130.7 | 5% | 130.7 |
| 2. Used for our HIV programs, funding the ongoing and planned non-clinical studies, clinical trials and preparation for registration filings for BRII-732 and BRII-753 | 176.0 | 7% | 5.3 | 24.3 | 151.7 | 2. Same as original | 151.7 | 6% | - |

| Original use of proceeds as disclosed in the Announcement | Original allocation of Net Proceeds as disclosed in the Announcement (HK$ million) | Original percentage of total Net Proceeds as disclosed in the Announcement | Amount of utilized Net Proceeds during the Reporting Period (HK$ million) | Amount of Unutilized Net Proceeds as at December 31, 2024 (HK$ million) | Amount of utilized Net Proceeds as at December 31, 2024 (HK$ million) | Changed use of proceeds | Revised allocation of Net Proceeds (HK$ million) | Revised percentage of total Net Proceeds | Revised amount of Unutilized Net Proceeds as at December 31, 2024 (HK$ million) |
|---|---|---|---|---|---|---|---|---|---|
| 3. Used for our MDR/XDR gram-negative infections programs | 294.0 | 11% | 14.6 | 226.5 | 67.5 | 3. Same as original | 67.5 | 3% | - |
| 3.1 To fund the ongoing and planned clinical trials and preparation for registration filings for BRII-636, BRII-672 and BRII-693 | 234.5 | 9% | 14.6 | 175.5 | 59.0 | 3.1 Same as original | 59.0 | 2% | - |
| 3.2 Used for regulatory milestone payments for BRII-636, BRII-672 and BRII-693 | 59.5 | 2% | - | 51.0 | 8.5 | 3.2 Same as original | 8.5 | 0% | - |
| 4. Used for our CNS programs, funding the ongoing and planned non-clinical studies, clinical trials and preparation for registration filings for BRII-296, BRII-297 and other pre-clinical/clinical candidates | 496.3 | 19% | 38.1 | 221.7 | 274.6 | 4. Same as original | 274.6 | 11% | - |
| 5. Used for discovery and business development activities for pipeline expansion | 392.0 | 15% | 20.5 | 297.5 | 94.5 | 5. Same as original | 392.0 | 15% | 297.5 |
| 6. Used for working capital and general corporate purposes | 261.4 | 10% | - | - | 261.4 | 6. Same as original | 261.4 | 10% | - |
| Total | 2,613.8 | 100% | 261.0 | 1,082.3 | 1,531.5 | Total | 2,613.8 | 100% | 1,082.3 |

The Company expects to fully utilize the Unutilized Net Proceeds after the proposed change by the end of 2027.

### Reasons for the Change in Use of Proceeds

The reasons for the above changes in the proposed applications of the Net Proceeds and re-allocation of the Unutilized Net Proceeds are as follows:

a) The Company has prioritized resources to focus on the clinical and commercial development of its advanced HBV portfolio and is progressing multiple ongoing combination studies with its differentiated HBV candidates. Following the pipeline prioritization decision, the further development of its HIV, MDR/XDR and CNS programs is contingent on external partnership opportunities. Therefore, the portion of the Unutilized Net Proceeds allocated to original items 2, 3, and 4 are adjusted downwards and re-allocated to revised item 1.1.

b) The Company entered into an agreement with VBI Vaccines, Inc. and certain of its subsidiaries (collectively, "**VBI Parties**"), its creditor K2 VBI Equity Trust, LLC and K2 HealthVentures LLC, acquiring the intellectual property and other assets relating to BRII-179 in December 2024. Under the agreement, the Company fully acquired the BRII-179 patents, BRII-179 know-how, and relevant BRII-179 materials, eliminating all future milestones payable to VBI Parties. Therefore, original item 1.2 has been updated to reflect the change in the nature of BRII-179 related payments.

The Board confirms that there is no material change in the business nature of the Company as set out in the Prospectus, and considers that the above changes in the use of the Unutilized Net Proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively and efficiently, will not have any material adverse impact on the operations of the Company, and is therefore in the best interests of the Company and the Shareholders as a whole.

Save as the changes disclosed above, there are no other proposed changes in the use of the Net Proceeds. The Unutilized Net Proceeds will be applied in a manner consistent with the above planned applications and remains subject to change based on the current and future development of market conditions and our actual business needs.

## MAJOR CUSTOMERS AND SUPPLIERS

The Group recognizes the importance of maintaining a good relationship with its stakeholders (including Shareholders, employees, suppliers and other business partners), which is one of the keys to the Group's success. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders. For the Company's principal relationships with its key stakeholders, please refer to the ESG report of the Company for the year ended December 31, 2024 separately published by the Company.

### Major customers

For the year ended December 31, 2024, the Group did not have revenue and customers. For the year ended December 31, 2023, the Group's five largest customers and the Group's largest customer accounted for 100.0% and 63.0%, respectively, of the Group's total revenue.

### Major suppliers

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 40.0% (2023: 47.0%) of the Group's total purchases and our single largest supplier accounted for 11.6% (2023: 22.0%) of the Group's total purchases.

During the Reporting Period, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) of the Company) had any interest in the Group's five largest suppliers or customers.

## PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Company and the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

## SHARE CAPITAL, SHARE OPTIONS AND SHARE AWARD

Details of movements in the share capital, share options and share awards of the Company during the Reporting Period are set out in notes 24 and 25 to the consolidated financial statements, respectively.

## DEBENTURES

The Company did not issue any debentures since its incorporation.

## RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity.

## DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

## BANK LOANS AND OTHER BORROWINGS

As of December 31, 2024, other than the note payables of RMB18.0 million, 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.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are as follows:

### Executive Directors

Dr. Zhi Hong *(Chairman and Chief Executive Officer)*

Dr. Ankang Li

### Non-executive Director

Mr. Robert Taylor Nelsen *(resigned with effect from July 13, 2024)*

### 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

In accordance with article 16.19 of the Articles of Association, Dr. Ankang Li, Mr. Gregg Huber Alton and Mr. Yiu Wa Alec Tsui shall retire by rotation and, being eligible, have offered themselves for re-election as Directors at the AGM.

## DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in section headed "Directors and Senior Management" of this annual report.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers them to be independent during the Reporting Period.

## DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company. The initial term for their service contract shall commence from the appointment effective date and shall continue for three years. Either party has the right to give not less than 30 days' written notice to terminate the agreement.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. The initial term for their appointment letters shall commence from the appointment effective date and shall continue for three years, which may be terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than 30 days' prior notice in writing.

None of the Directors has a service contract or an appointment letter which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

The Company has no controlling shareholders (as defined in the Listing Rules) during the Reporting Period.

## EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual qualifications, industry experience, position and performance of the Directors and senior management and comparable market practices.

The Group also has adopted several share incentive schemes for the purpose of providing incentives and rewards to its employees, including Directors. Please refer to the paragraph headed "Share Schemes" in this annual report for further details.

As of December 31, 2024, the Group had an aggregate of 98 full-time employees (2023: 128).

Details of the emoluments of the Directors and the five highest paid individuals during the Reporting Period are set out in note 11 to the consolidated financial statements.

No Directors have waived or agreed to waive any emoluments during the Reporting Period.

## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 29 to the consolidated financial statements.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, 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 the 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 |
|---|---|---|---|---|
| Zhi Hong[2] | Trustee | 17,033,000 | 2.33% | Long position |
| | Founder of discretionary trust | 16,000,000 | 2.19% | |
| | Beneficial owner | 8,398,315 | 1.15% | |
| Ankang Li[3] | Beneficial owner | 7,436,500 | 1.02% | Long position |
| Martin J Murphy Jr[4] | Beneficial owner | 87,000 | 0.01% | Long position |
| Grace Hui Tang[5] | Beneficial owner | 87,000 | 0.01% | Long position |
| Yiu Wa Alec Tsui[6] | Beneficial owner | 87,000 | 0.01% | Long position |
| Gregg Huber Alton[7] | Beneficial owner | 87,000 | 0.01% | Long position |
| Taiyin Yang[8] | Beneficial owner | 327,000 | 0.04% | Long position |

Notes:

1. The calculation is based on the total number of 731,309,790 Shares in issue as of December 31, 2024.

2. Dr. Zhi Hong is interested or deemed to be interested in an aggregate of 41,431,315 Shares, including (i) 282,190 Shares directly held by him; (ii) his entitlements to receive up to 6,928,000 Shares pursuant to the exercise of options granted to him under the 2023 Share Option Scheme, subject to the vesting conditions; (iii) 1,188,125 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme and the 2023 Share Award Scheme, subject to the vesting conditions; (iv) 17,033,000 Shares held by an administrative family trust under the JINGFAN HUANG 2020 Revocable Trust, aka JINGFAN HUANG FAMILY TRUST UA DTD 9/24/2020, 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.

3. Dr. Ankang Li is interested in an aggregate of 7,436,500 Shares, including (i) 1,442,957 Shares directly held by him; (ii) his entitlements to receive up to 3,066,668 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Incentive Plan, subject to the vesting conditions; (iii) his entitlements to receive up to 1,996,500 Shares pursuant to the exercise of options granted to him under the Post-IPO Share Option Scheme and the 2023 Share Option Scheme, subject to the vesting conditions; and (iv) 930,375 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme and the 2023 Share Award Scheme, subject to the vesting conditions.

4. Dr. Martin J Murphy Jr directly held 87,000 Shares.

5. Ms. Grace Hui Tang directly held 87,000 Shares.

6. Mr. Yiu Wa Alec Tsui directly held 87,000 Shares.

7. Mr. Gregg Huber Alton directly held 87,000 Shares.

8. Dr. Taiyin Yang is interested in an aggregate of 327,000 Shares, including (i) 218,000 Shares directly held by her; and (ii) 109,000 Shares underlying the RSUs granted to her under the Post-IPO Share Award Scheme, subject to the vesting conditions.

Save as disclosed above, as at December 31, 2024, 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.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at December 31, 2024, 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 |
|---|---|---|---|---|
| ARCH Venture Fund IX, L.P.[2] | Beneficial interest | 45,205,210 | 6.18% | Long position |
| ARCH Venture Fund IX Overage, L.P.[2] | Beneficial interest | 45,205,208 | 6.18% | Long position |
| ARCH Venture Partners IX, L.P.[2] | Interest of controlled corporation | 45,205,210 | 6.18% | Long position |
| ARCH Venture Partners IX Overage, L.P.[2] | Interest of controlled corporation | 45,205,208 | 6.18% | Long position |
| ARCH Venture Partners IX, LLC[2] | Interest of controlled corporation | 90,410,418 | 12.36% | Long position |
| Robert Taylor Nelsen[2] | Interest of controlled corporation | 90,410,418 | 12.36% | Long position |
| Clinton Bybee[2] | Interest of controlled corporation | 90,410,418 | 12.36% | Long position |
| Keith Crandell[2] | Interest of controlled corporation | 90,410,418 | 12.36% | Long position |
| Booming Passion Limited[3] | Beneficial interest | 72,019,612 | 9.85% | Long position |
| Boyu Capital Fund III, L.P.[3] | Interest of controlled corporation | 72,019,612 | 9.85% | Long position |
| Boyu Capital General Partner III, L.P.[3] | Interest of controlled corporation | 72,019,612 | 9.85% | Long position |
| Boyu Capital General Partner III, Ltd.[3] | Interest of controlled corporation | 72,019,612 | 9.85% | Long position |
| Boyu Capital Group Holdings Ltd.[3] | Interest of controlled corporation | 72,019,612 | 9.85% | Long position |
| Boyu Group, LLC[3] | Interest of controlled corporation | 72,019,612 | 9.85% | Long position |
| XYXY Holdings Ltd.[3] | Interest of controlled corporation | 72,019,612 | 9.85% | Long position |
| Xiaomeng Tong[3] | Interest of controlled corporation | 72,019,612 | 9.85% | Long position |

1. The calculation is based on the total number of 731,309,790 Shares in issue as of December 31, 2024.

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 (who has ceased to be our non-executive Director effective from July 13, 2024), 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 of 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, 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.

3. Booming Passion Limited directly held 72,019,612 Shares. Booming Passion Limited is wholly owned by Boyu Capital Fund III, L.P., the general partner of which is Boyu Capital General Partner III, L.P. The general partner of Boyu Capital General Partner III, L.P. is Boyu Capital General Partner III, Ltd., which is wholly owned by Boyu Capital Group Holdings Ltd. Boyu Capital Group Holdings Ltd. is wholly owned by Boyu Group, LLC, which is controlled by XYXY Holdings Ltd. Mr. Xiaomeng Tong holds 100% of the outstanding shares of XYXY Holdings Ltd.

   For the purpose of the SFO, each of Boyu Capital Fund III, L.P., Boyu Capital General Partner III, L.P., Boyu Capital General Partner III, Ltd., Boyu Capital Group Holdings Ltd., Boyu Group, LLC, XYXY Holdings Ltd. and Mr. Xiaomeng Tong is deemed to be interested in the Shares held by Booming Passion Limited.

Save as disclosed above, as at December 31, 2024, 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 SCHEMES

### 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 Pre-IPO Share Incentive Plan shall be valid and effective for a period of 10 years from the date of adoption of the plan on October 30, 2018. For details of the principal terms of the Pre-IPO Share Incentive Plan, please refer to Appendix IV to the Prospectus.

*Purpose*

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 25 to the consolidated financial statements.

*Eligible Participants*

Those eligible to participate in the Pre-IPO Share Incentive Plan include officers, directors, employees, advisers or consultants of the 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*

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, representing approximately 4.9% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. The total number of Shares available for issue under the Pre-IPO Share Incentive Plan was 6,700,112 Shares, representing approximately 0.93% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this annual report.

Under the Pre-IPO Share Incentive Plan, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant, except that no option may be granted to any person who, at the time the option is granted, owns outstanding shares of the Company (or any of its affiliates) possessing more than 10% of the total combined voting power of all classes of shares of the Company (or any of its affiliates).

*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, but each option shall expire not more than 10 years after the date of grant. The Pre-IPO Share Incentive Plan does not require a minimum period for which an award must be held or a performance target which must be achieved before an award can be vested. The Administrator will determine the vesting and/or exercisability provisions of each award (which may be based on performance criteria, passage of time or other factors or any combination thereof), which will be set forth in the applicable award agreement.

Unless the Administrator otherwise expressly provides, once exercisable, an award will remain exercisable until the expiration or earlier termination of the award.

*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. The remaining life of the Pre-IPO Share Incentive Plan is approximately 3.8 years.

*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 December 31, 2024. No options were granted since the Listing Date and up to December 31, 2024. For further details of the movement of the options during the Reporting Period, please see note 25 to the consolidated financial statements.

In connection with the listing of the Shares on the Stock Exchange on the Listing Date, the Board has approved that upon listing, the Company will not grant any additional share options or share awards under the Pre-IPO Share Incentive Plan, so the total number of share options or share awards available for grant under the scheme mandate of the Pre-IPO Share Incentive Plan as at January 1, 2024 and December 31, 2024 is nil and nil, respectively.

As at December 31, 2024, 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 7,044,468 Shares, representing approximately 0.96% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. There are no participants with options granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules, no service providers (as defined in Chapter 17 of the Listing Rules) with options granted in any 12-month period exceeding 0.1% of the Shares in issue (excluding treasury shares (as defined in the Listing Rules)) for the time being, and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules).

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

| | | | | Number of options | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name or category of grantee | Exercise price | Date of grant | Vesting commencement date | Outstanding as at January 1, 2024 | Granted during the Reporting Period | Exercised during the Reporting Period | Cancelled during the Reporting Period | Lapsed during the Reporting Period | Outstanding as at December 31, 2024 | Notes |
| 1. Directors | | | | | | | | | | |
| Dr. Zhi Hong | US$0.68 | September 18, 2020 | October 31, 2020 | 5,000,000 | - | - | (5,000,000)[7] | - | - | 1 |
| *Chairman,* | US$0.68 | September 18, 2020 | October 31, 2020 | 3,000,000 | - | - | (3,000,000)[7] | - | - | 2 |
| *chief executive officer and executive Director* | US$0.68 | September 18, 2020 | September 18, 2020 | 4,000,000 | - | - | (4,000,000)[7] | - | - | 3 |
| Dr. Ankang Li | US$0.13 | September 18, 2020 | August 31, 2021 | 1,866,668 | - | - | - | - | 1,866,668 | 4 |
| *Executive Director* | US$.0.13 | September 18, 2020 | July 13, 2022 | 1,200,000 | - | - | - | - | 1,200,000 | 5 |
| 2. Other employee participants | | | | | | | | | | |
| Other 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 | 4,410,585 | - | (132,500)[8] | - | (875,900) | 3,402,185 | 1, 4, 5, 6 |
| 3. Service providers | | | | | | | | | | |
| Service providers (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 | 575,615 | - | - | - | - | 575,615 | 1, 6 |
| Total: | | | | | | | | | 7,044,468 | |

Notes:

1. In accordance with a vesting schedule, the options granted on the relevant date of grant will be vested in 24 substantially equal monthly installments with the first installment vesting on the vesting commencement date occurs. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.

2. In accordance with a vesting schedule, the options granted on the date of grant will be vested in 48 substantially equal monthly installments with the first installment vesting on the vesting commencement date occurs. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.

3. In accordance with a vesting schedule, the first 1,333,334 options granted on the date of grant 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 options granted on the date of grant will be vested upon the achievements by the Group of one of the remaining three milestones, and the remaining 1,333,332 options granted on the date of grant 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. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.

4. In accordance with a vesting schedule, 25% of the options granted on the relevant date of grant will be vested on the vesting commencement date, and the remaining 75% of the options granted on the relevant date of grant 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. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.

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 options granted on the relevant date of grant will be vested on the first anniversary of the completion of the IPO, and 75% of the options granted on the relevant date of grant 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. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.

6. In accordance with a vesting schedule, 100% of the options granted on the relevant date of grant will be vested on the vesting commencement date. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.

7. The exercise price of the cancelled options is US$0.68.

8. The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was HK$1.97.

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

### Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the Shareholders on June 22, 2021. The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date, subject to early termination in accordance with the terms of the Post-IPO Share Option Scheme. For details of the principal terms of the Post-IPO Share Option Scheme, please refer to Appendix IV to the Prospectus. In view of the amendments to the Listing Rules relating to share schemes which took effect on January 1, 2023 (the "**Share Scheme Amendments**"), the termination of the Post-IPO Share Option Scheme and the adoption of the 2023 Share Option Scheme as proposed by the Company were approved by the Shareholders on September 1, 2023. Following the termination of the Post-IPO Share Option Scheme, no further options will be offered or granted under the Post-IPO Share Option Scheme, but the provisions of the Post-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

*Purpose*

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 25 to the consolidated financial statements.

