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

2021

Annual Report

CONTENTS

	Page
Company Profile	2
Corporate Information	4
Financial Summary	6
Chairman's Statement	7
Management Discussion and Analysis	9
Directors and Senior Management	31
Report of Directors	41
Corporate Governance Report	64
Environmental, Social and Governance Report	78
Independent Auditor's Report	138
Consolidated Statement of Profit or Loss and Other Comprehensive Income	143
Consolidated Statement of Financial Position	145
Consolidated Statement of Changes in Equity	147
Consolidated Statement of Cash Flows	148
Notes to Financial Statements	150
Definitions	217

COMPANY PROFILE

Brii Biosciences Limited is a biotechnology company committed to advancing solutions for significant infectious diseases and CNS diseases, with primary operations based in China and the United States. Since the Company's founding in 2017, we have taken steps to execute our strategy to become a fully integrated global biopharmaceutical company focused on the public health industry, with substantial research and development, business development and commercialization capabilities. We have built an in-house team with strong discovery and translational research capabilities and simultaneously established a pipeline of proprietary product candidates with global rights. The Company's dual-engine of internal discovery and external collaboration and partnering facilitates its nimble and multinational business model to develop effective therapies for patients.

Our infectious disease programs cover the treatment of HBV, HIV and MDR/XDR gram-negative infections which are currently in clinical trials, as well as the COVID-19 program, which has received a full BLA approval in China. For our CNS programs, we are currently exploring treatments for postpartum depression and prevention, as well as major depressive disorder, both of which pose significant public health burdens worldwide. Our pipeline spanning all phases of clinical development includes more than 10 innovative product candidates that focus on significant infectious diseases and mental illnesses.

Guided by our business strategy, we achieved major clinical development milestones during the Reporting Period.

Anchored on our unique combination therapy design based on RNA interference therapeutics, our primary goal of our HBV programs is to achieve HBV functional cure, of which our clinical development is the most advanced in China, the world's largest HBV market. We initiated a Phase 2 MRCT study combining a siRNA, BRII-835 (VIR-2218), and a recombinant therapeutic vaccine, BRII-179 (VBI-2601) administered on top of nucleos(t)ide analog therapy, in April 2021 and completed the enrollment of this study in February 2022 with interim data expected in second half of 2022. We and our partner, Vir, are also exploring other combinations in a number of clinical studies. We are leading the field of HBV functional cure development with a large number of innovative programs, our combination strategy, and our leading position in clinical studies.

In quick response to the urgent global needs that arose from the COVID-19 pandemic, we pivoted our expertise and research capabilities to assist in alleviating the health burden caused by COVID-19. In less than two years, we successfully navigated through the clinical development and regulatory approval process, demonstrating our team's superb R&D capability and efficiency. In December 2021, our internally discovered and developed novel amubarvimab/romlusevimab neutralizing antibody combination therapy received BLA approval by China NMPA for the treatment in adults and adolescent patients with mild and normal type of COVID-19 at high risk for progression to severe disease, including hospitalization or death. This approval was supported by the positive results from a randomized, double-blind and placebo-controlled global Phase 2/3 trial demonstrating a statistically significant 80% reduction of hospitalization and death. In March 2022, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Edition) for the treatment of COVID-19. Recently, we also announced a partnership with Sinopharm Group, a leading pharmaceutical distribution company in China, to advance stockpiling, channel distribution and regional access of our neutralizing antibodies.

During the Reporting Period, we have advanced our self-developed HIV programs and CNS program from pre-clinical stage to clinical trials. Currently, our BRII-778 and BRII-732 for HIV treatment are both in Phase 1 clinical study stage and data are expected to be presented in future scientific conferences in the second half of 2022. We developed BRII-296 for treatment and prevention of PPD, as well as MDD. The Phase 1 clinical study for BRII-296 is on-going and we plan to share data in the second half of 2022, which has great potential to become a better alternative to PPD and MDD patients. A new chemical entity BRII-297 is also under research for various depressive disorders.

Other than the aforementioned programs, we also hold the Greater China rights to therapeutic candidates for the treatment of MDR/XDR gram-negative infections, and programs for the treatment of TB mycobacteria and NTM. All of these programs are currently under clinical development by our partners, Qpex or AN2.