*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 the Group.

*Maximum Number of Shares Available for Issue*

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 the Group shall not in aggregate exceed 10% of the Shares in issue on the Listing Date, such 10% limit represents 70,620,092 Shares, representing approximately 9.7% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. The total number of Shares available for issue under the Post-IPO Share Option Scheme (including the options granted but not yet exercised) was 16,375,500 Shares, representing approximately 2.28% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this annual report.

*Maximum Entitlement 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 the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue (excluding treasury shares (as defined in the Listing Rules)) for the time being.

*Exercise of Option*

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Post-IPO Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised, and a grantee is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Scheme can be exercised.

*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 December 31, 2024, pursuant to the Post-IPO Share Option Scheme, the Company had granted to directors and employees of the Group outstanding options to subscribe for 17,300,875 Shares, representing approximately 2.37% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. There are no participants with options granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). Following the termination of the Post-IPO Share Option Scheme, no further options will be offered or granted under the Post-IPO Share Option Scheme. The total number of options available for grant under the scheme mandate of the Post-IPO Share Option Scheme as at January 1, 2024 and December 31, 2024 is nil and nil, respectively.

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

| | | | | Number of options | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name or category of grantee | Date of grant | Exercise price | Outstanding as at January 1, 2024 | Granted during the Reporting Period | Exercised during the Reporting Period | Cancelled during the Reporting Period | Lapsed during the Reporting Period | Outstanding as at December 31, 2024 | Closing price of the Shares immediately before the date of grant | Notes |
| 1. Directors | | | | | | | | | | |
| Dr. Zhi Hong | September 17, 2021 | HK$47.6 | 2,855,833 | – | – | (2,855,833)[6] | – | – | HK$48.5 | 2, 3, 4 |
| *Chairman, chief executive officer* | September 21, 2022 | HK$6.45 | 2,562,000 | – | – | (2,562,000)[7] | – | – | HK$5.91 | 3, 5 |
| *and executive Director* | August 23, 2023 | HK$3.01 | 3,369,500 | – | – | (3,369,500)[8] | – | – | HK$2.77 | 3 |
| Dr. Ankang Li | September 17, 2021 | HK$47.6 | 980,833 | – | – | (980,833)[6] | – | – | HK$48.5 | 2, 3, 4 |
| *Executive Director* | September 21, 2022 | HK$6.45 | 1,065,000 | – | – | – | – | 1,065,000 | HK$5.91 | 3, 5 |
| | August 23, 2023 | HK$3.01 | 545,000 | – | – | – | – | 545,000 | HK$2.77 | 3 |
| 2. Other employee participants | | | | | | | | | | |
| Other employees (in aggregate) | September 17, 2021 | HK$47.6 | 1,604,775 | – | – | (938,750)[6] | (613,525) | 52,500 | HK$48.5 | 2, 3, 4 |
| | December 3, 2021 | HK$43.41 | 500,500 | – | – | (126,500)[9] | (292,500) | 81,500 | HK$40.8 | 3 |
| | March 29, 2022 | HK$10.33 | 3,830,917 | – | – | (1,913,167)[10] | (1,458,500) | 459,250 | HK$9.15 | 3, 4, 5 |
| | June 24, 2022 | HK$9.16 | 1,973,000 | – | – | (391,000)[11] | (871,000) | 711,000 | HK$8.57 | 3 |
| | September 21, 2022 | HK$6.45 | 12,800,500 | – | – | – | (4,715,250) | 8,085,250 | HK$5.91 | 3, 5 |
| | December 15, 2022 | HK$8.64 | 1,319,000 | – | – | (442,500)[12] | (381,000) | 495,500 | HK$8.33 | 3 |
| | April 12, 2023 | HK$4.54 | 2,450,000 | – | – | – | (1,247,500) | 1,202,500 | HK$4.48 | 3 |
| | June 30, 2023 | HK$3.35 | 1,325,000 | – | – | – | (427,500) | 897,500 | HK$3.13 | 3 |
| | August 23, 2023 | HK$3.01 | 5,758,500 | – | – | – | (2,052,625) | 3,705,875 | HK$2.77 | 3 |
| Total: | | | | | | | | 17,300,875 | | |

Notes:

1. The options granted shall be exercisable upon vesting in accordance with the relevant vesting schedule and the exercise period of the options granted commences on the date on which they are vested in accordance with the relevant vesting schedule and ends on the expiry of 10 years from the relevant date of grant.

2. For the options granted on the date of grant, the options shall be vested over three years from the employment commencement date of each grantee or the date of grant 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.

3. For the options granted on the date of grant, the options shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the "Vesting Start Date" refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.

4. For the options granted on the date of grant, the options shall be vested in four tranches as follows: 5% shall vest on the first anniversary of the date of grant; 10% shall vest on the second anniversary of the date of grant; 40% shall vest on the third anniversary of the date of grant; and 45% shall vest on the fourth anniversary of the date of grant.

5. For the options granted on the date of grant, the options shall be vested over three years from the employment commencement date of each grantee upon the achievements by the Group of certain program milestones and/or market capitalization milestones determined by the Board which are specified in the relevant grant letter of the grantees.

6. The exercise price of the cancelled options is HK$47.6.

7. The exercise price of the cancelled options is HK$6.45.

8. The exercise price of the cancelled options is HK$3.01.

9. The exercise price of the cancelled options is HK$43.41.

10. The exercise price of the cancelled options is HK$10.33.

11. The exercise price of the cancelled options is HK$9.16.

12. The exercise price of the cancelled options is HK$8.64.

**Post-IPO Share Award Scheme**

The Post-IPO Share Award Scheme was approved by the Shareholders on June 22, 2021. The Post-IPO Share Award Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date, subject to early termination in accordance with the terms of the Post-IPO Share Award Scheme. For details of the principal terms of the Post-IPO Share Award Scheme, please refer to Appendix IV to the Prospectus. In view of the Share Scheme Amendments, the termination of the Post-IPO Share Award Scheme and the adoption of the 2023 Share Award Scheme as proposed by the Company were approved by the Shareholders on September 1, 2023. Following the termination of the Post-IPO Share Award Scheme, no further share awards will be offered or granted under the Post-IPO Share Award Scheme, but the provisions of the Post-IPO Share Award Scheme shall remain in full force to the extent necessary to give effect to the settlement of any share awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme.

*Purpose*

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 25 to the consolidated financial statements.

*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 the Group.

*Share Awards*

A share award may be granted in the form of Restricted Shares or RSUs under the Post-IPO Share Award Scheme. Restricted Shares are Shares awarded to the participant under the Post-IPO Share Award Scheme. RSU is a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one Share, such unit to be used solely for the determination of the payment to eventually be made to the participant upon vesting of the applicable award.

*Maximum Number of Shares Available for Issue*

Shares which may be issued pursuant to all share awards to be granted under the Post-IPO Share Award Scheme must not in aggregate exceed 5% of the Shares in issue on the Listing Date, such 5% limit represents 35,310,046 Shares, representing approximately 4.8% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. The total number of Shares available for issue under the Post-IPO Share Award Scheme (including the share awards granted but unvested) was 4,270,150 Shares, representing approximately 0.59% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this annual report.

*Maximum Entitlement of each Participant*

There is no restriction on the maximum entitlement of each participant under the Post-IPO Share Award Scheme. Under the Post-IPO Share Award Scheme, there is no specific limit on the maximum number of share award which may be granted to a single eligible participant, but the maximum share award entitlement of each participant of the Post-IPO Share Award Scheme shall not exceed the limits as required under the Listing Rules.

*Grant of Share Award*

On and subject to the terms of the Post-IPO Share Award Scheme, the Board shall be entitled (but shall not be bound) at any time within the life of the Post-IPO Share Award Scheme to make an offer of a share award to participant, as the Board may in its absolute discretion select. The Post-IPO Share Award Scheme does not require a minimum period for which a share award must be held or a performance target which must be achieved before a share award can be vested. Share awards may be granted on such terms and conditions as the Board shall determine. Such terms may include any minimum period(s) for which the grantee must be employed or in service to the Group and/or any minimum performance target(s) that must be achieved, before the share award shall vest in whole or in part, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

*Acceptance of Share Award*

An offer of the grant of a share award shall be deemed to have been accepted and the share award to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein. No such offer shall be open for acceptance after the expiry of the period of 10 years commencing on the Listing Date or after the Post-IPO Share Award Scheme has been terminated in accordance with the provisions hereof, whichever is the earlier. In addition, acceptance of an award of Restricted Shares under the Post-IPO Share Award Scheme shall be subject to payment of such consideration to the Company as the Board may determine or as required by applicable law. There is no requirement on the purchase price payable in respect of the share award granted under the Post-IPO Share Award Scheme.

As at December 31, 2024, pursuant to the Post-IPO Share Award Scheme, the Company had granted to directors and employees of the Group outstanding RSUs representing 4,612,375 Shares, accounting for approximately 0.63% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. There are no participants with share awards granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). Following the termination of the Post-IPO Share Award Scheme, no further share awards will be offered or granted under the Post-IPO Share Award Scheme. The total number of awards available for grant under the scheme mandate of the Post-IPO Share Award Scheme as at January 1, 2024 and December 31, 2024 is nil and nil, respectively.

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

| Name or category of grantee | Date of grant | Outstanding as at January 1, 2024 | Number of RSUs Granted during the Reporting Period | Vested during the Reporting Period | Cancelled during the Reporting Period | Lapsed during the Reporting Period | Outstanding as at December 31, 2024 | Closing price of the Shares immediately before the date of grant | Notes |
|---|---|---|---|---|---|---|---|---|---|
| 1. Directors | | | | | | | | | |
| Dr. Zhi Hong | January 20, 2022 | 577,000 | - | (32,327)[12] | (499,173) | - | 45,500 | HK$22.65 | 2, 6, 11, 28 |
| *Chairman, chief executive officer* | September 21, 2022 | 255,000 | - | (60,392)[13] | (24,608) | - | 170,000 | HK$5.91 | 4, 10, 11, 28 |
| *and executive Director* | August 23, 2023 | 363,500 | - | (64,565)[14] | (26,310) | - | 272,625 | HK$2.77 | 4, 10, 11, 28 |
| Dr. Ankang Li | January 20, 2022 | 202,500 | - | (20,250)[15] | (162,000) | - | 20,250 | HK$22.65 | 2, 6, 11, 28 |
| *Executive Director* | September 21, 2022 | 856,125 | - | (285,375)[16] | - | - | 570,750 | HK$5.91 | 4, 11, 28 |
| | August 23, 2023 | 144,500 | - | (36,125)[17] | - | - | 108,375 | HK$2.77 | 4, 10, 11, 28 |
| Dr. Martin J Murphy Jr<br>*Independent non-executive Director* | January 20, 2022 | 14,000 | - | (14,000)[18] | - | - | - | HK$22.65 | 3, 10, 11, 28 |
| Ms. Grace Hui Tang<br>*Independent non-executive Director* | January 20, 2022 | 14,000 | - | (14,000)[18] | - | - | - | HK$22.65 | 3, 10, 11, 28 |
| Mr. Yiu Wa Alec Tsui<br>*Independent non-executive Director* | January 20, 2022 | 14,000 | - | (14,000)[18] | - | - | - | HK$22.65 | 3, 10, 11, 28 |
| Mr. Gregg Huber Alton<br>*Independent non-executive Director* | January 20, 2022 | 14,000 | - | (14,000)[18] | - | - | - | HK$22.65 | 3, 10, 11, 28 |
| Dr. Taiyin Yang<br>*Independent non-executive Director* | September 21, 2022 | 218,000 | - | (109,000)[19] | - | - | 109,000 | HK$5.91 | 9, 10, 11, 28 |
| 2. Other employee participants | | | | | | | | | |
| Other employees (in aggregate) | January 20, 2022 | 840,526 | - | (196,660)[20] | (87,915) | (424,476) | 131,475 | HK$22.65 | 2, 4, 5, 6, 11 |
| | March 29, 2022 | 1,041,267 | - | (174,719)[21] | (111,148) | (360,500) | 394,900 | HK$9.15 | 4, 7, 8, 11 |
| | June 24, 2022 | 604,875 | - | (109,992)[22] | (6,008) | (256,875) | 232,000 | HK$8.57 | 4, 11 |
| | September 21, 2022 | 2,973,625 | - | (432,977)[23] | (143,523) | (1,132,375) | 1,264,750 | HK$5.91 | 4, 8, 11 |
| | December 15, 2022 | 262,125 | - | (57,962)[24] | (4,163) | (75,750) | 124,250 | HK$8.33 | 4, 11 |
| | April 12, 2023 | 650,500 | - | (89,024)[25] | (27,976) | (300,250) | 233,250 | HK$4.48 | 4, 11 |
| | June 30, 2023 | 402,000 | - | (57,027)[26] | (15,098) | (113,500) | 216,375 | HK$3.13 | 4, 11 |
| | August 23, 2023 | 1,526,000 | - | (210,216)[27] | (59,034) | (537,875) | 718,875 | HK$2.77 | 4, 11 |
| Total: | | | | | | | 4,612,375 | | |

Notes:

1. All the RSUs were granted to the grantees at nil consideration. Once the RSUs are vested in accordance with the relevant vesting schedule, the underlying Shares will be transferred to the grantees at nil consideration.

2. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 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.

3. For the RSUs granted on the date of grant, the RSUs shall be vested in three tranches as follows: one-third of the grant shall vest on July 13, 2022, one-third of the grant shall vest on July 13, 2023 and the remaining one-third of the grant shall vest on July 13, 2024.

4. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the "Vesting Start Date" refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.

5. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 5% shall vest on the first anniversary of September 17, 2021; 10% shall vest on the second anniversary of September 17, 2021; 40% shall vest on the third anniversary of September 17, 2021; and 45% shall vest on the fourth anniversary of September 17, 2021.

6. For the RSUs granted on the date of grant, the RSUs shall be vested upon the achievements by the Group of certain milestones determined by the Board which are specified in the relevant award agreement of the grantees.

7. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 5% shall vest on the first anniversary of the date of grant; 10% shall vest on the second anniversary of the date of grant; 40% shall vest on the third anniversary of the date of grant; and 45% shall vest on the fourth anniversary of the date of grant.

8. For the RSUs granted on the date of grant, the RSUs shall be vested over three years from the employment commencement date of each grantee upon the achievements by the Group of certain program milestones and/or market capitalization milestones determined by the Board which are specified in the relevant award agreement of the grantees.

9. For the RSUs granted on the date of grant, the RSUs shall be vested in three tranches as follows: one-third of the grant shall vest on September 1, 2023, one-third of the grant shall vest on September 1, 2024 and the remaining one-third of the grant shall vest on September 1, 2025.

10. The RSUs granted would be satisfied by way of purchase of existing Shares on the secondary market using the Company's internal resources.

11. During the Reporting Period, the purchase price of the vested RSUs or the cancelled RSUs is nil.

12. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$0.97.

13. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$1.03.

14. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$0.93.

15. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$0.93.

16. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$1.03.

17. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$0.97.

18. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$1.05.

19. The closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK$0.99.

20. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.05.

21. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.69.

22. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.17.

23. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.01.

24. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.09.

25. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.32.

26. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.17.

27. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$0.97.

28. As the RSUs held by the grantee were vested only once during the Reporting Period according to the respective vesting schedules, the weighted average closing price of the Shares immediately before the date on which the RSUs were vested equals to the closing price of the Shares immediately before the date on which the RSUs were vested.

29. Any unvested Shares held by the trustee of the Post-IPO Share Award Scheme appointed by the Company, Kastle Limited, will abstain from voting on matters that require Shareholders' approval under the Listing Rules.

*2023 Share Option Scheme*

The adoption of the 2023 Share Option Scheme was approved by the Shareholders on September 1, 2023. The 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption of the scheme on September 1, 2023. The remaining life of the 2023 Share Option Scheme is approximately 8.6 years. For details of the principal terms of the 2023 Share Option Scheme, please refer to the circular of the Company dated August 4, 2023.

*Purpose*

The purpose of the 2023 Share Option Scheme is to attract and retain eligible participants whose contributions are important to the long-term growth and success of the Group, to recognize and reward eligible participants for their past contribution to the Group, to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

*Eligible Participants*

Any director (including executive directors, non-executive directors and independent non-executive directors) and employee of the Company or any of its subsidiaries, and any person who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

*Scheme Mandate Limit and Service Provider Sublimit*

To the extent permissible under the Listing Rules, the Company may use treasury shares (as defined in the Listing Rules) to satisfy the options granted under the 2023 Share Option Scheme. Any reference to new Shares in the 2023 Share Option Scheme shall also include treasury shares (as defined in the Listing Rules), and references to issuance of Shares shall include the transfer of treasury shares (as defined in the Listing Rules).

The scheme mandate limit is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company, and shall not in aggregate exceed 10% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 72,813,078 Shares). The service provider sublimit, being a sublimit under the scheme mandate limit, is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company to the service providers, and shall not in aggregate exceed 1% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 7,281,307 Shares). The total number of Shares available for issue under the 2023 Share Option Scheme (including the options granted but not yet exercised and the options available for future grants) was 70,436,578 Shares, representing approximately 9.79% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this annual report.

*Maximum Entitlement of Each Participant*

Unless approved by the Shareholders, the total number of Shares issued and to be issued (and/or transferred and to be transferred) in respect of all options and awards granted under the 2023 Share Option Scheme and any other share scheme(s) of the Company to each participant in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares (as defined in the Listing Rules)).

*Exercise of Option*

Pursuant to the 2023 Share Option Scheme, the Board shall be entitled at any time within the life of the 2023 Share Option Scheme to make an offer of the grant of an option to any eligible participant, as the Board may in its absolute discretion select, to take up an option pursuant to which such participant may subscribe for such number of Shares as the Board may determine at the exercise price and on and subject to such terms and conditions as the Board may determine and impose and inform the grantee accordingly.

The offer shall specify the terms and conditions on which the option is to be granted. Such terms and conditions may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised or vested in whole or in part, may include any clawback mechanism in respect of the options, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

The period within which an option may be exercised is to be determined and notified by the Board to each grantee at the time of making an offer of the grant of an option, which shall not expire later than ten years from the date of grant. Save for the circumstance as described in the 2023 Share Option Scheme, the vesting period in respect of any option granted shall be no less than 12 months from (and including) the date of grant. Subject to the said limitation in relation to vesting period, the 2023 Share Option Scheme does not provide for any minimum period for which an option must be held before it can be exercised or vested.

*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 five business days from the date the offer of the grant of an option is made to the grantee.

*Exercise Price*

Pursuant to the 2023 Share Option Scheme, the exercise price in respect of any option shall be such price determined by the Board in its absolute discretion and notified to the participant in the offer of the grant of an option and shall be no less than the higher of: (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

Upon exercise of the option and payment of the exercise price by the relevant grantee, the Board shall allot and issue new Shares (or transfer treasury shares (as defined in the Listing Rules)) to the grantee.

As at December 31, 2024, pursuant to the 2023 Share Option Scheme, the Company had granted to directors and employees of the Group outstanding options to subscribe for 19,177,500 Shares, representing approximately 2.62% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. There are no participants with options granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). The total number of options available for grant under the scheme mandate of the 2023 Share Option Scheme as at January 1, 2024 and December 31, 2024 is 72,813,078 and 51,259,078, respectively, and the total number of options available for grant under the service provider sublimit of the 2023 Share Option Scheme as at January 1, 2024 and December 31, 2024 is 7,281,307 and 7,281,307, respectively.

Details of the movements of the options granted under the 2023 Share Option Scheme during the Reporting Period are as follows:

| | | | | Number of options | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name or category of grantee | Date of grant | Exercise price | Outstanding as at January 1, 2024 | Granted during the Reporting Period | Exercised during the Reporting Period | Cancelled during the Reporting Period | Lapsed during the Reporting Period | Outstanding as at December 31, 2024 | Closing price of the Shares immediately before the date of grant | Fair value of options as at the date of grant[4] | Notes |
| 1. Directors | | | | | | | | | | | |
| Dr. Zhi Hong *Chairman, chief executive officer and executive Director* | October 25, 2024 | HK$1.062 | - | 6,928,000 | - | - | - | 6,928,000 | HK$1.06 | HK$0.630 | 2 |
| Dr. Ankang Li *Executive Director* | October 25, 2024 | HK$1.062 | - | 386,500 | - | - | - | 386,500 | HK$1.06 | HK$0.630 | 2 |
| 2. Other employee participants | | | | | | | | | | | |
| Other employees (in aggregate) | March 28, 2024 | HK$0.964 | - | 5,752,500 | - | - | (648,000) | 5,104,500 | HK$0.93 | HK$0.489-HK$0.536 | 2 |
| | October 25, 2024 | HK$1.062 | - | 7,345,500 | - | - | (587,000) | 6,758,500 | HK$1.06 | HK$0.578-HK$0.589 | 2 |
| Total: | | | | | | | | 19,177,500 | | | |

Notes:

1. The options granted shall be exercisable upon vesting in accordance with the relevant vesting schedule and the exercise period of the options granted commences on the date on which they are vested in accordance with the relevant vesting schedule and ends on the expiry of 10 years from the relevant date of grant.

2. For the options granted on the date of grant, the options shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the "Vesting Start Date" refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.

3. None of the above options granted under the 2023 Share Option Scheme was subject to any performance target.

4. Details of the fair value of the options granted during the Reporting Period under the 2023 Share Option Scheme at the date of grant and the accounting standard and policy adopted are set out in note 25 to the consolidated financial statements.

*2023 Share Award Scheme*

The adoption of the 2023 Share Award Scheme was approved by the Shareholders on September 1, 2023. The 2023 Share Award Scheme shall be valid and effective for a period of 10 years commencing on the adoption of the scheme on September 1, 2023. The remaining life of the 2023 Share Award Scheme is approximately 8.6 years. For details of the principal terms of the 2023 Share Award Scheme, please refer to the circular of the Company dated August 4, 2023.

*Purpose*

The purpose of the 2023 Share Award Scheme is to attract and retain eligible participants whose contributions are important to the long-term growth and success of the Group, to recognize and reward eligible participants for their past contribution to the Group, to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

*Eligible Participants*

Any director (including executive directors, non-executive directors and independent non-executive directors) and employee of the Company or any of its subsidiaries, and any person who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

*Scheme Mandate Limit and Service Provider Sublimit*

To the extent permissible under the Listing Rules, the Company may use treasury shares (as defined in the Listing Rules) to satisfy the share awards granted under the 2023 Share Award Scheme in place of allotting and issuing new Shares to the trustee. Any reference to new Shares in the 2023 Share Award Scheme shall also include treasury shares (as defined in the Listing Rules), and references to issuance of Shares shall include the transfer of treasury shares (as defined in the Listing Rules).

The scheme mandate limit is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company, and shall not in aggregate exceed 10% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 72,813,078 Shares). The service provider sublimit, being a sublimit under the scheme mandate limit, is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company to the service providers, and shall not in aggregate exceed 1% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 7,281,307 Shares). The total number of Shares available for issue under the 2023 Share Award Scheme (including the share awards granted but unvested and the share awards available for future grants) was 53,842,203 Shares, representing approximately 7.49% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this annual report.

*Maximum Entitlement of Each Participant*

Unless approved by the Shareholders, the total number of Shares issued and to be issued (and/or transferred and to be transferred) in respect of all options and awards granted under the 2023 Share Award Scheme and any other share scheme(s) of the Company to each participant in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares (as defined in the Listing Rules)).

*Share Awards*

A share award may be granted in the form of Restricted Shares or RSUs under the 2023 Share Award Scheme. Restricted Shares are Shares awarded to a participant under the 2023 Share Award Scheme. RSU is a restricted share unit conferring the grantee a conditional right upon vesting of the RSU to obtain, as determined by the Board in its absolute discretion, either a Share or an equivalent value in cash.

Pursuant to the 2023 Share Award Scheme, the Board shall be entitled at any time within the life of the 2023 Share Award Scheme to make an offer of the grant of a share award to any eligible participant, as the Board may in its absolute discretion select, and on and subject to such terms and conditions as the Board may determine and impose and inform the grantee accordingly.

The offer shall specify the terms and conditions on which the share award is to be granted. Such terms and conditions may include any minimum period(s) for which a share award must be held, any minimum period(s) for which the grantee must be employed or in service to the Group and/or any minimum performance target(s) that must be achieved, before the share award shall vest in whole or in part, may include any clawback mechanism in respect of the share award, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

Save for the circumstance as described in the 2023 Share Award Scheme, the vesting period in respect of any share award granted shall be no less than 12 months from (and including) the date of grant. Subject to the said limitation in relation to vesting period, the 2023 Share Award Scheme does not provide for any minimum period for which a share award must be held before it can be vested.

*Consideration*

Subject to otherwise determined by the Board at its sole discretion or as required by applicable law in respect of the consideration (if any) for the acceptance of any particular share award which shall be stated in the offer documentation, the grantee is not required to pay any grant or purchase price or make any other payment to the Company to accept a share award granted.

*Purchase Price*

Subject to otherwise determined by the Board at its sole discretion or as required by applicable law in respect of the purchase price (if any) of any particular share award which shall be stated in the offer documentation, the grantee is not required to pay any purchase price to the Company to purchase any RSU underlying a share award granted or may only be required to pay a nominal value to purchase any Restricted Shares.

Subject to the terms of the 2023 Share Award Scheme, the Board may decide at its sole and absolute discretion to (i) direct the trustee of the 2023 Share Award Scheme to transfer the number of Restricted Shares or the Shares underlying the RSUs to the grantee which the trustee has acquired by making purchases of existing Shares and to be held pending the vesting of the relevant share award; (ii) procure the Company to allot and issue the number of Restricted Shares or the Shares underlying the RSUs (or transfer treasury shares (as defined in the Listing Rules) in accordance with the 2023 Share Award Scheme) to the grantee (as new Shares under the scheme mandate limit) as fully paid up Shares directly; and/or (iii) pay, or procure the payment of, an amount equivalent to the market value of the Shares underlying the RSUs to the grantee in cash, for the purpose of satisfying the relevant share awards of the grantee upon vesting.

As at December 31, 2024, pursuant to the 2023 Share Award Scheme, the Company had granted to directors and employees of the Group outstanding RSUs representing 2,315,750 Shares, accounting for approximately 0.32% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at December 31, 2024. There are no participants with share awards granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). The total number of awards available for grant under the scheme mandate of the 2023 Share Award Scheme as at January 1, 2024 and December 31, 2024 is 72,813,078 and 51,259,078, respectively, and the total number of awards available for grant under the service provider sublimit of the 2023 Share Award Scheme as at January 1, 2024 and December 31, 2024 is 7,281,307 and 7,281,307, respectively.

Details of the movements of the RSUs granted under the 2023 Share Award Scheme during the Reporting Period are as follows:

| | | Number of RSUs | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name or category of grantee | Date of grant | Outstanding as at January 1, 2024 | Granted during the Reporting Period | Vested during the Reporting Period | Cancelled during the Reporting Period | Lapsed during the Reporting Period | Outstanding as at December 31, 2024 | Closing price of the Shares immediately before the date of grant | Fair value of RSUs as at the date of grant[4] | Notes |
| 1. Directors | | | | | | | | | | |
| Dr. Zhi Hong *Chairman, chief executive officer and executive Director* | October 25, 2024 | - | 700,000 | - | - | - | 700,000 | HK$1.06 | HK$1.04 | 2 |
| Dr. Ankang Li *Executive Director* | October 25, 2024 | - | 231,000 | - | - | - | 231,000 | HK$1.06 | HK$1.04 | 2 |
| 2. Other employee participants | | | | | | | | | | |
| Other employees (in aggregate) | March 28, 2024 | - | 821,500 | (60,750)[5][6] | - | - | 760,750 | HK$0.93 | HK$0.91 | 2 |
| | October 25, 2024 | - | 624,000 | - | - | - | 624,000 | HK$1.06 | HK$1.04 | 2 |
| Total: | | | | | | | 2,315,750 | | | |

Notes:

1. All the RSUs were granted to the grantees at nil consideration. Once the RSUs are vested in accordance with the relevant vesting schedule, the underlying Shares will be transferred to the grantees at nil consideration.

2. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the “Vesting Start Date” refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.

3. None of the above RSUs granted under the 2023 Share Award Scheme was subject to any performance target.

4. Details of the fair value of the awards granted during the Reporting Period under the 2023 Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in note 25 to the consolidated financial statements.

5. During the Reporting Period, the purchase price of the vested RSUs is nil.

6. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period is HK$1.05.

7. Any unvested Shares held by the trustee of the 2023 Share Award Scheme appointed by the Company, Kastle Limited, will abstain from voting on matters that require Shareholders' approval under the Listing Rules.

### Additional Information

The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of the Shares in issue (excluding treasury shares (as defined in the Listing Rules)) for the Reporting Period is 3%.

## EQUITY-LINKED AGREEMENTS

Save as the share schemes of the Company disclosed above, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the year ended December 31, 2024 or subsisted at the end of the year ended December 31, 2024.

## PURCHASE, SALE OR REDEMPTION OF 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, including sales of treasury shares (as defined in the Listing Rules). As at December 31, 2024, the Company did not hold any treasury shares (as defined in the Listing Rules).

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Reporting Period.

## RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details on related party transactions for the year ended December 31, 2024 are set out in note 26 to the consolidated financial statements. None of the related party transactions as disclosed in note 26 to the consolidated financial statements constitute connected transaction or continuing connected transaction of the Group which has to be disclosed in accordance with Chapter 14A of the Listing Rules. There was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with the Chapter 14A of the Listing Rules during the Reporting Period. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## DONATIONS

During the Reporting Period, the Group made no charitable and other donations.

## SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

## PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

## SUBSEQUENT EVENTS

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2024 and up to the date of this annual report.

## AUDIT AND RISK COMMITTEE

The Board has established the Audit and Risk Committee which currently comprises three independent non-executive Directors, namely Ms. Grace Hui Tang, Dr. Taiyin Yang and Mr. Yiu Wa Alec Tsui. Each of Ms. Grace Hui Tang and Dr. Taiyin Yang serves as the co-chairlady of the Audit and Risk Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The primary duties of the Audit and Risk Committee are to review and supervise the Company's financial reporting process, risk management and internal control system.

The Audit and Risk Committee, together with the management and external auditor of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed risk management, internal control system and financial reporting matters of the Group (including the review of the consolidated financial statements of the Group for the year ended December 31, 2024), and is of the view that the annual results of the Group for the year ended December 31, 2024 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, which is the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and the period thereafter up to the date of this annual report.

## AUDITOR

Deloitte Touche Tohmatsu was appointed as the auditor of the Company during the Reporting Period. The Company did not change its auditor since the Listing Date.

Deloitte Touche Tohmatsu shall retire at the AGM and, being eligible, will offer itself for re-appointment as auditor of the Company. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the AGM.

On behalf of the Board
**Dr. Zhi Hong**
*Chairman*
Hong Kong, March 21, 2025

# CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended December 31, 2024.

## CORPORATE CULTURE AND STRATEGY

Brii Biosciences Limited, as a biotechnology company focusing on developing innovative treatment for infectious diseases, is devoted to tackling public health challenges through breakthrough scientific innovation and critical patients' insights. To achieve the mission, the Company strives to be diligent and devoted to excellence. Led by a visionary and experienced leadership team, the Company has considerable scientific expertise and a proven ability to progress therapeutic assets from discovery to commercial approval. The Company also embraces a value of patients first, trust, integrity and quality, of which, patients' insight and trust from our stakeholders set the forefront of our decision making, and the Company's operation is guided by high standard of business model code and strict quality control of the whole product life cycle.

The Board believes that strong corporate governance provides a solid foundation to achieve the corporate mission and values. With this fundamental, the Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance corporate value and accountability. This philosophy extends from the Board to our management team and employees at all levels and in every aspect of our business. During the Reporting Period, the Company continued to enhance sound corporate governance. On the Board level, four Board committees, namely, the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee, have been established to assume different responsibilities to enhance the function of the Board to cover different corporate governance topics. Professional training sessions were also performed across the Company to facilitate the awareness of well practice in corporate governance and compliance, so as to ensure the Company is in compliance with the latest corporate governance requirements.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code contained in Appendix C1 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all the 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 as the chairman of the Board and the chief executive officer of the Company deviates from the relevant code provision. Dr. Zhi Hong, as the founder of the Group, has extensive experience in the biopharmaceutical industry and has served in the Company since its establishment. Dr. Zhi Hong is in charge of overall management, business, strategic development and scientific research and development 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. Zhi Hong, is beneficial to the management of the Group. The Board also believes that the combined role of the chairman of the Board and the chief executive officer of the Company can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises two executive Directors 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 the chief executive officer is necessary.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding securities transactions of the Directors (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code as set out in Appendix C3 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.

## BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required of a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

The Board currently comprises the following Directors:

### Executive Directors

Dr. Zhi Hong *(Chairman and Chief Executive Officer)*

Dr. Ankang Li

### 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

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

None of the Directors has any financial, business, family or other material/relevant relationships with one another.

### Board Meetings, General Meetings and Directors' Attendance Records

Code provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of Directors, either in person or through electronic means of communication.

During the Reporting Period, the Board convened four Board meetings. The attendance record of each Director at the Board, Board committee meetings and general meetings of the Company held is listed below:

| | Attendance/Number of Meetings | | | | | |
|---|---|---|---|---|---|---|
| Name of Directors | Board Meetings | Audit and Risk Committee | Remuneration Committee | Nomination Committee | Strategy Committee | Annual General Meeting |
| **Executive Directors** | | | | | | |
| Dr. Zhi Hong | 4/4 | N/A | N/A | 1/1 | N/A | 1/1 |
| Dr. Ankang Li | 4/4 | N/A | N/A | N/A | 2/2 | 1/1 |
| **Non-executive Director** | | | | | | |
| Mr. Robert Taylor Nelsen(1) | 2/4 | N/A | N/A | N/A | N/A | 0/1 |
| **Independent Non-executive Directors** | | | | | | |
| Dr. Martin J Murphy Jr | 4/4 | N/A | 1/1 | 1/1 | N/A | 1/1 |
| Ms. Grace Hui Tang | 4/4 | 2/2 | 1/1 | N/A | N/A | 0/1 |
| Mr. Yiu Wa Alec Tsui | 4/4 | 2/2 | 1/1 | N/A | N/A | 1/1 |
| Mr. Gregg Huber Alton | 4/4 | N/A | N/A | 1/1 | 2/2 | 1/1 |
| Dr. Taiyin Yang | 4/4 | 2/2 | N/A | N/A | 2/2 | 1/1 |

Note:

1. Mr. Robert Taylor Nelsen has resigned as non-executive Director with effect from July 13, 2024.

Apart from regular Board meetings, the chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

### Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the independence requirement set out in the Listing Rules.

### Appointment and Re-election of Directors

Each of the Directors is engaged on a service contract (in the case of the executive Directors) or a letter of appointment (in the case of the independent non-executive Directors) for a specific term of three years, which is renewable by mutual consent and subject to the Listing Rules and the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

Every Director (including those appointed for a specific term) shall also be subject to retirement and re-election by rotation at least once every three years at the annual general meetings of the Company under the Articles of Association.

### Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

### Board Independence Evaluation

The Company values the interests of Shareholders and has established appropriate mechanisms to ensure independent views and input are available to the Board. At present, the majority of the Board is comprised of independent non-executive Directors which ensures a strong independent element on the Board. The chairman of the Board also meets with the independent non-executive Directors regularly without the presence of other Directors. In addition, all Directors are entitled to seek advice from independent professional advisors at the Company's expense.

The Company has also established channels through formal and informal means whereby Directors can express their views in an open manner, and in a confidential manner, should circumstances require. All Directors are encouraged to express their independent opinions and constructive challenges during the meetings.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of such mechanism and is satisfied with the results. The Board will keep reviewing the mechanism on an annual basis and make adjustments or amendments in due course.

### Continuous Professional Development of Directors

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Besides, meetings with senior management of the Company were also arranged.

During the Reporting Period, all of the Directors participated in a training session conducted by the legal advisers of the Company. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, continuing connected transaction, disclosure of interests and regulatory updates. In addition, relevant reading materials including compliance manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying. The table below summarises the participation of each of the Directors in continuous professional development during the Reporting Period:

| Name of Directors | Participated in continuous professional development [Note] |
|---|---|
| Dr. Zhi Hong | √ |
| Dr. Ankang Li | √ |
| Dr. Martin J Murphy Jr | √ |
| Ms. Grace Hui Tang | √ |
| Mr. Yiu Wa Alec Tsui | √ |
| Mr. Gregg Huber Alton | √ |
| Dr. Taiyin Yang | √ |

Note: Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

## BOARD COMMITTEES

The Board has established four committees, namely, the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee are published on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

The majority of the members of the Remuneration Committee, the Audit and Risk Committee, the Nomination Committee and the Strategy Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### Audit and Risk Committee

The Audit and Risk Committee currently consists of three independent non-executive Directors, namely Ms. Grace Hui Tang, Dr. Taiyin Yang and Mr. Yiu Wa Alec Tsui. Each of Ms. Grace Hui Tang and Dr. Taiyin Yang, being the co-chairlady of the Audit and Risk Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit and Risk Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit and Risk Committee include, but not limited to, assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit and Risk Committee is also responsible for performing the functions set out in code provision A.2.1 of the CG Code. These include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the Company's financial controls, risk management and internal control systems; reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors of the Company; and reviewing the Company's compliance with the CG Code from time to time adopted by the Company and the disclosure in the corporate governance report to be contained in the Company's annual report. The Audit and Risk Committee has performed the above functions and reported to the Board during the Reporting Period.