In addition to the progress made in our pipeline programs, on July 13, 2021, we were successfully listed on the Main Board of the Stock Exchange raising a total of approximately HK$2.788 billion (approximately RMB2.325 billion) in gross proceeds. Shortly thereafter on December 6, 2021, we were added to the Hong Kong Stock Connect, which allows eligible mainland China investors to trade the Company's shares directly and improve the Company's capital markets visibility with added stock liquidity.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Dr. Zhi Hong *(Chairman and CEO)*
Mr. Yongqing Luo

Non-executive Directors
Mr. Robert Taylor Nelsen
Dr. Axel Bouchon

Independent non-executive Directors
Dr. Martin J Murphy Jr
Ms. Grace Hui Tang
Mr. Yiu Wa Alec Tsui
Mr. Gregg Huber Alton

AUDIT COMMITTEE

Ms. Grace Hui Tang *(Chairlady)*
Dr. Martin J Murphy Jr
Mr. Yiu Wa Alec Tsui

REMUNERATION COMMITTEE

Dr. Martin J Murphy Jr *(Chairman)*
Ms. Grace Hui Tang
Mr. Yiu Wa Alec Tsui

NOMINATION COMMITTEE

Dr. Zhi Hong *(Chairman)*
Dr. Martin J Murphy Jr
Mr. Yiu Wa Alec Tsui

STRATEGY COMMITTEE

Dr. Zhi Hong *(Chairman)*
Mr. Robert Taylor Nelsen
Dr. Axel Bouchon
Mr. Gregg Huber Alton

JOINT COMPANY SECRETARIES

Dr. Ankang Li
Ms. Wing Tsz Wendy Ho

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)
Dr. Ankang Li
Ms. Wing Tsz Wendy Ho

LEGAL ADVISERS

As to Hong Kong law:
O'Melveny & Myers

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

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Zhongguancun Dongsheng
International Science Park
No. 1 North Yongtaizhuang Road
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Durham, NC 27701
United States of America

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
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

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.briibio.com

STOCK CODE

2137

LISTING DATE

July 13, 2021

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last three 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

	For the year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Other income	20,339	84,625	99,032
Other gains and losses, net	8,440	(21,993)	45,062
Research and development expenses	(83,785)	(875,795)	(494,615)
Administrative expenses	(63,334)	(103,396)	(208,404)
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	(401,575)	(350,372)	(3,598,847)
Finance costs	(1,113)	(1,668)	(1,175)
Listing expenses	–	(14,911)	(32,137)
Loss before tax	(521,028)	(1,283,510)	(4,191,084)
Income tax expense	–	–	–
Loss for the year	(521,028)	(1,283,510)	(4,191,084)
Total comprehensive expense for the year	(535,346)	(1,173,148)	(4,248,951)

Financial position

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Non-current assets	153,967	175,102	197,758
Current assets	885,457	1,092,842	3,413,941
Total assets	1,039,424	1,267,944	3,611,699
Non-current liabilities	1,590,301	2,435,411	19,730
Current liabilities	61,884	575,235	280,713
Total liabilities	1,652,185	3,010,646	300,443
Net (liabilities) assets	(612,761)	(1,742,702)	3,311,256

Note: The results of 2019 and 2020 are extracted from the Prospectus.

Dear Shareholders,

The year 2021 is a remarkable year for Brii Biosciences Limited and I would like to express my gratitude to your trust and support. We made substantial achievements, in line with our mission to be the best public health-inspired biotech company and dedicated to tackle some of the world's greatest health challenges with breakthrough innovation and insight. During the year, we received our first BLA approval and were listed on the Stock Exchange, leading the Company to a new chapter.

Less than four years ago we launched the Company and mostly aimed to address huge infectious disease burdens and mental illnesses which are subject to social stigma. But these goals cannot be accomplished by one organization alone. Partnerships with investors, governments and the society are needed to truly deliver necessary support and innovation to those in need. We made significant progress in 2021 to bring us closer to reaching these goals and look forward to further advancing our mission in 2022.

In early 2021 prior to our IPO, we completed a series C financing and moved our key program HBV functional cure forward into combination studies in APAC and China. With the support of our Shareholders and partners, as well as the promise of transformational therapeutic options, we completed our listing on the Stock Exchange in July 2021, raising nearly HK$2.8 billion (approximately RMB2.3 billion).