The Audit and Risk Committee held two meetings during the Reporting Period to review and consider the final results and the audited financial statements of the Group for the year ended December 31, 2024 and the interim results and the interim report of the Group for the six months ended June 30, 2024, the ESG strategy and 2024 ESG Report, as well as the effectiveness of the internal control and risk management system of the Group.

The Audit and Risk Committee also met the external auditor once during the Reporting Period without the presence of the executive Directors and the management.

The Company's annual results for the year ended December 31, 2024 have been reviewed by the Audit and Risk Committee.

**Remuneration Committee**

The Remuneration Committee currently consists of three independent non-executive Directors, namely Dr. Martin J Murphy Jr, Mr. Yiu Wa Alec Tsui and Ms. Grace Hui Tang. Dr. Martin J Murphy Jr is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Remuneration Committee include, but are not limited to, making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration, determining the specific remuneration packages of all Directors and senior management of the Company and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee held one meeting during the Reporting Period to review and make recommendations to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management of the Company, and other related matters. Pursuant to Rule 17.07A of the Listing Rules, the Remuneration Committee reviewed and approved the grants of options and RSUs to Directors and senior management during the Reporting Period. Having considered that the Directors and senior management will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group, the vesting of the grants of options and RSUs are recognition for the past contributions of the Directors and senior management to the Group, and the options and RSUs granted to the Directors and senior management will be vested in tranches over a period of four years from the vesting start date, the Remuneration Committee is of the view that the grants of options and RSUs to Directors and senior management without performance targets are market competitive, consistent with the Company's remuneration policy and customary practice, and will align the interests of the Directors and senior management with those of the Company and the Shareholders, motivate them to work towards successes of the Group and reinforce their commitment to the long-term service of the Group, which is in line with the purpose of the 2023 Share Option Scheme and the 2023 Share Award Scheme. In addition, the vesting period of certain options and RSUs in the first tranche of the grants of options and RSUs to the Directors and senior management is shorter than 12 months because they should have been granted earlier but had to wait for a subsequent batch during the year for administrative and compliance reasons, hence the shorter vesting period reflects the time from which the options and RSUs would have been granted, and they will be granted in a mixed vesting schedule in tranches over a period of four years from the vesting start date, which are specific circumstances permitted by the 2023 Share Option Scheme and the 2023 Share Award Scheme. Having considered the above, and taking into account the grants of options and RSUs to the Directors and senior management serve as a recognition of their past contributions to the Group and the expected significant contribution they will make to the Group, the Remuneration Committee is of the view that a vesting period shorter than 12 months in the said first tranche for the grants of options and RSUs to the Directors and senior management is appropriate for retaining, incentivizing and rewarding them, as well as encouraging them to continuously contribute to the operation, development and long-term success and growth of the Group, which is in line with the purpose of the 2023 Share Option Scheme and the 2023 Share Award Scheme.

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended December 31, 2024 is as follows:

| Remuneration bands | Number of persons |
|---|---|
| HK$0 to HK$6,000,000 | 3 |
| HK$6,000,001 and above | 3 |

**Nomination Committee**

The Nomination Committee currently consists of one executive Director, namely Dr. Zhi Hong, and two independent non-executive Directors, namely Dr. Martin J Murphy Jr and Mr. Gregg Huber Alton. Mr. Gregg Huber Alton is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

The Nomination Committee has adopted a nomination policy which is incorporated in the terms of reference of the Nomination Committee and sets out the selection criteria and nomination procedures for identifying and recommending candidates for appointment or re-appointment of Directors. The Nomination Committee shall evaluate and select candidates based on the criteria by reference to character and integrity, business experience relevant and beneficial to the Company, qualifications including professional qualifications, skills and knowledge that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as a member of the Board and other significant commitments, present needs of the Board for particular expertise, skills or experience and whether the candidates would satisfy those needs, requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates for independent non-executive Directors would be considered independent with reference to the independence guidelines set out in the Listing Rules and the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board. The Directors re-elected as Directors during the Reporting Period were subject to a stringent nomination procedure in accordance with the nomination policy and the board diversity policy of the Company, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee held one meeting during the Reporting Period to review the composition and structure of the Board and the independence of the independent non-executive Directors, make recommendation on the re-election of the retiring Directors, and review the Board Diversity Policy and any measurable objectives for implementing the Board Diversity Policy as may be adopted by the Board from time to time.

### Board Diversity Policy

Pursuant to Rule 13.92 of the Listing Rules, the nomination committee (or the Board) shall have a policy concerning diversity of Board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report. In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted the board diversity policy (the "**Board Diversity Policy**") which sets out our objectives and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Board Diversity Policy specifies that the appointment of Directors will be based on meritocracy, and candidates will be evaluated against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, ethnicity, language, cultural and educational background, industry and professional experience.

The Nomination Committee is responsible for reviewing the diversity of the Board, and it will continue to monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee reviews the implementation of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives on an annual basis.

Currently, the Board comprises seven members, including two executive Directors and five independent non-executive Directors. Among which, two of the seven-members Board are female Directors. The Directors have a balanced mix of gender, knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications including business administration, medical science, biology, economics, accounting, industrial engineering and legal studies. Furthermore, the Board possesses members spanning a wide range of ages, from 47 years old to 82 years old.

The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation. Taking into account our existing business model and specific needs as well as the different background of the Directors, in the opinion of the Board, the current composition of the Board satisfies the Board Diversity Policy, and the Board and the Nomination Committee will assess the Board composition regularly, at least on an annual basis. We will also continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels.

### Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

| | Female | Male |
|---|---|---|
| Board | 28.6% (2) | 71.4% (5) |
| Senior Management | 50.0% (4) | 50.0% (4) |
| Other employees | 72.2% (65) | 27.8% (25) |
| Overall workforce | 68.9% (71) | 31.1% (32) |

Taking into account the Company's business model and our objectives in diversity and inclusion, we consider that at present there is a reasonable gender diversity in the Group's workforce, and will continue to monitor the need to maintain or, if desired or necessary, increase diversity.

### Strategy Committee

The Strategy Committee currently consists of one executive Director, namely Dr. Ankang Li, and two independent non-executive Directors, namely Mr. Gregg Huber Alton and Dr. Taiyin Yang. Dr. Ankang Li is the chairman of the Strategy Committee.

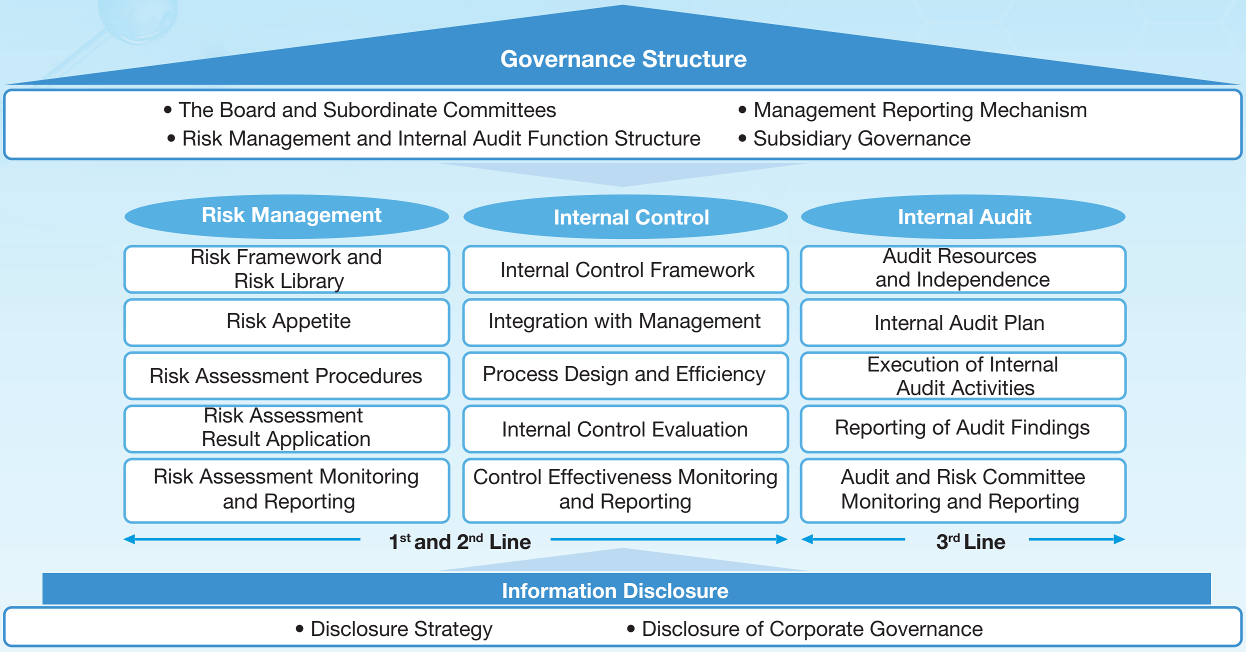
The main duties of the Strategy Committee include, without limitation, assisting the full Board, in conjunction with management, in addressing the Company's overall mission, vision and strategic direction. Areas of focus include providing to the Board and management, as applicable, input and recommendations with respect to key strategic initiatives and major R&D programs and partnerships, assisting management in establishing a strategic planning process, identifying and addressing organizational challenges and evaluating strategic alternatives.

The Strategy Committee held two meetings during the Reporting Period to review the current performance and discuss the future development strategy of the Company.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it has the overall responsibility to maintain sound and effective risk management and internal control systems (the "**Systems**"), including financial, operational and compliance controls, for the Company and to review their effectiveness to safeguard the Company's assets, to protect Shareholders' values, and to identify and manage the risks so that they can be understood, reduced, mitigated, transferred or avoided to achieve business objectives. The Systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the Reporting Period, a comprehensive review of corporate governance situation was conducted to evaluate the compliance with the provisions of the CG Code regarding the Systems. The review has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programs and budget. Such review is performed on an annual basis.




### Governance Structure

The Board has entrusted the Audit and Risk Committee with the responsibility to develop and review the Systems and the Company's policies and practices on corporate governance and make recommendations to the Board. Management delegated by the Board leads and directs actions and applications of resources to achieve the objectives of the organization with design, implementation, and monitoring of the Systems. Management of the Company also maintains a continuous dialogue with the Board and reports on outcomes linked to the objectives of the organization and risks.

### Three-line risk management framework

The established three-line risk management framework functions to ensure the Company's healthy and efficient operations continuously. First-line role performed by the functional departments comprises delivery of products or services and managing risks in daily operation. Second-line role performed by the supporting departments such as financial, legal and quality assurance provides complementary expertise, support, monitoring, and integrates challenge related to the management of risk. In particular, company-wide exercises have been launched to rationalize the existing policies and procedures so as to further emphasize the internal control objectives through the risk management procedures from identification, evaluation, remedy to monitor.

Third-line role performed by audit function provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. An external independent third party engaged by the Company has conducted reviews of the Company's core business processes. Key focuses of the review include:

- Supervising and evaluating the truth, validity and effectiveness of financial revenues and expenditures, financial budgets, business performance and other related economic activities of the Company
- Examining the effectiveness of internal control
- Effectively implementing the relevant regulations and decisions of the Company

Identified deficiencies in operations and opportunities were communicated to senior management of the respective business units to enforce the remediation.

In view of the Company's size and stage, the Company has not established internal audit function as of December 31, 2024. The Board will review from time to time to assess the necessity of setting up an internal audit function.

The Company has also put in place the Anti-Bribery and Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reporting to the Company's chief executive officer or the General Manager in Great China.

The Company has attached great importance to Data Privacy and Data Security in compliance with applicable data laws and regulations. The Company has established policies and procedures to regulate the security and confidentiality of information related to the Company's business. Moreover, key employees identified by the Company are required to enter into confidentiality agreements with the Company, which describe the obligation to hold the Company's confidential information in strictest confidence.

Besides, during the Reporting Period, the Company persistently dedicated efforts in enhancing the maturity of the corporate governance infrastructure including the Systems across various business units and functions.

01 **Embed Risk management into Strategy and Operations -** Develop a robust assessment system that embeds risk management into daily operations through continuous monitoring mechanism, collaborating with external experts for comprehensive risk assessments.

02 **Optimize Organizational Structure -** Realign the executive team to leverage highly experienced leaders, maximize internal resources, and drive sustainable growth.

03 **Refine Talent Development Strategy -** Implement talent succession plans, training programs, and ongoing assessments of talent and organizational capabilities to ensure alignment with the Company's strategy.

04 **Sharpen Pipeline Strategy and Priority -** Optimize the resource allocation strategy and prioritize across different pipelines, tailoring next steps for each pipeline.

05 **Adapt to Regulatory and Compliance Changes -** Integrate internal and external resources to meet evolving regulatory and compliance requirements and facilitate information sharing within the Company.

06 **Respond to Partner Changes -** Take swift action to address changes of partner and expand interest of priority drug candidates, including acquisition of global rights, technology transfer, secure supply, to align with the Company's long-term plan.

07 **Integrate financial operation with business development -** Adjust allocation of financial resources according to pipeline development dynamics, supported by standardized budget management and cost monitoring.

08 **Enhance Research and Development Capabilities -** Introduce industry veterans and engage with external partners to refine discovery strategy and clinical development efforts.

Based on the ongoing efforts devoted by the Company and external reviews carried out by external advisor, the Board concluded that the Systems of the Company are effective. There are neither material irregularities nor areas of material concerns that would have significant adverse impact on the Company's financial positions or results of operations.

## INFORMATION DISCLOSURE

The Company regulates the handling and dissemination of inside information in compliance with requirements of the SFO and the Listing Rules. The Company discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. For the confidential information related to the Company's business, every employee is required to enter into an invention and confidentiality agreement with the Company, which describes the obligation to hold the Company's confidential information in strictest confidence.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended December 31, 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" of this annual report.

## DIVIDEND POLICY

The Company has never declared or paid regular cash dividends on its ordinary shares. The Company currently expects to retain all future earnings for use in the operation and expansion of the business and does not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Act (As Revised) of the Cayman Islands.

## AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company, Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

| Service Category | Fees Paid/Payable<br>RMB'000 |
|---|---|
| Audit Services | 2,918 |
| Non-audit Services | |
| – interim review | 925 |
| – tax service | 1,299 |
| TOTAL | 5,142 |

## JOINT COMPANY SECRETARIES

Dr. Ankang Li, an executive Director, the chief financial and strategy officer and a joint company secretary of the Company, is responsible for making recommendations to the Board on corporate governance matters, and ensuring compliance with the policies and procedures of the Board and applicable laws, rules and regulations.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Wing Tsz Wendy Ho, an executive director of company secretarial services of Tricor Services Limited (a corporate secretarial service provider), as another joint company secretary of the Company to assist Dr. Ankang Li in performing his duties as the company secretary of the Company. The primary corporate contact person of Ms. Wing Tsz Wendy Ho at the Company is Dr. Ankang Li, one of the joint company secretaries of the Company.

During the Reporting Period, Dr. Ankang Li and Ms. Wing Tsz Wendy Ho had undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be published on the websites of the Company and the Stock Exchange after each general meeting.

### Convening an Extraordinary General Meeting

Pursuant to article 12.3 of the Articles of Association, extraordinary general meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

### Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Cayman Islands Companies Act for Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards to proposing a person for election as a Director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" which is published on the Company's website.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

## CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

| | |
|---|---|
| Address: | 3rd Floor, Building 7, Zhongguancun Dongsheng International Science Park No. 1 North Yongtaizhuang Road, Haidian District, Beijing, 100192 China |
| Email: | ir@briibio.com |

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Company maintains a website at www.briibio.com as a communication platform with Shareholders and investors of the Company, where the financial information and other relevant information of the Company are available for public access.

### Shareholders' Communication Policy

The Company has put in place a shareholders' communication policy (the "**Shareholders' Communication Policy**"). The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the Reporting Period and the results were satisfactory.

The Company has established a number of channels, such as shareholders' enquiries, corporate communication, relevant websites, shareholders' meetings and investment market communication, for maintaining an on-going dialogue with its Shareholders. For details of these channels, please refer to the Shareholders' Communication Policy published on the website of the Company.

## CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company has not made any changes to the memorandum and articles of association of the Company. An up-to-date version of the Company's memorandum and articles of association is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.briibio.com).

**TO THE SHAREHOLDERS OF BRII BIOSCIENCES LIMITED**
騰盛博药生物科技有限公司
(incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Brii Biosciences Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 80 to 149, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment assessment on certain in-licenses included in intangible assets*** | |
| We identified impairment assessment on certain in-licenses which is in the progress of research and development included in intangible assets as a key audit matter because the gross amounts of RMB234,116,000 of these in-licenses were significant and impairment assessment involved significant estimations and assumptions as set out in note 4.<br><br>Note 17 to the consolidated financial statements described the reasons of impairment loss made on these in-licenses and details of recoverable amount calculations for these cash-generating units.<br><br>During the year ended 31 December 2024, the Group has recognised impairment losses of RMB90,348,000 on such in-licenses. | Our procedures performed in relation to the impairment assessment on certain in-licenses included:<br><br>• Understanding the management consideration and process for the identification of in-licenses which have impairment indicators;<br><br>• Understanding of key controls in relation to the impairment assessment and evaluating the design and implementation of these controls;<br><br>• For those assessments involving an independent professional valuer, assessing its competence, capabilities and objectivity, and verifying its qualification;<br><br>• Inquiring and challenging management's assessment to determine the fair value and evaluating whether the model used by the management to calculate the value-in-use of the individual cash-generating unit is in compliance with the requirement under International Accounting Standard 36 *Impairment of Assets*; and<br><br>• Understanding the methodology and the process management applied in preparing the cash flow forecast and assessing whether the management estimates and judgements are appropriate and reasonable with regards to our understanding and the operating performance of the Group, including the key assumptions such as the growth rate and discount rate. |

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Chun Kit Tommy.

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
March 21, 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

| | NOTES | Year ended December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Revenue | | – | 617 |
| Other income | 6 | 141,440 | 163,728 |
| Other gains and losses, net | 7 | (197,665) | 252,402 |
| Net impairment losses under expected credit loss ("ECL") model | 14 | (50,788) | – |
| Research and development expenses | | (249,847) | (402,705) |
| Administrative expenses | | (153,155) | (196,499) |
| Selling and marketing expenses | | – | (1,419) |
| Finance costs | 8 | (2,366) | (494) |
| Loss before tax | 9 | (512,381) | (184,370) |
| Income tax expense | 10 | – | – |
| Loss for the year | | (512,381) | (184,370) |
| **Other comprehensive income (expense):** | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| Exchange differences on translation from functional currency to presentation currency | | 38,821 | 45,305 |
| Fair value loss on equity instrument at fair value through other comprehensive income ("FVTOCI") | | (7,920) | (19,609) |
| | | 30,901 | 25,696 |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | (706) | (1,013) |
| Other comprehensive income for the year | | 30,195 | 24,683 |
| Total comprehensive expense for the year | | (482,186) | (159,687) |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

| | NOTES | Year ended December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Loss for the year attributable to: | | | |
| Owners of the Company | | (508,162) | (174,829) |
| Non-controlling interests | | (4,219) | (9,541) |
| | | (512,381) | (184,370) |
| Total comprehensive expense for the year attributable to: | | | |
| Owners of the Company | | (477,967) | (150,146) |
| Non-controlling interests | | (4,219) | (9,541) |
| | | (482,186) | (159,687) |
| **Loss per share** | 12 | | |
| – Basic and diluted (RMB) | | (0.70) | (0.24) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2024

| | NOTES | At December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Plant and equipment | 15 | 3,243 | 2,117 |
| Right-of-use assets | 16 | 11,055 | 3,492 |
| Intangible assets | 17 | 179,710 | 267,420 |
| Financial assets at fair value through profit or loss ("FVTPL") | 18 | 9,198 | 134,560 |
| Equity instrument at FVTOCI | 19 | – | 7,884 |
| Deposits and other receivables | 20 | 71,068 | – |
| Restricted bank balances | 21 | 18,229 | – |
| | | 292,503 | 415,473 |
| **Current assets** | | | |
| Deposits, prepayments and other receivables | 20 | 18,962 | 121,388 |
| Restricted bank balances | 21 | 74,845 | 729 |
| Time deposits with original maturity over three months | 21 | 1,316,950 | 2,171,011 |
| Cash and cash equivalents | 21 | 1,003,365 | 489,650 |
| | | 2,414,122 | 2,782,778 |
| **Current liabilities** | | | |
| Other payables | 22 | 55,582 | 72,081 |
| Lease liabilities | 23 | 4,896 | 3,156 |
| Deferred income | | 16,943 | 50,632 |
| | | 77,421 | 125,869 |
| **Net current assets** | | 2,336,701 | 2,656,909 |
| **Total assets less current liabilities** | | 2,629,204 | 3,072,382 |

| | NOTES | At December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | 23 | 5,153 | – |
| Note payables | 22 | 17,971 | – |
| | | 23,124 | – |
| **Net assets** | | 2,606,080 | 3,072,382 |
| **Capital and reserves** | | | |
| Share capital | 24 | 24 | 24 |
| Share premium and reserves | | 2,656,933 | 3,119,016 |
| Equity attributable to owners of the Company | | 2,656,957 | 3,119,040 |
| Non-controlling interests | 31 | (50,877) | (46,658) |
| **Total equity** | | 2,606,080 | 3,072,382 |

The consolidated financial statements on pages 80 to 149 were approved and authorised for issue by the board of directors of the Company on March 21, 2025 and are signed on its behalf by:

**ZHI HONG**
*DIRECTOR*

**ANKANG LI**
*DIRECTOR*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Shares held in trust RMB'000 | Share premium RMB'000 | Investments revaluation reserve RMB'000 | Translation reserve RMB'000 | Other reserve RMB'000 (note a) | Share-based payment reserve RMB'000 | Accumulated losses RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At January 1, 2023 | 24 | – | 9,352,113 | (17,653) | 307,562 | (75,917) | 150,695 | (6,522,210) | 3,194,614 | (37,117) | 3,157,497 |
| Loss for the year | – | – | – | – | – | – | – | (174,829) | (174,829) | (9,541) | (184,370) |
| Other comprehensive (expense) income | – | – | – | (19,609) | 44,292 | – | – | – | 24,683 | – | 24,683 |
| Total comprehensive (expense) income for the year | – | – | – | (19,609) | 44,292 | – | – | (174,829) | (150,146) | (9,541) | (159,687) |
| Reversal of accrued issue costs | – | – | 11,332 | – | – | – | – | – | 11,332 | – | 11,332 |
| Repurchase of shares by trust (note b) | – | (1,162) | – | – | – | – | – | – | (1,162) | – | (1,162) |
| Recognition of equity-settled share-based payments (Note 25) | – | – | – | – | – | – | 64,223 | – | 64,223 | – | 64,223 |
| Vesting of restricted ordinary shares and restricted share units | –* | 1,095 | 12,768 | – | – | – | (13,863) | – | – | – | – |
| Exercising of share options | –* | – | 632 | – | – | – | (453) | – | 179 | – | 179 |
| At December 31, 2023 | 24 | (67) | 9,376,845 | (37,262) | 351,854 | (75,917) | 200,602 | (6,697,039) | 3,119,040 | (46,658) | 3,072,382 |
| Loss for the year | – | – | – | – | – | – | – | (508,162) | (508,162) | (4,219) | (512,381) |
| Other comprehensive (expense) income | – | – | – | (7,920) | 38,115 | – | – | – | 30,195 | – | 30,195 |
| Total comprehensive (expense) income for the year | – | – | – | (7,920) | 38,115 | – | – | (508,162) | (477,967) | (4,219) | (482,186) |
| Repurchase of shares by trust (note b) | – | (220) | – | – | – | – | – | – | (220) | – | (220) |
| Recognition of equity-settled share-based payments (Note 25) | – | – | – | – | – | – | 16,051 | – | 16,051 | – | 16,051 |
| Vesting of restricted ordinary shares and restricted share units | –* | 286 | 12,711 | – | – | – | (12,997) | – | – | – | – |
| Exercising of share options | –* | – | 307 | – | – | – | (254) | – | 53 | – | 53 |
| At December 31, 2024 | 24 | (1) | 9,389,863 | (45,182) | 389,969 | (75,917) | 203,402 | (7,205,201) | 2,656,957 | (50,877) | 2,606,080 |

* Amount less than RMB1,000

Notes:

(a) 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.

(b) During the year ended December 31, 2024, the Company repurchased 237,000 ordinary shares (2023: 430,000) at an aggregate consideration of RMB220,000 (2023: RMB1,162,000), after deduction of the transaction costs paid by the Company, for the Group's equity-settled share award scheme.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

| | Year ended December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Loss before tax | (512,381) | (184,370) |
| Adjustments for: | | |
| Bank interest income | (87,154) | (108,023) |
| Depreciation of plant and equipment | 2,245 | 5,228 |
| Depreciation of right-of-use assets | 6,203 | 8,685 |
| Amortisation of intangible assets | 402 | 1,761 |
| Impairment loss of intangible assets | 90,348 | 5,432 |
| Net impairment losses under ECL model | 50,788 | – |
| Finance costs | 2,366 | 494 |
| Net unrealised foreign exchange (gain) loss | (1,042) | 1,346 |
| Share-based payment expenses | 16,051 | 64,223 |
| Fair value gain on money market funds | (16,359) | (7,042) |
| Fair value loss (gain) on financial assets at FVTPL | 126,052 | (129,202) |
| Gain on Qpex transaction (Note 14) | – | (131,813) |
| Operating cash flow before movements in working capital | (322,481) | (473,281) |
| Decrease (increase) in deposits, prepayments and other receivables | 554 | (33,144) |
| Decrease in other payables | (17,274) | (81,462) |
| Decrease in deferred income | (33,689) | (6,127) |
| **NET CASH USED IN OPERATING ACTIVITIES** | (372,890) | (594,014) |
| **INVESTING ACTIVITIES** | | |
| Interest received | 82,779 | 106,958 |
| Receipt of return from money market funds | 16,359 | 7,042 |
| Placement of time deposits with original maturity over three months | (1,943,360) | (3,465,416) |
| Withdrawal of time deposits with original maturity over three months | 2,831,733 | 3,128,070 |
| Placement of restricted bank balances | (89,168) | – |
| Withdrawal of restricted bank balances | 355 | 1,146 |
| Purchase of plant and equipment | (3,228) | – |
| Purchase of intangible assets | – | (49,608) |
| Proceeds from disposal of financial assets at FVTPL | – | 133,020 |
| Purchase of financial assets at FVTOCI | – | (21,590) |
| Proceeds on Qpex transaction (Note 14) | – | 56,028 |
| **NET CASH FROM (USED IN) INVESTING ACTIVITIES** | 895,470 | (104,350) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| **FINANCING ACTIVITIES** | | |
| Proceeds from exercise of share options | 53 | 179 |
| Payments of lease liabilities | (6,873) | (9,500) |
| Interest paid | (2,366) | (494) |
| Payment on repurchase of shares by trust | (220) | (1,162) |
| **NET CASH USED IN FINANCING ACTIVITIES** | (9,406) | (10,977) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 513,174 | (709,341) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | 489,650 | 1,190,572 |
| Effects of exchange rate changes | 541 | 8,419 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | 1,003,365 | 489,650 |

## 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, the United States of America (the "USA") and Australia 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 and Australia operating subsidiaries is Renminbi ("RMB") and Australian Dollars, respectively. The presentation currency of these consolidated financial statements is RMB as it best suits the needs of the shareholders and investors.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of these consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

### New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[3] |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity[3] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards-Volume 11[3] |
| Amendments to IAS 21 | Lack of Exchangeability[2] |
| IFRS 18 | Presentation and Disclosure in Financial Statements[4] |

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after January 1, 2025

3 Effective for annual periods beginning on or after January 1, 2026

4 Effective for annual periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on these consolidated financial statements in the foreseeable future.

*IFRS 18 Presentation and Disclosure in Financial Statements*

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of these consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, these consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving these 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 consolidated financial statements.

### 3.2 Material accounting policy information

*Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to those financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Basis of consolidation (Continued)*

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

*Leases*

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*The Group as a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases (i.e. rental of motor vehicles and offices) that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Leases (Continued)*

*The Group as a lessee (Continued)*

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments included in the measurement of the lease liabilities represents the fixed payments of the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Leases (Continued)*

*The Group as a lessee (Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

*Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Foreign currencies (Continued)*

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in US$ to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

*Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants for research and development activities are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss upon compliance with the attached conditions. Such grants are presented under "other income".

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

*Employee benefits*

*Retirement benefit costs*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

*Share-based payments*

*Equity-settled share-based payment transactions*

Share options/restricted ordinary shares/restricted share units granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

When share options are exercised or the restricted ordinary shares/restricted share units are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will continue to be held in share-based payment reserve.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Share-based payments (Continued)*

*Equity-settled share-based payment transactions (Continued)*

Modifications to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

If the modification occurs after vesting period, the incremental fair value granted is recognised immediately, or over the vesting period if additional period of service is required before the modified equity instruments are vested.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Taxation*

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Taxation (Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

*Plant and equipment*

Plant and equipment are tangible assets that are held for administrative purposes. Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

*Intangible assets*

*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Intangible assets (Continued)*

*Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Intangible assets (Continued)*

*Internally-generated intangible assets – research and development expenditure (Continued)*

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

*Impairment on plant and equipment, intangible assets and right-of-use assets*

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, intangible assets with finite useful lives and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of plant and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generated unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Impairment on plant and equipment, intangible assets and right-of-use assets (Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

*Cash and cash equivalents*

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

*Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Financial assets (Continued)*

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Financial assets (Continued)*

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including other receivables and deposits, time deposits with original maturity over three months, restricted bank balances and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Financial assets (Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

For all financial assets, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Financial assets (Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Financial assets (Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The ECL on other receivables are assessed on an individual basis for counterparties with high credit risk and the remaining is collectively using provision matrix.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 3.2 Material accounting policy information (Continued)

*Financial instruments (Continued)*

*Financial liabilities and equity*

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including note and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in these consolidated financial statements.

*Research and development expenses*

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determines whether the criteria are met for capitalisation. For the years ended December 31, 2023 and 2024, all research and development costs are expensed when incurred.

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are described below.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES (Continued)

### Key sources of estimation uncertainty (Continued)

*Impairment assessment of intangible assets from in-license*

Intangible assets are stated at costs less accumulated amortisation and impairment, if any. The Group's intangible assets from in-license is not ready for use yet. In determining whether such intangible asset is impaired, the directors of the Company have to exercise judgment and make estimation, particularly in assessing: (1) whether the carrying amount of such intangible asset can be supported by the recoverable amount, which is the higher of fair value less costs of disposal and value in use; and (2) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of such intangible asset individually, the directors of the Company estimate the recoverable amount of the cash generating unit to which such intangible asset belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating unit, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amount.

At December 31, 2024, the carrying amount of intangible assets from in-license is RMB179,710,000 (2023: RMB267,018,000) after netting off with impairment of RMB90,348,000 (2023: RMB5,432,000). Details of the impairment assessment are disclosed in Note 17.

## 5. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer of the Group. For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies as set out in Note 3. Accordingly, the Group has only one reportable segment and only entity-wide disclosures are presented.

### Geographical information

At December 31, 2024, the Group has total non-current assets (excluding financial assets at FVTPL, equity instrument at FVTOCI, restricted bank balances and certain deposits and other receivables) of RMB257,325,000 (2023: RMB273,029,000), among which, RMB179,710,000 (2023: RMB191,233,000), RMB77,126,000 (2023: RMB6,011,000) and RMB489,000 (2023: RMB75,785,000) were located in the Cayman Islands, the PRC and the USA, respectively.

During the year ended December 31, 2023, all of the Group's revenue from external customers were located in the PRC.

## 6. OTHER INCOME

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Bank interest income | 87,154 | 108,023 |
| Government grants (note) | 49,936 | 55,274 |
| Others | 4,350 | 431 |
| | 141,440 | 163,728 |

Note: Government grants including the incentive and other subsidies from government which are specially for operating activities are recognised upon compliance with the attached conditions. In the current year, government grants of RMB16.2 million (2023: RMB50.0 million) were received. At December 31, 2024, government grants of RMB16.9 million (2023: RMB50.6 million) are recorded as deferred income and will be amortised upon compliance with the relevant conditions.

## 7. OTHER GAINS AND LOSSES, NET

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Fair value (loss) gain on financial assets at FVTPL | (126,052) | 129,202 |
| Fair value gain on money market funds | 16,359 | 7,042 |
| Net foreign exchange gain (loss) | 1,671 | (10,223) |
| Impairment loss recognised on intangible assets | (90,348) | (5,432) |
| Gain on Qpex transaction (Note 14) | – | 131,813 |
| Others | 705 | – |
| | (197,665) | 252,402 |

## 8. FINANCE COSTS

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Interest on lease liabilities | 264 | 494 |
| Interest on note payables | 2,102 | – |
| | 2,366 | 494 |

## 9. LOSS BEFORE TAX

| | Year ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Loss before tax for the year has been arrived at after charging: | | |
| Directors' emoluments (Note 11) | 35,021 | 33,946 |
| Other staff costs: | | |
| – salaries and other benefits | 127,207 | 200,288 |
| – discretionary bonus (note) | 20,881 | 12,637 |
| – retirement benefit scheme contributions | 6,396 | 7,852 |
| – share-based payments | 4,395 | 47,240 |
| | 158,879 | 268,017 |
| | 193,900 | 301,963 |
| Depreciation of plant and equipment | 2,245 | 5,228 |
| Depreciation of right-of-use assets | 6,203 | 8,685 |
| Amortisation of intangible assets (included in research and development expenses) | 402 | 1,761 |
| Impairment loss recognised on intangible assets (included in other gains and losses, net) | 90,348 | 5,432 |
| Auditors' remuneration | 2,718 | 1,906 |

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

## 10. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands and subject to Hong Kong Profits Tax. The Company has no assessable profits for both years.

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

Brii Biosciences Pty Ltd. is subjected to income tax rate of 25% in the Australia.

Pursuant to the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| Loss before tax | (512,381) | (184,370) |
| Income tax credit calculated at 25% | (128,095) | (46,093) |
| Tax effect of expenses not deductible for tax purpose | 69,075 | 27,743 |
| Tax effect of income not taxable for tax purpose | (20,586) | (65,208) |
| Tax effect of tax losses not recognised | 73,911 | 88,438 |
| Tax effect of deductible temporary differences not recognised | 10,902 | 21,017 |
| Effect of research and development expenses that are additionally deducted (note) | (13,443) | (29,762) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 8,236 | 3,865 |
| | – | – |

Note: Pursuant to Caishui 2023 circular No. 7, Brii Biosciences (Beijing) Co. Limited and TSB Therapeutics (Beijing) Co. Limited meet the requirement of super deduction of 200% on qualifying research and development expenditures for both years.

At December 31, 2024, the Group has unrecognised tax losses of RMB2,417.2 million (2023: RMB2,145.5 million). At December 31, 2024, the Group recognised the deferred tax assets related to lease liabilities of RMB2,512,000 (2023: RMB789,000) and deferred tax liabilities related to right-of-use assets of RMB2,512,000 (2023: RMB789,000) on a gross basis, which have been offset for the purpose of presentation in the consolidated statement of financial position. No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams. At December 31, 2024, unrecognised tax losses of RMB1,700.3 million (2023: RMB1,579.6 million) will expire from 2025 to 2029 (2023: 2024 to 2028), while other tax losses of RMB716.9 million (2023: RMB565.9 million) will be carried forward indefinitely.