In light of our research and development progress and given that the world continuously faced resurgences in COVID-19 with the Delta and Omicron variants, we relentlessly advanced our COVID-19 antibody combination therapy from the clinical study to regulatory submission. We are honored to be the first company in China to successfully develop and gain approval of BLA for a COVID-19 treatment in December 2021. An EUA submission is also submitted to US FDA in parallel and is under review. Our quick response to the COVID-19 pandemic and accelerated development progress rely on our in-depth expertise in infectious disease and keen business acumen, which reflected the solid research and development capabilities of the Company.

Apart from COVID-19, our overarching business strategy is set on our long-term goals to address increasingly prevalent infectious and CNS diseases. First among these and the most important for China is chronic HBV, where we are the leader in the race to identify a functional cure. As China has the world's largest HBV patient population, our China team's top priority is searching for a functional cure of HBV, which has led various combinations in Phase 2 clinical stage right now. With collaboration with our partner VBI and Vir, we expect data readout from numbers of ongoing clinical trials in 2022 which would provide more insight.

Moreover, postpartum depression is another example how we are leading the industry in searching for a truly transformational therapy for women who suffer from this mental illness, and who unfortunately lack support or understanding from those around them. The current standard of care is simply inadequate, and awareness of the disease is insufficient and further exacerbated by the gaps in our health system and treatment options. Our US team has led the effort to advance our Phase 1 clinical trial for our proprietary drug candidate BRII-296 in women who are diagnosed with PPD.

CHAIRMAN'S STATEMENT

Our aforementioned achievements are also gaining traction in the capital markets with our addition to eight Hang-Seng indices and the Hong Kong Connect Exchange in the fourth quarter of 2021, which raised our visibility and increased our liquidity. We are also honored to have received over ten awards from various prestigious media, financial and industry outlets that highlight our accomplishments in 2021.

The year 2021 is our first year to publish ESG report. We officially stepped into the patient advocacy space in 2021, incorporating it across our global work. Our patient-centric plan involving advocates in our drug discovery and development made great progress in 2021 and will be deliverable this year. Committed to public health, we continue to strengthen our research and development, clinical development and collaboration, to deliver innovative, affordable, and accessible medicines around the world.

In 2022, we strive to do more. 2022 will be an exciting year for our pipeline in which clinical development updates and regulatory progress are expected for our HBV, HIV, MDR/XDR and CNS programs. Meanwhile, we will keep advancing the commercialization of our COVID-19 program in collaboration with various stakeholders. Besides, we will seek new business development opportunities to maintain a dynamic product portfolio for sustainable development. Furthermore, we also see a remarkable opportunity to tap into patients' insights while creating our medicines. Following our patient-centric values, we are embarking on a new investment into patient advocacy to establish relationships, share knowledge and ultimately guide us in our clinical development endeavors to better serve patients in need of innovative medicines. With all these efforts, we believe the Company will keep sustainable and organic growth to get closer to our goals step by step.

Dr. Zhi Hong
Executive Director, Chairman of the Board, and CEO

OVERVIEW

We are a biotechnology company committed to advancing therapies for significant infectious diseases and CNS diseases, with primary operations based in China and the United States. Our infectious disease programs are currently in clinical trials for the treatment of HBV, COVID-19, HIV and MDR/XDR gram-negative infections. For our CNS programs, we are currently exploring treatments for postpartum depression and prevention, as well as major depressive disorder, both of which pose significant public health burdens worldwide. Our pipeline spanning all phases of clinical development includes more than 10 innovative product candidates that focus on significant infectious diseases and mental illnesses.

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

Since our inception in 2017, and under the leadership of our experienced management team with a track record of successfully developing and commercializing products across different geographies, we have built a pipeline of more than 10 innovative product candidates that focus on infectious diseases and mental illnesses, which are primarily in clinical stages.

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

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

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

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

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

- Advance BRII-179 (VBI-2601) and BRII-835 (VIR-2218) combination (therapeutic vaccine and siRNA combination therapy) and BRII-179 (VBI-2601) with PEG-IFN-α (therapeutic vaccine in HBV patients receiving PEG-IFN-α and NRTI treatment) to provide functional cures for HBV infection in the Greater China;
- Advance our PPD/MDD program to treat considerable unmet needs in the fast-growing depression market;
- Ensure sufficient supply of amubarvimab/romlusevimab antibodies for commercialization, gain EUA approval in the United States, and secure authorizations for use in other countries;
- Expand our pipeline through in-house discovery and additional licensing options. Explore business development opportunities that expedite global regulatory approval by in-licensing therapies for use in China and out-licensing internally discovered therapeutic candidates for use in international markets; and
- Continue to expand our organization in China and the United States to support our developing business and establish a global patient-centric/people strategy built on a strong cultural foundation that lives through our mission to tackle the world's biggest challenges in public health.

Pipeline Summary

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

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

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

Indication	Program	Preclinical	IND	Phase 1	Phase 2	Phase 3	NDA/BLA	Regulatory Authority	Brii Rights	Partners
Infectious Disease Programs										
Hepatitis B	BRII-179 (VBI-2601)/PEG-IFN-α +Nrtl Combination							NMPA	Greater China	VBI
	BRII-179/BRII-835 (VIR-2218) Combination							NMPA	Greater China	VBI VIR
COVID-19	Amubarvimab/romlusevimab Combination[1] (previously referred to as BRII-196/BRII-198)					China BLA approved		NMPA/FDA	Global	
						US EUA submitted				
HIV infection	BRII-778							FDA	Global	Internally discovered
	BRII-732[2]							FDA	Global	Internally discovered
MDR/XDR gram-negative infections	BRII-636[3] (QPX-7728)							FDA	Greater China	Qpex
	BRII-672[3] (QPX-7831)							FDA	Greater China	Qpex
	BRII-693[3] (QPX-9003)							FDA	Greater China	Qpex
MDR/XDR TB Mycobacteria	BRII-658[3] (AN2-501971)							FDA	Greater China	AN2Therapeutics
Central Nervous System Disease Programs										
PPD	BRII-296							FDA	Global	Internally discovered
PPD prevention	BRII-296							FDA	Global	Internally discovered
Depressive disorder	BRII-297							FDA	Global	Internally discovered

Source: Company information.

Notes:

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

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

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

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

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

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

- BRII-179 (VBI-2601) and BRII-835 (VIR-2218) for the development of a functional cure for HBV;
- BRII-636, BRII-672 and BRII-693 for the treatment of MDR/XDR gram-negative infections; and
- BRII-658 for the treatment of MDR/XDR tuberculosis and NTM.

BUSINESS REVIEW

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

Our Product Candidates

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

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

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

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

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

- We initiated a Phase 2 BRII-179 (VBI-2601)/BRII-835 (VIR-2218) combination MRCT study as the first to evaluate the combination of these two HBV mechanisms of action and began dosing patients in South Korea in August 2021.
- In November 2021, enrollment was completed in the main phase of the Phase 2 study. All 50 patients from New Zealand, Australia, Singapore, Hong Kong, Taiwan, South Korea and Thailand were dosed with BRII-835 (VIR-2218)/BRII-179 (VBI-2601). Enrollment to the second part of the Phase 2 combination study was triggered and additional floater patients had been enrolled and dosed by the end of 2021.
- In February 2022, we completed the enrollment of the additional floater patients from the Asia-Pacific region and enrolled 90 patients in total for our Phase 2 combination study for BRII-179 (VBI-2601)/BRII-835 (VIR-2218).

Next Achievements and Upcoming Milestones

- Interim data readout for the MRCT Phase 2 combination study of BRII-179 (VBI-2601)/BRII-835 (VIR-2218) is expected by the end of 2022.
- If positive results are achieved in the combination study, we plan to submit an application to initiate a pivotal study in 2023.

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

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

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

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

Next Achievements and Upcoming Milestones

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

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

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

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

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

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

- Refer to Vir's Annual Report on Form 10-K filed with the US Securities Exchange Commission on February 28, 2022, Vir presented new data evaluating the potential for BRII-835 (VIR-2218) to achieve a functional cure for HBV in November 2021.
- In December 2021, we finished Phase 2 study evaluating the safety and antiviral activity of two monthly doses of BRII-835 (VIR-2218) in patients with chronic HBV infection.

- On March 30, 2022, the safety and antiviral activity findings of the Phase 2 BRII-835 (VIR-2218) administered on top of nucleos(t)ide analog therapy study conducted in China were presented during the 2022 Asian Pacific Association for the Study of the Liver conference. HBsAg reductions were observed in Chinese patients with chronic HBV infection who received two doses of BRII-835 (VIR-2218), which was well-tolerated, with all treatment emergent adverse events reported as mild or moderate, and no clinically significant alanine transaminase elevations were observed. Similar HBsAg reductions were observed in both HBeAg-negative and HBeAg-positive patients.