## 11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments paid or payable to the directors and the Chief Executive Officer of the Company (including emoluments for services as employees) for their service provided to the Group during the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Company Ordinance, are as follows:

| | Fees RMB'000 | Salaries and other benefits RMB'000 | Retirement benefit scheme contributions RMB'000 | Share-based payments RMB'000 | Discretionary bonus RMB'000 (note) | Total RMB'000 |
|---|---|---|---|---|---|---|
| **For the year ended December 31, 2024** | | | | | | |
| *Executive directors:* | | | | | | |
| Dr. Zhi Hong (note i) | – | 11,662 | 98 | 6,914 | 3,066 | 21,740 |
| Dr. Ankang Li | – | 4,971 | 70 | 4,145 | 1,506 | 10,692 |
| *Non-executive director:* | | | | | | |
| Mr. Robert Taylor Nelsen (note ii) | – | – | – | – | – | – |
| *Independent non-executive directors:* | | | | | | |
| Dr. Martin J Murphy Jr | 498 | – | – | 66 | – | 564 |
| Ms. Grace Hui Tang | 498 | – | – | 66 | – | 564 |
| Mr. Yiu Wa Alec Tsui | 498 | – | – | 66 | – | 564 |
| Mr. Gregg Huber Alton | 498 | – | – | 66 | – | 564 |
| Dr. Taiyin Yang | – | – | – | 333 | – | 333 |
| | 1,992 | 16,633 | 168 | 11,656 | 4,572 | 35,021 |
| **For the year ended December 31, 2023** | | | | | | |
| *Executive directors:* | | | | | | |
| Dr. Zhi Hong (note i) | – | 7,409 | 93 | 8,343 | 2,313 | 18,158 |
| Dr. Ankang Li | – | 4,806 | 68 | 6,456 | 1,146 | 12,476 |
| *Non-executive director:* | | | | | | |
| Mr. Robert Taylor Nelsen (note ii) | – | – | – | – | – | – |
| *Independent non-executive directors:* | | | | | | |
| Dr. Martin J Murphy Jr | 282 | – | – | 338 | – | 620 |
| Ms. Grace Hui Tang | 282 | – | – | 338 | – | 620 |
| Mr. Yiu Wa Alec Tsui | 282 | – | – | 338 | – | 620 |
| Mr. Gregg Huber Alton | 282 | – | – | 338 | – | 620 |
| Dr. Taiyin Yang | – | – | – | 832 | – | 832 |
| | 1,128 | 12,215 | 161 | 16,983 | 3,459 | 33,946 |

## 11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

Notes:

(i) Dr. Zhi Hong is the Chief Executive Officer and executive director of the Company. The salaries and other benefits include a one-time tax equalization payment made to Dr. Zhi Hong to offset his personal tax liability arising from the Company's income and capital gain per his employment agreement.

(ii) Mr. Robert Taylor Nelsen resigned as non-executive director of the Company on July 13, 2024 and remains as a Strategic Advisor to the Company.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

None of the directors and chief executive has waived any emoluments during both years.

### Five highest paid employees

The five individuals with the highest emoluments in the Group for the year ended December 31, 2024 include two (2023: two) directors of the Company, details of whose remuneration are set out as above. The emoluments of the remaining three (2023: three) highest paid individuals for the year ended December 31, 2024 are as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| Salaries and other benefits | 11,233 | 13,216 |
| Discretionary bonus (note) | 3,168 | 885 |
| Retirement benefit scheme contributions | 295 | 161 |
| Share-based payments | 5,608 | 9,413 |
| Amounts as inducement for employees to join the Group | – | 200 |
| | 20,304 | 23,875 |

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

## 11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

**Five highest paid employees (Continued)**

The emoluments of the five highest paid individuals (including directors) were within the following bands:

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>No. of<br>employees | 2023<br>No. of<br>employees |
| Hong Kong Dollars ("HK$") 7,000,001 to HK$7,500,000 | 2 | – |
| HK$7,500,001 to HK$8,000,000 | 1 | – |
| HK$8,500,001 to HK$9,000,000 | – | 3 |
| HK$11,500,001 to HK$12,000,000 | 1 | – |
| HK$13,500,001 to HK$14,000,000 | – | 1 |
| HK$20,000,001 to HK$20,500,000 | – | 1 |
| HK$23,500,001 to HK$24,000,000 | 1 | – |
| | 5 | 5 |

Certain directors and five highest paid employees were granted share options or restricted share units in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 25.

No emoluments were paid by the Group to any director or any of the five highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

Except for those disclosed in Note 25, during the years ended December 31, 2023 and 2024, there are no other loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities. Also, there are no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of both reporting periods or at any time during both years.

In addition, no director's termination benefit subsisted at the end of the year or at any time during the years ended December 31, 2023 and 2024. There are also no consideration provided to or receivable by third parties for making available director's services subsisted at the end of the year or at any time during the years ended December 31, 2023 and 2024.

## 12. LOSS PER SHARE

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

| | Year ended December 31, 2024 | 2023 |
|---|---|---|
| Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share (RMB'000) | **(508,162)** | (174,829) |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000) | **730,246** | 728,100 |

For the years ended December 31, 2023 and 2024, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share excluded the shares held in trust and unvested restricted share units of the Company, details of which are set out in Note 25.

The computation of diluted loss per share for the years ended December 31, 2023 and 2024 did not assume the exercise of share options and the vesting of unvested restricted share units since their assumed exercise and vesting would be anti-dilutive.

## 13. DIVIDENDS

No dividend was paid or declared by the Company during the years ended December 31, 2023 and 2024, nor has any dividend been proposed subsequent to the end of the reporting period.

## 14. SIGNIFICANT TRANSACTIONS ENTERED DURING THE YEAR

**Transactions with VBI Vaccines, Inc. ("VBI")**

In 2023 and 2024, the Group entered into the following significant transactions with VBI Parties (together with the below capitalised terms as defined in the Company's announcements):

(i) During the year ended December 31, 2023, the Group entered into a supply agreement with VBI, pursuant to which and subject to the terms and conditions thereof, VBI would manufacture and supply BRII-179 (VBI-2601) or PreHevbri® to the Group and the Group would make an advance payment of US$5 million (equivalent to RMB35 million) to VBI. During the year ended December 31, 2023, the Group had fully paid the advance payment of US$5 million (equivalent to RMB35 million) and recognised as prepayments at December 31, 2023;

(ii) During the year ended December 31, 2024, the Group entered into the BRII-179 Acquisition Agreement, pursuant to which VBI and VBI Cda agree to sell, and the Company agrees to purchase, all the rights, title and interest, throughout the world in perpetuity, in and to any intellectual property related to BRII-179 (VBI-2601);

## 14. SIGNIFICANT TRANSACTIONS ENTERED DURING THE YEAR (Continued)

**Transactions with VBI Vaccines, Inc. ("VBI") (Continued)**

(iii) During the year ended December 31, 2024, the Group entered into the Technology Transfer, pursuant to which VBI will use commercially reasonable efforts to (i) complete the essential activities in relation to the delivery of certain clinical materials of BRII-179 (VBI-2601) and the transfer of certain materials and manufacturing responsibility for BRII-179 (VBI-2601) and PreHevbri® as applicable, by VBI to the Company or its designee; (ii) complete the priority activities in relation to delivery of certain drug products of BRII-179 to the Company; and (iii) obtain consent under the Ferring License in the form as set out in the Technology Transfer Side Letter (the "Ferring Consent Letter");

(iv) During the year ended December 31, 2024, the Group entered into the VBI-1901 License, pursuant to which, subject to the completion of the Essential Activities by VBI set forth in the Technology Transfer Side Letter and the receipt of the executed Ferring Consent Letter by the Company, VBI Cda will grant Brii HK an exclusive, sublicensable, royalty-free, fully paid up, perpetual, and irrevocable license to VBI-1901 (the "VBI-1901 License") for development and commercialisation in the territories of the Asia-Pacific countries (excluding Japan) as set out in the VBI-1901 License Agreement; and

(v) During the year ended December 31, 2024, the Group entered into the Rehovot Assets Acquisition, pursuant to which, subject to the conditions set out in the Rehovot Assets Purchase Agreement, the Group will (A) acquire from SciVac and its affiliates: (i) all rights in the material contracts for the operation of the Rehovot Facility; (ii) permits required for the operation of the Rehovot Facility; (iii) certain tangible property located at the Rehovot Facility; (iv) inventory, raw materials, reagents, samples, vials and other inventories related to the Rehovot Facility; (v) all BRII-179 (VBI-2601) products; (vi) subject to applicable law, copies of all personnel records of certain employees; (vii) the know-how and goodwill related to the operation of the Rehovot Facility; and (viii) all rights, claims, credits, guaranties, warranties, indemnities, causes of action or rights of setoff, and other similar rights against third parties to the extent relating to or arising from the acquired assets or the assumed liabilities, and (B) assume all liabilities relating to the acquired assets of the Rehovot Facility, certain employees' compensation, operation or use of the Rehovot Facility by the Company and any undertaking towards third party service providers to pay retention payment arising on or after the Closing, excluding the excluded assets and excluded liabilities as set out in the Rehovot Assets Purchase Agreement.

During the year ended December 31, 2024, the Group issued the Promissory Notes of US$2,500,000 (equivalent to RMB17,971,000) which carries interest at 1 year loan prime rate of the United States plus 4% per annum and are secured by the Collateral pursuant to the Collateral Agreements and deposited total of US$12,500,000 (equivalent to RMB89,855,000) into the escrow account for the abovementioned transactions with VBI. The Promissory Notes were subsequently assigned by VBI to one of its creditors K2HV.

On July 30, 2024, VBI initiated its restructuring proceedings and details are set out in the Company's announcement. On August 8, 2024, VBI was delisted from NASDAQ Global Market.

## 14. SIGNIFICANT TRANSACTIONS ENTERED DURING THE YEAR (Continued)

### Transactions with VBI Vaccines, Inc. ("VBI") (Continued)

On December 31, 2024, the Group agreed to enter into the following transactions:

(i) the BRII-179 and PreHevbri Assets Purchase with VBI Parties and K2 Parties, pursuant to which, K2 agrees to designate the Company as the Nominee to purchase and acquire from VBI Parties, and VBI Parties agree to convey, transfer and assign to the Company, effective as of the Closing, VBI Parties' right, title and interests in and to all of the Brii Bio Purchased Assets; and

(ii) the PreHevbri License, pursuant to which VBI agrees to grant the Company, effective immediately following the Closing, an exclusive, fully paid-up, royalty-free, perpetual, irrevocable, sublicensable and transferable license under the Retained PreHevbri Know-How to research, develop, commercialize or otherwise exploit PreHevbri® in the field of the prevention of Hepatitis B in the Brii Bio Territory.

On the same date, BRII-179 Acquisition Agreement, the Technology Transfer, VBI-1901 License and Rehovot Assets Acquisition terminated.

In view of the financial performance of VBI, during the year ended December 31, 2024, the directors of the Company assessed that the recoverability of the US$7.1 million (equivalent to RMB50.8 million) receivables for prepayments are in doubt and thus full provision of ECL impairment is recognised.

Subsequent to the end of the reporting period and up to the date of issue of these consolidated financial statements, the BRII-179 and PreHevbri Assets Purchase and the PreHevbri License has been completed and all consideration has been settled. The directors of the Company are still in the process of assessing the financial impact resulting from these transactions.

### Qpex Transactions

During the year ended December 31, 2023, the Group entered into definitive agreements with Qpex Biopharma, Inc. ("Qpex"), pursuant to which (a) the Company acquired the exclusive global rights for the development and commercialisation of BRII-693 (also known as QPX9003) from Qpex, expanding its existing rights to BRII-693 in Greater China, whereupon the Group's existing payment obligations of cost-share, milestone and royalty payments associated with BRII-693 to Qpex were eliminated, and (b) the Group returned to Qpex the exclusive rights to QPX7728-based products, i.e. BRII-636 and BRII-672, in Greater China it licensed from Qpex in 2019, whereupon the Group no longer be responsible for any cost-share, milestone and royalty payments associated with QPX7728-based products. Upon closing of the transaction, the Group received a consideration of US$8 million (equivalent to RMB56 million), with potential contingency payments depending on future milestone events in the United States. The fair value of the acquired ex-China rights for the development and commercialisation of BRII-693 amounted to RMB76 million was capitalised as the Group's in-license intangible asset.

During the year ended December 31, 2023, the Group recognised a gain on the abovementioned transactions with Qpex amounted to RMB132 million in the Group's "other gains and losses, net" as set out in Note 7.

## 14. SIGNIFICANT TRANSACTIONS ENTERED DURING THE YEAR (Continued)

### Qpex Transactions (Continued)

Furthermore, concurrent with the above, the Group entered into a share transfer agreement amongst Qpex, its shareholder and an independent third party, pursuant to which, all shareholders of Qpex including the Group agreed to sell the entire equity interest in Qpex to the independent third party. Upon completion of the Qpex merger through acquisition by the independent third party, the Group transferred the Group's entire equity interest in Qpex to the independent third party and the Group was entitled to a consideration of US$17,159,000 (equivalent to RMB123,990,000), among which US$16,264,000 (equivalent to RMB116,657,000) had been settled before December 31, 2023.

## 15. PLANT AND EQUIPMENT

| | Furniture, fixtures and equipment RMB'000 | Leasehold improvements RMB'000 | Total RMB'000 |
|---|---|---|---|
| **COST** | | | |
| At January 1, 2023 and December 31, 2023 | 337 | 24,839 | 25,176 |
| Additions | 3,371 | – | 3,371 |
| At December 31, 2024 | **3,708** | **24,839** | **28,547** |
| **DEPRECIATION** | | | |
| At January 1, 2023 | 236 | 17,595 | 17,831 |
| Provided for the year | 68 | 5,160 | 5,228 |
| At December 31, 2023 | 304 | 22,755 | 23,059 |
| Provided for the year | 161 | 2,084 | 2,245 |
| At December 31, 2024 | **465** | **24,839** | **25,304** |
| **CARRYING AMOUNTS** | | | |
| At December 31, 2024 | **3,243** | **–** | **3,243** |
| At December 31, 2023 | 33 | 2,084 | 2,117 |

The above items of plant and equipment are depreciated on a straight-line basis, after taking into account of the residual values, at the rate per annum as follows:

| | |
|---|---|
| Furniture, fixtures and equipment | 20% |
| Leasehold improvements | Shorter of the lease term or 20% |

## 16. RIGHT-OF-USE ASSETS

| | At December 31, | |
|---|---|---|
| | 2024 RMB'000 | 2023 RMB'000 |
| **Carrying amount** | | |
| Properties | 11,055 | 3,492 |

| | Year ended December 31, | |
|---|---|---|
| | 2024 RMB'000 | 2023 RMB'000 |
| **Depreciation for the year** | | |
| Properties | 6,203 | 8,685 |

| | Year ended December 31, | |
|---|---|---|
| | 2024 RMB'000 | 2023 RMB'000 |
| Expense relating to short-term leases | 3,916 | 3,909 |
| Total cash outflow for leases | 11,053 | 13,903 |
| Additions to right-of-use assets | 13,766 | – |

For both years, the Group leases various office for its operations. Lease contracts are entered into for fixed term of 24 months to 36 months. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for motor vehicles and offices. At December 31, 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

### Restrictions or covenants on leases

Lease liabilities of RMB10,049,000 are recognised with related right-of-use assets of RMB11,055,000 at December 31, 2024 (2023: lease liabilities of RMB3,156,000 are recognised with related right-of-use assets of RMB3,492,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 17. INTANGIBLE ASSETS

| | Technical know-how and patent RMB'000 | Software RMB'000 | In-licenses RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **COST** | | | | |
| At January 1, 2023 | 13,580 | 1,208 | 139,292 | 154,080 |
| Exchange adjustments | – | – | 1,621 | 1,621 |
| Additions | – | – | 126,105 | 126,105 |
| At December 31, 2023 | 13,580 | 1,208 | 267,018 | 281,806 |
| Exchange adjustments | – | – | 3,985 | 3,985 |
| At December 31, 2024 | 13,580 | 1,208 | 271,003 | 285,791 |
| **AMORTISATION AND IMPAIRMENT** | | | | |
| At January 1, 2023 | 6,790 | 403 | – | 7,193 |
| Charge for the year | 1,358 | 403 | – | 1,761 |
| Impairment loss recognised in profit or loss included in other gains and losses, net | 5,432 | – | – | 5,432 |
| At December 31, 2023 | 13,580 | 806 | – | 14,386 |
| Charge for the year | – | 402 | – | 402 |
| Impairment loss recognised in profit or loss included in other gains and losses, net | – | – | 90,348 | 90,348 |
| Exchange adjustments | – | – | 945 | 945 |
| At December 31, 2024 | 13,580 | 1,208 | 91,293 | 106,081 |
| **CARRYING VALUES** | | | | |
| At December 31, 2024 | – | – | 179,710 | 179,710 |
| At December 31, 2023 | – | 402 | 267,018 | 267,420 |

At December 31, 2023 and 2024, these in-licenses capitalised as intangible assets relates to licenses which is in the progress of research and development and thus it has yet to commence amortisation.

## 17. INTANGIBLE ASSETS (Continued)

Other than those in-licenses, the other intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

| | |
|---|---|
| Technical know-how and patent | 5 years |
| Software | 3 years |

The useful lives of the technical know-how and patent, and in-licenses were determined by the management of the Group taking into account the period over which they are expected to be available for use by the Group and the stability of the industry.

In 2024, in view that the management of the Group has decided to discontinue certain in-licensed pipelines, the directors of the Company have performed impairment assessment of the related in-licenses and consequently determined an impairment of the entire carrying amount at December 31, 2024 of RMB90,348,000 (2023: technical know-how and patent of RMB5,432,000). The impairment loss has been included in profit or loss in the other gains and losses, net line item.

Other in-licenses, which is intangible asset not yet ready for use, are tested for impairment at least annually and whenever there is an indication that they may be impaired based on the recoverable amount of the cash-generating unit to which the intangible asset is related. The appropriate cash-generating unit is at the pipeline level. Impairment testing on the in-licenses of the Group was conducted by engaging an independent valuer. For the purpose of impairment testing, the recoverable amount of the cash-generating unit is determined based on its value-in-use, calculated by using the discounted cash flow approach. The management of the Group determined the recoverable amount of the cash-generating unit based on the following approach and key assumptions:

- The cash-generating unit will generate cash inflows starting from the expected date of obtaining regulatory approval, and up to the end of the intellectual property expiry date;
- The revenue growth rate ranges from -58.0% to 789.2% (2023: -58.0% to 789.2%). The cash flow projections are made based on financial budgets over a period longer than five years prepared by the management of the Group till peak year, considering the timing of clinical development, regulatory approval of relevant products and pharmaceutical life cycle. Cash flows beyond peak year are projected at a steady decline rate;
- The probability of success was estimated by the management of the Group based on the industrial historical statistics; and
- The pre-tax discount rate used is 16.7% (2023: 15.0%) per annum, which reflects specific risks relating to the relevant products that would be considered by market participants.

Based on the result of the in-licenses impairment testing, the estimated recoverable amount of the cash-generating unit exceeded its carrying amount at December 31, 2023 and 2024. The recoverable amount exceeded its carrying amount by RMB33,700,000 at December 31, 2024 (2023: RMB30,600,000). Thus, no impairment is noted. If the discount rate was changed to 19.1% (2023: 17.0%) per annum or the revenue growth rate was changed to -64.2% to 783.0% (2023: -63.7% to 783.5%), while other parameters remain constant, the recoverable amount would equal its carrying amount.

## 18. FINANCIAL ASSETS AT FVTPL

| | At December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Listed equity securities | 9,198 | 134,560 |

The Group's financial assets at FVTPL represents investments in a listed entity in the USA focusing on infectious diseases. The fair value of the listed equity investment is measured based on quoted market price.

## 19. EQUITY INSTRUMENT AT FVTOCI

| | At December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Listed equity securities | – | 7,884 |

At December 31, 2023, the amount represented a listed equity investment in a biopharmaceutical company listed on the NASDAQ Global Market. The investment was not held for trading purposes, instead, it was held for long-term strategic purposes. The directors of the Company had elected to designate the investment in equity instrument at FVTOCI as they believed that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding the investment for long-term purposes and realising its performance potential in the long run. The fair value of the listed equity investment was measured based on quoted market price. During the year ended December 31, 2024, with the delisting of this biopharmaceutical company, the Group assessed the fair value of the equity investment to be nil, details of which are set out in Note 14.

## 20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | At December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| Prepayments | 6,597 | 47,685 |
| Receivables for prepayments and deposits paid for intangible assets | 50,788 | – |
| Rental and other deposits | 1,319 | 2,613 |
| Value-added tax recoverable | 63,305 | 53,607 |
| Interests receivable | 11,582 | 9,850 |
| Deposits paid for acquisition of plant and equipment | 13 | – |
| Other receivables | 7,214 | 7,633 |
| | 140,818 | 121,388 |
| Less: impairment loss allowance for other receivables | (50,788) | – |
| | 90,030 | 121,388 |
| Analysed as: | | |
| Current | 18,962 | 121,388 |
| Non-current | 71,068 | – |
| | 90,030 | 121,388 |

## 21. RESTRICTED BANK BALANCES/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/CASH AND CASH EQUIVALENTS

At December 31, 2024, restricted bank balances represent bank deposits which are mainly restricted for transactions with VBI as detailed in note 14 and carry fixed rate interests ranging from 0.01% to 4.00% (2023: 0.01%) per annum.

Restricted bank balances amounting to US$2,500,000 (equivalent to RMB17,971,000) (2023: nil) have been deposited to secure long-term note payables and are therefore classified as non-current assets.

At December 31, 2024, time deposits with original maturity over three months from the date of placement carry fixed rate interest ranging from 3.71% to 4.42% (2023: 2.10% to 5.35%) per annum. These time deposits will mature within 12 months.

Cash and cash equivalents comprise cash held by the Group, short-term bank deposits with original maturity of three months or less and low volatility net assets value money market funds. At December 31, 2024, the short-term bank deposits and bank balances carry interests at market rates ranging from 0.01% to 4.85% (2023: from 0.01% to 0.20%) per annum.

At December 31, 2024, the low volatility net asset value money market funds are measured at fair value of RMB515,449,000 (2023: RMB369,424,000).

## 22. NOTE AND OTHER PAYABLES

| | At December 31, 2024 RMB'000 | At December 31, 2023 RMB'000 |
|---|---|---|
| Note payables (Note 14) | 17,971 | – |
| Payables for research and development expenses | 7,845 | 20,539 |
| Other payables for | | |
| – legal and professional fee | 7,416 | 1,901 |
| – others | 1,458 | 1,436 |
| Other tax payables | 1,189 | 2,011 |
| Payroll payables | 27,810 | 34,696 |
| Accrued research and development expenses | 9,864 | 11,498 |
| | 55,582 | 72,081 |
| | 73,553 | 72,081 |
| Analysed as: | | |
| Current | 55,582 | 72,081 |
| Non-current | 17,971 | – |
| | 73,553 | 72,081 |

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

| | At December 31, 2024 RMB'000 | At December 31, 2023 RMB'000 |
|---|---|---|
| 0-30 days | 7,057 | 15,186 |
| 31-60 days | 751 | 4,059 |
| 61-90 days | 33 | 1,125 |
| Over 90 days | 4 | 169 |
| | 7,845 | 20,539 |

## 22. NOTE AND OTHER PAYABLES (Continued)

The following is an ageing analysis of note payables presented based on the issue date at the end of each reporting period:

| | At December 31, 2024 RMB'000 | At December 31, 2023 RMB'000 |
|---|---|---|
| 0-360 days | 17,971 | – |

The following is an ageing analysis of note payables presented based on the maturity date at the end of each reporting period:

| | At December 31, 2024 RMB'000 | At December 31, 2023 RMB'000 |
|---|---|---|
| 1-2 years | 17,971 | – |

## 23. LEASE LIABILITIES

| | At December 31, 2024 RMB'000 | At December 31, 2023 RMB'000 |
|---|---|---|
| Lease liabilities payable: | | |
| Within one year | 4,896 | 3,156 |
| Within a period of more than one year but not more than two years | 4,153 | – |
| Within a period of more than two years but not more than five years | 1,000 | – |
| | 10,049 | 3,156 |
| Less: amount due for settlement with 12 months shown under current liabilities | (4,896) | (3,156) |
| Amount due for settlement after 12 months shown under non-current liabilities | 5,153 | – |

The weighted average incremental borrowing rate applied to lease liabilities is at 3.70% per annum at December 31, 2024 (2023: 4.75%).

## 24. SHARE CAPITAL

| | Number of Ordinary Shares | Share capital US$ |
|---|---|---|
| **Ordinary shares** | | |
| Ordinary shares of US$0.000005 each | | |
| **Authorised** | | |
| At January 1, 2023, December 31, 2023 and December 31, 2024 | 1,200,000,000 | 6,000 |

| | Ordinary Shares | | |
|---|---|---|---|
| | Number of shares | Amount US$ | Equivalent amount of ordinary shares RMB'000 |
| **Issued and fully paid** | | | |
| At January 1, 2023 | 727,202,947 | 3,636 | 24 |
| Issuance of ordinary shares in relation to exercise of share options (Note 25) | 331,949 | 2 | –* |
| Issuance of ordinary shares in relation to vesting of restricted share units (Note 25) | 1,850,550 | 9 | –* |
| At December 31, 2023 | 729,385,446 | 3,647 | 24 |
| Issuance of ordinary shares in relation to exercise of share options (Note 25) | 132,500 | 1 | –* |
| Issuance of ordinary shares in relation to vesting of restricted share units (Note 25) | 1,791,844 | 9 | –* |
| At December 31, 2024 | 731,309,790 | 3,657 | 24 |

* Less than RMB1,000

## 25. SHARE-BASED PAYMENT TRANSACTIONS

### 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 subjected 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.

(iv) All of the RSUs shall vest on the first 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).

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### Post-IPO Share Award Scheme (Continued)

During the year ended December 31, 2023, the Group issued 3,566,000 Post-IPO RSUs to directors of the Company and employees of the Group under the Post-IPO Share Award Scheme. The fair values of the Post-IPO RSUs determined at the dates of grant are measured on the basis of an observable market price (i.e. the Company's closing share price) ranges from HK$2.79 to HK$4.54 per Post-IPO RSU.

At April 12, 2023, the directors of the Company conducted an overall assessment of the Group's pipeline programs and considered that certain of the pre-determined research and development activities and commercial milestones cannot or can no longer be fulfilled. Therefore, the directors of the Company decided to cancel a total of 3,260,084 Post-IPO Share Options (as defined below) and 739,483 RSUs granted to certain senior management members of the Company in accordance with the terms of the Post-IPO Share Award Scheme and the relevant grant letters. In view that the management of the Group considers that these milestones cannot or can no longer be fulfilled, these Post-IPO Share Options and RSUs are considered as cancelled.

On October 25, 2024, the management of the Group conducted an overall assessment of the Group's pipeline programs and considers that certain of the re-determined research and development activities and commercial milestones can no longer be fulfilled. In addition, as the market condition has dramatically changed since the time-based share options were granted under the above-mentioned equity-settled share option scheme of the Company, the management of the Group considered that the grant of time-based share options can no longer serve the original purpose. Therefore, the management of the Group decided to cancel certain outstanding milestone-based and time-based share options and granted new time-based share options with reduced exercise price, which is considered a cancellation in accordance with IFRS 2 *Share-based Payment*.

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### Post-IPO Share Award Scheme (Continued)

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

| | Number of Post-IPO RSUs |
|---|---|
| At January 1, 2023 | 13,291,613 |
| Granted | 3,566,000 |
| Vested | (2,255,729) |
| Cancelled | (739,483) |
| Forfeited | (2,888,858) |
| At December 31, 2023 | 10,973,543 |
| Vested | (1,992,611) |
| Cancelled | (754,117) |
| Forfeited | (3,614,440) |
| At December 31, 2024 | 4,612,375 |

The following table summarised the Group's RSUs movement under 2023 share award scheme (the "2023 Share Award Scheme") during the period.

| | Number of 2023 Share Award Scheme |
|---|---|
| At January 1, 2023 and December 31, 2023 | – |
| Granted | 2,376,500 |
| Vested | (60,750) |
| At December 31, 2024 | 2,315,750 |

The closing prices of the Company's shares on March 28, 2024 and October 25, 2024, which were the grant dates of RSUs, were HK$0.91 and HK$1.04, respectively.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income in relation to RSUs granted are RMB1,371,000 (2023: RMB23,528,000) for the year ended December 31, 2024.

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### Equity-settled share option scheme of the Company

*(i) Incentive plan*

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.

*(ii) Post-IPO Share Option Scheme*

On June 22, 2021, a Post-IPO share option scheme (the "Post-IPO Share Option Scheme") was approved and adopted pursuant to a board resolution passed. 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.

*(iii) 2023 share award scheme and share option scheme*

On September 1, 2023, 2023 Share Award Scheme and 2023 share option scheme (the "2023 Share Option Scheme") was approved and adopted pursuant to a board resolution passed. The primary purpose of both incentive plans is to attract and retain eligible persons whose contributions are important to the long-term growth and success of the Company, to recognise and reward eligible persons for their past contribution to the Company, to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage eligible persons to further contribute to the Company and work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Set out below are details of the movements of the outstanding options granted under the Incentive Plan, the Post-IPO Share Option Scheme and 2023 Share Option Scheme during the reporting period:

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

*For the year ended December 31, 2024*

| Option | Type of grantee | Date of grant | Vesting period | Exercisable period | Exercise price | Outstanding at 1.1.2024 | Granted during the year | Exercised during the year | Cancelled during the year | Forfeited during the year | Outstanding at 31.12.2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Time-based** | | | | | | | | | | | |
| Option A | Consultants and employees | 30.10.2018 | Note i | Note iii | US$0.035 | 985,000 | – | – | – | – | 985,000 |
| Option B | Consultants and employees | 3.4.2019 – 16.9.2019 | Note i | Note iii | US$0.05 | 574,000 | – | (121,500) | – | (12,500) | 440,000 |
| Option C | Employees | 4.2.2020 – 11.12.2020 | Note i | Note iii | US$0.13 – US$0.68 | 12,151,068 | – | (11,000) | (8,000,000) | (336,400) | 3,803,668 |
| Option D | Consultants and employees | 18.2.2021 – 3.12.2021 | Note i | Note iii | US$0.68 – US$1.33 | 3,458,325 | – | – | (1,275,500) | (1,433,025) | 749,800 |
| Option E | Employees | 29.3.2022 – 15.12.2022 | Note i | Note iii | HK$43.41 – HK$47.60<br>HK$6.454 – HK$10.33 | 22,294,250 | – | – | (5,127,000) | (7,169,250) | 9,998,000 |
| Option I | Employees | 12.4.2023 – 23.8.2023 | Note i | Note iii | HK$3.01 – HK$4.54 | 13,448,000 | – | – | (3,369,500) | (3,727,625) | 6,350,875 |
| Option J | Employees | 28.3.2024 | Note i | Note iii | HK$0.964 | – | 5,752,500 | – | – | (648,000) | 5,104,500 |
| Option K | Employees | 25.10.2024 | Note i | Note iii | HK$1.062 | – | 14,660,000 | – | – | (587,000) | 14,073,000 |
| Sub-total | | | | | | 52,910,643 | 20,412,500 | (132,500) | (17,772,000) | (13,913,800) | 41,504,843 |
| **Milestone-based** | | | | | | | | | | | |
| Option F | Employees | 18.9.2020 | Note ii | Note iii | US$0.13 – US$0.68 | 5,200,000 | – | – | (4,000,000) | – | 1,200,000 |
| Option G | Employees | 4.6.2021 – 3.12.2021 | Note ii | Note iii | US$1.06 | 3,626,416 | – | – | (3,626,416) | – | – |
| Option H | Employees | 29.3.2022 – 21.9.2022 | Note ii | Note iii | HK$43.41 – HK$47.60<br>HK$6.454 – HK$10.33 | 1,256,167 | – | – | (181,667) | (256,500) | 818,000 |
| Sub-total | | | | | | 10,082,583 | – | – | (7,808,083) | (256,500) | 2,018,000 |
| Total | | | | | | 62,993,226 | 20,412,500 | (132,500) | (25,580,083) | (14,170,300) | 43,522,843 |
| Exercisable at the end of the year | | | | | | | | | | | 14,033,110 |
| Weighted average exercise price | | | | | | HK$10.02 | HK$1.03 | HK$0.44 | HK$13.69 | HK$8.33 | HK$3.21 |

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

*For the year ended December 31, 2023*

| Option | Type of grantee | Date of grant | Vesting period | Exercisable period | Exercise price | Outstanding at 1.1.2023 | Granted during the year | Exercised during the year | Cancelled during the year | Forfeited during the year | Outstanding at 31.12.2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Time-based** | | | | | | | | | | | |
| Option A | Consultants and employees | 30.10.2018 | Note i | Note iii | US$0.035 | 1,274,000 | – | (289,000) | – | – | 985,000 |
| Option B | Consultants and employees | 3.4.2019 – 16.9.2019 | Note i | Note iii | US$0.05 | 594,676 | – | (19,831) | – | (845) | 574,000 |
| Option C | Employees | 4.2.2020 – 11.12.2020 | Note i | Note iii | US$0.13 – US$0.68 | 12,685,146 | – | (23,118) | – | (510,960) | 12,151,068 |
| Option D | Consultants and employees | 18.2.2021 – 3.12.2021 | Note i | Note iii | US$0.68 – US$1.33<br>HK$43.41 – HK$47.60 | 4,152,141 | – | – | – | (693,816) | 3,458,325 |
| Option E | Employees | 29.3.2022 – 15.12.2022 | Note i | Note iii | HK$6.454 – HK$10.33 | 27,905,500 | – | – | – | (5,611,250) | 22,294,250 |
| Option I | Employees | 12.4.2023 – 23.8.2023 | Note i | Note iii | HK$3.01 – HK$4.54 | – | 15,255,500 | – | – | (1,807,500) | 13,448,000 |
| Sub-total | | | | | | 46,611,463 | 15,255,500 | (331,949) | – | (8,624,371) | 52,910,643 |
| **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<br>HK$43.41 – HK$47.60 | 7,870,000 | – | – | (3,169,251) | (1,074,333) | 3,626,416 |
| Option H | Employees | 29.3.2022 – 21.9.2022 | Note ii | Note iii | HK$6.454 – HK$10.33 | 1,347,000 | – | – | (90,833) | – | 1,256,167 |
| Sub-total | | | | | | 14,417,000 | – | – | (3,260,084) | (1,074,333) | 10,082,583 |
| Total | | | | | | 61,028,463 | 15,255,500 | (331,949) | (3,260,084) | (9,698,704) | 62,993,226 |
| Exercisable at the end of the year | | | | | | | | | | | 20,530,951 |
| Weighted average exercise price | | | | | | HK$13.31 | HK$3.37 | HK$0.47 | HK$46.34 | HK$21.21 | HK$10.02 |

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

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 milestones. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

(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 share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 8 years (2023: 8 years).

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 year ended December 31, 2024*

| Option Granted | Grant date option fair value per share | Exercise price | Expected volatility | Expected life | Risk-free rate | Expected dividend yield | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| Option J | HK$0.48 – HK$0.54 | HK$0.964 | 67.27% | 10 years | 3.76% | 0% | HK$2,886,741 |
| Option K | HK$0.58 – HK$0.63 | HK$1.062 | 69.25% | 10 years | 3.16% | 0% | HK$8,967,629 |

*For the year ended December 31, 2023*

| Option Granted | Grant date option fair value per share | Exercise price | Expected volatility | Expected life | Risk-free rate | Expected dividend yield | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| Option I | HK$1.48 – HK$2.70 | HK$3.01 – HK$4.54 | 66.69% – 66.85% | 10 years | 3.00% – 4.05% | 0% | HK$27,542,778 |

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

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income for the equity-settled share option granted are RMB14,680,000 (2023: RMB40,695,000) for the year ended December 31, 2024.

## 26. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

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

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| Short term benefits | 36,543 | 38,595 |
| Discretionary bonus (note) | 10,299 | 7,041 |
| Post-employment benefits | 758 | 808 |
| Share-based payments | 19,299 | 32,485 |
| | 66,899 | 78,929 |

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

## 27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to investors through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes lease liabilities disclosed in Note 23, net of cash and cash equivalents and equity of the Group, comprising issued share capital, accumulated losses, other reserves and non-controlling interests.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues and share buy-backs as well as the issue of new debt.

## 28. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | At December 31, 2024 RMB'000 | At December 31, 2023 RMB'000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at FVTPL | 9,198 | 134,560 |
| Equity instrument at FVTOCI | – | 7,884 |
| Cash equivalents at FVTPL | 515,449 | 369,424 |
| Amortised cost | 1,918,055 | 2,312,062 |

| | At December 31, 2024 RMB'000 | At December 31, 2023 RMB'000 |
|---|---|---|
| **Financial liabilities** | | |
| Amortised cost | 34,690 | 23,876 |

### (b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include deposits and other receivables, financial assets at FVTPL, equity instrument at FVTOCI, restricted bank balances, time deposits with original maturity over three months, cash and cash equivalents and note and other payables. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Market risk*

The Group's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's exposure to these risks or the manner in which it manages and measures the risks.

## 28. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

*Market risk (Continued)*

*(i) Currency risk*

Certain bank balances and cash and other payables are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The management consider that exposure of the Group's entities with the functional currency of US$ to HK$ is insignificant as that HK$ is pegged to US$.

The carrying amounts of the group entities' foreign currency denominated monetary assets and liabilities at the end of each reporting period are mainly as follows:

| | At December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| **Assets** | | |
| HK$ | 847,841 | 1,142,246 |
| RMB | 358,665 | 433,124 |
| US$ | 75,541 | 183,645 |
| **Liabilities** | | |
| US$ | 1,960 | 4,894 |

## 28. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

*Market risk (Continued)*

*(i) Currency risk (Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the group entities' relevant functional currencies against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A negative number below indicates an increase in loss for the year where the group entities' relevant functional currencies strengthen 5% against the relevant foreign currencies. For a 5% weakening of the group entities' relevant functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the loss for the year.

| | Year ended December 31, | |
|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 |
| **Impact on profit or loss** | | |
| RMB | (17,933) | (21,656) |
| US$ | (3,679) | (8,938) |

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

*(ii) Interest rate risk*

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities, restricted bank balances and time deposits. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and note payables. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

## 28. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

*Market risk (Continued)*

*(iii) Other price risk*

The Group is exposed to other price risk arising from listed equity investment at FVTOCI, equity investments at FVTPL and money market funds at FVTPL.