Next Achievements and Upcoming Milestones

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

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

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

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

Next Achievements and Upcoming Milestones

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

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

COVID-19 Program (discovered in collaboration with Tsinghua University and the Third People's Hospital of Shenzhen through our subsidiary TSB Therapeutics)

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

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

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

- From July 2021, following the resurgence of COVID-19 caused by the Delta variant, we quickly responded to requests from government agencies and hospitals in China for the emergency use of our neutralizing antibodies in COVID-19 patients in Guangdong, Yunnan, Jiangsu, Hunan, Henan, Fujian, Ningxia, Gansu, Inner Mongolia, Heilongjiang, Qinghai, Guizhou and Liaoning.
- In August 2021, we announced the completion of the Phase 3 ACTIV-2 trial. Shortly thereafter, following review by Data and Safety Monitoring Board, we reported positive interim data demonstrating statistically significant reduction of 78% in the combined endpoint of hospitalization and death, compared with placebo, in 837 non-hospitalized COVID-19 patients at high risk of clinical progression. Additional subgroup analysis may further delineate the clinical benefits of early (≤5 days) versus late (6-10 days) treatment with BRII-196/BRII-198 following symptom onset, providing unique insight to inform real-world treatment decisions. In total, 846 participants were treated at sites in the United States, Brazil, South Africa, Mexico and Argentina. Data on the clinical efficacy of the combination BRII-196/BRII-198 by variant type will be evaluated as part of the study analysis.
- In September 2021, we announced to dedicate an additional US$100 million toward global regulatory filings and commercial efforts for amubarvimab/romlusevimab.
- In October 2021, we announced to present additional Phase 3 data at Infectious Disease Week 2021. Shortly thereafter, we initiated a rolling EUA filing submission to the US FDA. The Phase 3 data demonstrated that the amubarvimab/romlusevimab treatment reduced the risk of hospitalization and death over placebo by 78% in 837 outpatients at high risk of clinical progression. Grade 3 or higher adverse events were less common in the BRII-196/BRII-198 treatment arm versus placebo arm (3.8% (16/418) in the BRII-196/BRII-198 treatment arm versus 13.4% (56/419) in the placebo arm), with no drug-related severe adverse events or infusion reactions observed.
- In December 2021, we received BLA approval from the NMPA for amubarvimab/romlusevimab, treating adults and certain adolescent patients with mild- and normal-type COVID-19 who are at high risk of progression to severe disease. The indication of adolescent patients (age 12-17 weighing at least 40 kg) is under a conditional approval. The NMPA approval is based on positive final results from the NIH-sponsored ACTIV-2 Phase 3 clinical trial with 847 enrolled outpatients. The final results demonstrated a statistically significant reduction, 80% of hospitalization and death through 28 days in the treatment arm (0) relative to placebo (9), and improved safety outcome over placebo in non-hospitalized COVID-19 patients at high risk of clinical progression to severe disease.
- In January 2022, data from *in vitro* pseudovirus demonstrated that our amubarvimab/romlusevimab combination therapy retained neutralizing activity against Omicron SARS-CoV-2 variant, adding to its proven neutralizing activity against other variants of concern such as Delta and Delta Plus. We believe that our antibody therapy remains active against the Omicron variant given our high dose and that IV dosing provides antibody exposure in much excess.

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

Next Achievements and Upcoming Milestones

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

HIV Program (internally discovered)

We are developing BRII-778 and BRII-732 as a once-weekly single-tablet combination therapy that will offer a more discreet, convenient and non-invasive maintenance therapy for HIV patients.

BRII-778: BRII-778 is an extended-release formulation of an US FDA-approved NNRTI, Edurant (rilpivirine hydrochloride). Edurant, an instant-release formulation of rilpivirine, has exhibited antiviral activity against a broad panel of HIV's most common strains. BRII-778, like all NNRTIs, binds to the NNRTI binding site which is a flexible allosteric pocket located at a site adjacent to the deoxyribonucleic acid polymerizing processing site, resulting in conformational changes and altered function of reverse transcriptase.