Sensitivity analysis

*Listed equity investment at FVTOCI*

The sensitivity analyses below have been determined based on the exposure to equity price risk at each reporting date for listed equity investment at FVTOCI.

If the equity value of the common shares of the investments at FVTOCI had been changed based on the 5% higher/lower, the other comprehensive income would increase/decrease by approximately RMB394,000 for the year ended December 31, 2023.

*Equity investments at FVTPL*

The sensitivity analyses below have been determined based on the exposure to equity price risk at each reporting date for equity investments at FVTPL.

If the equity value of the common shares of the investments at FVTPL had been changed based on the 5% higher/lower, the loss for the year would decrease/increase by approximately RMB460,000 (2023: RMB6,728,000) for the year ended December 31, 2024.

*Money market funds*

No sensitivity analysis is performed as the directors of the Company consider that the exposure of other price risk arising from the money market funds is insignificant because investments in money market funds are mainly on government treasury securities with high credit rating and liquidity.

*Credit risk and impairment assessment*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk gradings to categories exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties.

## 28. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

*Credit risk and impairment assessment (Continued)*

The Group's current credit risk grading framework comprises the following categories:

| Category | Description | Financial assets |
|---|---|---|
| Low risk | The counterparty has a low risk of default and does not have any past-due amounts | 12m ECL |
| Watch list | Debtor frequently repays after due dates but usually settle in full | 12m ECL |
| Doubtful | Amount is >30 days past due or there have been significant increases in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL – not credit-impaired |
| Loss | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off |

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

| | Notes | External credit rating | Internal credit rating | 12m or lifetime ECL | Gross carrying amount At December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|---|---|---|
| **Financial assets at amortised cost** | | | | | | |
| Deposits and other receivables | 20 | N/A | Low risk | 12m ECL | 20,115 | 20,096 |
| | 20 | N/A | Loss | Lifetime ECL – credit-impaired | 50,788 | – |
| Restricted bank balances | 21 | Aa3 | N/A | 12m ECL | 93,074 | 729 |
| Time deposits with original maturity over three months | 21 | Aaa | N/A | 12m ECL | 1,316,950 | 2,171,011 |
| Bank balances | 21 | Aa3 to Aaa | N/A | 12m ECL | 487,916 | 120,226 |
| | | | | | 1,968,843 | 2,312,062 |

## 28. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

*Credit risk and impairment assessment (Continued)*

For the purpose of impairment assessment for other receivables and deposits, the Group has applied the general approach in IFRS 9 to measure the impairment loss allowance at 12m ECL, excluding for counterparty with high credit risk. In determining the ECL for these financial assets, the directors of the Company determines the ECL on these items on an individual basis for counterparty with high credit risk, and have taken into account the financial positions of the counterparties in estimating the probability of default of each of other receivables and deposits, occurring within their respective loss assessment time horizon, as well as the loss upon default in each case for the remaining. The directors of the Company considered that the 12m ECL allowance is insignificant.

The following table shows reconciliation of loss allowances that has been recognised for credit-impaired other receivables.

| | Lifetime ECL (credit-impaired) RMB'000 |
|---|---|
| At January 1, 2023 and 31 December, 2023 | – |
| Impairment losses recognised | 50,788 |
| At December 31, 2024 | 50,788 |

The credit risk on restricted bank balances, time deposits with original maturity over three months and bank balances is limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit rating agencies. The management is of the opinion that the loss rate is insignificant and no impairment was provided at the end of the reporting period.

*Liquidity risk*

In the management of liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group issues shares as a significant source of liquidity.

The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due for the foreseeable future after taking into account of the aforesaid proceeds from the shares issuance and the expected working capital requirements for the next twelve months from the end of the reporting period.

## 28. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

*Liquidity risk (Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

| | Weighted average effective interest rate | Within 1 year or on demand | 1 to 5 years | Total | Carrying amount |
|---|---|---|---|---|---|
| | % | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **At December 31, 2024** | | | | | |
| Other payables | – | 16,719 | – | 16,719 | 16,719 |
| Note payables | 12.50 | 2,084 | 19,762 | 21,846 | 17,971 |
| Lease liabilities | 3.70 | 5,197 | 5,292 | 10,489 | 10,049 |
| Total | | 24,000 | 25,054 | 49,054 | 44,739 |
| **At December 31, 2023** | | | | | |
| Other payables | – | 23,876 | – | 23,876 | 23,876 |
| Lease liabilities | 4.75 | 3,235 | – | 3,235 | 3,156 |
| Total | | 27,111 | – | 27,111 | 27,032 |

### (c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Chief Strategy and Financial Officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value, the Group uses market-observable data to the extent it is available.

## 28. FINANCIAL INSTRUMENTS (Continued)

### (c) 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*

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets | Notes | Fair value at December 31, 2024 RMB'000 | Fair value at December 31, 2023 RMB'000 | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable input |
|---|---|---|---|---|---|---|
| Equity investment at FVTOCI | 19 | - | 7,884 | Level 3 (2023: Level 1) | Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate. (2023: Active market quoted transaction price) | Expected future economic benefit (2023: N/A) |
| Listed equity investment at FVTPL | 18 | 9,198 | 134,560 | Level 1 | Active market quoted transaction price | N/A |
| Money market funds | 21 | 515,449 | 369,424 | Level 2 | Based on the net asset values of the funds, which are determined with reference to observable and quoted prices of underlying investment portfolio | N/A |

## 28. FINANCIAL INSTRUMENTS (Continued)

### (c) Fair value measurements of financial instruments (Continued)

*(ii) Reconciliation of Level 3 fair value measurements*

| | Equity investment RMB'000 |
|---|---|
| At January 1, 2023 | 66,371 |
| Exchange realignment | 2,489 |
| Transfer out of Level 3 due to change of valuation technique | (68,860) |
| At December 31, 2023 | – |
| Transfer into Level 3 due to change of valuation technique | 7,920 |
| Fair value change in other comprehensive income | (7,920) |
| | – |

*(iii) Fair value of financial assets and financial liabilities that are not measured at fair value*

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in these consolidated financial statements approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

## 29. RETIREMENT BENEFIT PLANS

The subsidiary in the USA maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the USA. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the USA with respect to the retirement benefits plans is to make the specified contributions under the plans.

The employees of the Company's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

The total amount provided by the Group to the scheme or plans in the USA and the PRC and charged to profit or loss are RMB6,564,000 (2023: RMB8,013,000) for the year ended December 31, 2024.

## 30. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries directly held by the Company at the end of the reporting period are set out below.

| Name of subsidiaries | Place and date of establishment/ incorporation | Issued and fully paid share/ registered capital | Equity interest attributable to the Group At December 31, 2024 | 2023 | Principal activities |
|---|---|---|---|---|---|
| Brii Biosciences Offshore Limited | Cayman Islands May 23, 2018 | US$1 | 100% | 100% | Investment holding |
| Brii Biosciences, Inc. | USA December 5, 2017 | US$1 | 100% | 100% | Research and development on pharmaceutical products |
| Brii Biosciences (Hong Kong) Co. Limited | Hong Kong December 18, 2017 | US$1 | 100% | 100% | Investment holding |
| Brii Biosciences Pty Ltd. | Australia March 28, 2023 | Australian Dollar 100 | 100% | 100% | Research and development on pharmaceutical products |
| Brii Biosciences (Beijing) Co. Limited* 騰盛博藥醫藥技術(北京)有限公司 | PRC (note) August 21, 2018 | US$153,470,020 | 100% | 100% | Research and development on Pharmaceutical products |
| Brii Biosciences (Shanghai) Co. Limited* 騰盛博藥醫藥技術(上海)有限公司 | PRC (note) April 19, 2018 | US$10,999,960 | 100% | 100% | Research and development on Pharmaceutical products |
| TSB Therapeutics (Beijing) Co. Limited* ("TSB Therapeutics") 騰盛華創醫藥技術(北京)有限公司 | PRC (note) May 26, 2020 | RMB49,876,597 | 72.77% | 72.77% | Research and development on Pharmaceutical products |

* English name is for identification purpose only.

None of the subsidiaries has issued any debt securities at December 31, 2023 and 2024.

Note: 騰盛博藥醫藥技術(北京)有限公司 and 騰盛博藥醫藥技術(上海)有限公司 are foreign invested limited liability companies. TSB Therapeutics is a domestic owned limited liability company.

## 31. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

| Name of subsidiary | Place of incorporation and principal place of business | Proportion of ownership interests and voting rights held by non-controlling interests At December 31, | | Loss allocated to non-controlling interests Year ended December 31, | | Accumulated non-controlling interests At December 31, | |
|---|---|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2023 RMB'000 |
| TSB Therapeutics | PRC | 27.23% | 27.23% | (4,219) | (9,541) | (50,877) | (46,658) |

Summarised financial information in respect of TSB Therapeutics is set out below. The summarised financial information below represents amounts before intragroup eliminations.

| TSB Therapeutics | At December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Current assets | 19,465 | 43,050 |
| Non-current assets | 18,253 | – |
| Current liabilities | (178) | (2,016) |
| Non-current liabilities | (224,382) | (212,381) |
| Equity attributable to owners of the Company | (135,965) | (124,689) |
| Non-controlling interests of TSB Therapeutics | (50,877) | (46,658) |

| | Year ended December 31, 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Expenses | (15,495) | (35,040) |
| Loss and total comprehensive expense for the year | (15,495) | (35,040) |
| Loss and total comprehensive expense attributable to owners of the Company | (11,276) | (25,499) |
| Loss and total comprehensive expense attributable to the non-controlling interests of TSB Therapeutics | (4,219) | (9,541) |
| Net cash outflow from operating activities | (5,385) | (97,296) |
| Net cash inflow from investing activities | 37 | 84 |
| Net cash inflow from financing activities | – | 68,000 |
| Net cash outflow | (5,348) | (29,212) |

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Accrued issue costs RMB'000 | Lease liabilities RMB'000 | Note payables RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At January 1, 2023 | 11,143 | 12,656 | – | 23,799 |
| Financing cash flows | – | (9,994) | – | (9,994) |
| Interest expenses recognised | – | 494 | – | 494 |
| Reversal of accrued issue costs | (11,332) | – | – | (11,332) |
| Exchange adjustments | 189 | – | – | 189 |
| At December 31, 2023 | – | 3,156 | – | 3,156 |
| Financing cash flows | – | (7,137) | (2,102) | (9,239) |
| Interest expenses recognised | – | 264 | 2,102 | 2,366 |
| Issuance of Promissory Notes (Note 14) | – | – | 17,759 | 17,759 |
| New leases entered | – | 13,766 | – | 13,766 |
| Exchange adjustments | – | – | 212 | 212 |
| At December 31, 2024 | – | 10,049 | 17,971 | 28,020 |

## 33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

| | At December 31, | |
|---|---|---|
| | 2024 RMB'000 | 2023 RMB'000 |
| **Non-current assets** | | |
| Investment in subsidiaries | 688,011 | 423,665 |
| Intangible assets | 179,710 | 191,233 |
| Financial assets at FVTPL | 9,198 | 134,560 |
| Equity instrument at FVTOCI | – | 7,884 |
| Loan to a subsidiary | 321,337 | 309,339 |
| | 1,198,256 | 1,066,681 |
| **Current assets** | | |
| Other receivables | 12,546 | 42,704 |
| Restricted bank balances | 172 | 375 |
| Time deposits with original maturity over three months | 1,316,950 | 2,008,204 |
| Cash and cash equivalents | 504,147 | 85,510 |
| | 1,833,815 | 2,136,793 |
| **Current liabilities** | | |
| Other payables | 14,812 | 12,047 |
| Amounts due to subsidiaries | 393,208 | 119,045 |
| | 408,020 | 131,092 |
| **Net current assets** | 1,425,795 | 2,005,701 |
| **Total assets less current liabilities and net assets** | 2,624,051 | 3,072,382 |
| **Non-current liability** | | |
| Note payables | 17,971 | – |
| **Net assets** | 2,606,080 | 3,072,382 |
| **Capital and reserves** | | |
| Share capital | 24 | 24 |
| Share premium and reserves | 2,606,056 | 3,072,358 |
| **Total equity** | 2,606,080 | 3,072,382 |

## 33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

The movements of the reserves of the Company are as follows:

| | Shares held in trust | Share premium | Investments revaluation reserve | Translation reserve | Share-based payment reserve | Accumulated losses | Total |
|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2023 | – | 9,352,113 | (17,653) | 332,746 | 150,695 | (5,030,295) | 4,787,606 |
| Loss for the year | – | – | – | – | – | (2,146,781) | (2,146,781) |
| Other comprehensive (expense) income | – | – | (19,609) | 376,570 | – | – | 356,961 |
| Total comprehensive (expense) income for the year | – | – | (19,609) | 376,570 | – | (2,146,781) | (1,789,820) |
| Reversal of accrued issue costs | – | 11,332 | – | – | – | – | 11,332 |
| Repurchase of shares by trust | (1,162) | – | – | – | – | – | (1,162) |
| Recognition of equity-settled share-based payments (Note 25) | – | – | – | – | 64,223 | – | 64,223 |
| Vesting of restricted ordinary shares and restricted share units | 1,095 | 12,768 | – | – | (13,863) | – | – |
| Exercise of share options | – | 632 | – | – | (453) | – | 179 |
| At December 31, 2023 | (67) | 9,376,845 | (37,262) | 709,316 | 200,602 | (7,177,076) | 3,072,358 |
| Loss for the year | – | – | – | – | – | (337,996) | (337,996) |
| Other comprehensive expense | – | – | (7,920) | (136,270) | – | – | (144,190) |
| Total comprehensive expense for the year | – | – | (7,920) | (136,270) | – | (337,996) | (482,186) |
| Repurchase of shares by trust | (220) | – | – | – | – | – | (220) |
| Recognition of equity-settled share-based payments (Note 25) | – | – | – | – | 16,051 | – | 16,051 |
| Vesting of restricted ordinary shares and restricted share units | 286 | 12,711 | – | – | (12,997) | – | – |
| Exercise of share options | – | 307 | – | – | (254) | – | 53 |
| At December 31, 2024 | (1) | 9,389,863 | (45,182) | 573,046 | 203,402 | (7,515,072) | 2,606,056 |

# DEFINITIONS

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

| | |
|---|---|
| "2023 Share Award Scheme" | the 2023 share award scheme adopted by the Company on September 1, 2023, as amended from time to time |
| "2023 Share Option Scheme" | the 2023 share option scheme adopted by the Company on September 1, 2023, as amended from time to time |
| "AASLD" | the American Association for the Study of Liver Diseases |
| "AGM" | the annual general meeting of the Company to be held on Tuesday, June 17, 2025 |
| "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 Select Market (NASDAQ: ANTX) |
| "anti-HBs" | hepatitis B surface antibody |
| "APAC" | Asia Pacific |
| "APASL" | the Asian Pacific Association for the Study of the Liver |
| "Audit and Risk Committee" | the audit and risk committee of the Board |
| "BLA" | Biologics license application |
| "Board" | the board of directors of the Company |
| "BTD" | Breakthrough Therapy Designation |
| "CD4+" | cluster of differentiation antigen 4 |
| "CDE" | the Center for Drug Evaluation of the NMPA of China |
| "CG Code" | the Corporate Governance Code contained in Appendix C1 to the Listing Rules |
| "CHD" | Chronic hepatitis D |

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| "China" or "the PRC" | the People's Republic of China excluding, for the purposes of this annual report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |
| "CNS" | central nervous system, part of the nervous system consisting of the brain and spinal cord |
| "Company", "we", "us" or "Brii Bio" | Brii Biosciences Limited (騰盛博药生物科技有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange |
| "Director(s)" | director(s) of the Company |
| "EASL" | European Association for the Study of the Liver |
| "EFdA" | an NRTTI and an investigational drug for the treatment of HIV infection |
| "EMA" | the European Medicines Agency |
| "ENHANCE study" | a study to evaluate the efficacy and safety of combination therapy of BRII-179, elebsiran and PEG-IFNα in participants with chronic HBV infection |
| "ENSURE study" | a study to investigate the efficacy and safety of elebsiran and PEG-IFNα combination therapy in chronic HBV patients |
| "ENRICH study" | a study to investigate the efficacy and safety of regimens containing BRII-179, elebsiran, and PEG-IFNα treating chronic HBV infection |
| "EOT" | end-of-treatment |
| "ESG" | environmental, social and governance |
| "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 Company |
| "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 |
| "HBsAg" | hepatitis B surface antigen |

# DEFINITIONS

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|---|---|
| "HBV" | hepatitis B virus |
| "HDV" | hepatitis D virus |
| "HIV" | human immunodeficiency virus |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "HK$" or "HKD" | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| "HR" | human resources |
| "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 |
| "IP" | intellectual property |
| "IT" | information technology |
| "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 |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix C3 to the Listing Rules |
| "MDR/XDR" | multidrug-resistant/extensively drug-resistant |
| "NCE" | new chemical entity |
| "NDA" | new drug application |
| "NMPA" | the National Medical Products Administration |

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| "Nomination Committee" | the nomination committee of the Board |
| "NRTTI" | nucleoside analogue reverse transcriptase translocation inhibitor |
| "NTM" | nontuberculous mycobacteria |
| "PEG-IFNα" | pegylated interferon alfa |
| "PK" | pharmacokinetics |
| "Post-IPO Share Award Scheme" | the post-IPO Share award scheme adopted by the Company on June 22, 2021 |
| "Post-IPO Share Option Scheme" | the post-IPO share option scheme adopted by the Company on June 22, 2021 |
| "Pre-IPO Share Incentive Plan" | the pre-IPO share incentive plan approved and adopted by the Company on October 30, 2018 |
| "Prospectus" | the prospectus of the Company dated June 30, 2021 |
| "QIDP" | Qualified Infectious Disease Product |
| "Remuneration Committee" | the remuneration committee of the Board |
| "Reporting Period" | the year ended December 31, 2024 |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "RNA" | ribonucleic acid |
| "RSU(s)" | restricted stock unit(s) |
| "R&D" | research and development |
| "SFO" | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| "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) |

# DEFINITIONS

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|---|---|
| "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 |
| "United States" or "U.S." | 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 |
| "U.S. Holder" | a holder who, for U.S. federal income tax purposes, is a beneficial owner of our Shares and is: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (2) the trust has a valid election to be treated as a U.S. person under applicable U.S. Treasury Regulations |
| "U.S. IRS" | the Internal Revenue Service of U.S. |
| "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 Biotechnology" | 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. |