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

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

Next Achievements and Upcoming Milestones

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

BRII-732: BRII-732 is a new chemical entity that is metabolized upon oral administration into EFdA or islatravir. EFdA functions not only as a potent chain-terminator like other NRTIs, but also as a potent HIV reverse transcriptase translocation inhibitor, with high binding affinity to the active site of RT, that inhibits HIV reverse transcriptase by blocking translocation of nascently synthesized strand for the next nucleotide incorporation.

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

- In March 2021, we submitted an IND application with the US FDA to initiate a Phase 1 study with BRII-732 in the United States.
- In April 2021, we received clearance from the US FDA, and in May 2021 we began dosing subjects.
- In December 2021, the US FDA placed a temporary hold on all islatravir-based clinical trials sponsored by Merck due to a decline in CD4 cell count in some subjects.
- BRII-732 is a prodrug of islatravir and was also placed on clinical hold by the US FDA out of abundance of caution and pending additional safety evaluations. The last multiple ascending dose cohort had not yet dosed and is no longer needed.

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

Next Achievements and Upcoming Milestones

- Our Phase 1 SAD/MAD study for BRII-732 is completed and BRII-732 is well tolerated without any CD4 cell count decrease observed. Data readout will be presented at a future scientific conference in the second half of 2022.
- We plan to meet with the US FDA to discuss our plan to further investigate and develop BRII-732. Our aim is to lift the clinical hold in the second half of 2022 and proceed with development of our once-weekly oral combination of BRII-732 and BRII-778.

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

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

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

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

- Phase 1 study for BRII-296 is ongoing in the US and is planned to be completed in the second half of 2022.
- Based on the initial human PK data, we are planning to discuss with the US FDA and investigate in patients with severe PPD or at high risk of developing PPD in 2022. Currently, there is no approved therapy to prevent PPD, we believe BRII-296 has the potential to change the paradigm of PPD treatment and prevention.

Next Achievements and Upcoming Milestones

- The Phase 1 data readout of BRII-296 will be presented at a scientific conference in the second half of 2022.

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

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

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

Next Achievements and Upcoming Milestones

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

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

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

BRII-636 (BLI of OMNIvance®): BRII-636 is a novel cyclic boronic acid derived broad-spectrum inhibitor designed to cover all major SBLs and MBLs to restore the bacterial activity of multiple carbapenems and cephalosporins. It is administered by IV to deliver BRII-636 into the bloodstream.

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

- Qpex progressed its ongoing Phase 1 clinical study and completed enrollment in eight cohorts out of the 10-cohorts study design by the end of 2021 under its US IND approval.
- In early 2022, Qpex announced that BRII-636 (INN: xeruborbactam) received QIDP designation by the US FDA.
- Qpex has completed the Phase 1 clinical study of subject enrollment in February 2022.

Next Achievements and Upcoming Milestones

- Pharmacokinetic results from the single dose studies of xeruborbactam will be presented at the ECCMID meeting in April 2022. Data readout of the Phase 1 clinical study of BRII-636 is expected to be presented in the second half of 2022 at a scientific conference.
- We will submit an IND application to China's NMPA in due course, in line with the goal of participating in Qpex's global Phase 3 study.

BRII-672 (BLI of ORAvance™): BRII-672 is a prodrug of BRII-636 that can be administered orally to deliver BRII-636 into the bloodstream. These agents were discovered by our partner Qpex as part of their expertise in BLIs, using the boron atom as a part of pharmacophore.

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

- In February 2021, Qpex submitted a Phase 1 clinical trial IND application with the US FDA for BRII-672 (ORAvance™). The filing was approved by the US FDA in April 2021. The Phase 1 clinical study is under the subject enrollment process in the United States and Australia.
- In early 2022, Qpex announced that BRII-672 received QIDP designation by the US FDA.

Next Achievements and Upcoming Milestones

- The Phase 1 initial data readout is expected to be presented at a scientific conference in the second half of 2023.
- We will submit an IND application with China's NMPA in due course, in line with the goal of participating in Qpex's global Phase 3 study.

BRII-693 (QPX-9003): BRII-693 is a next generation synthetic polymyxin, which has emerged as a development candidate based on a combination of increased in vitro and in vivo potency, and an improved safety profile. BRII-693 has the potential to represent a significant advancement in the polymyxin class of hospital (IV) antibiotics.

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

- In March 2021, Qpex submitted an IND application with the US FDA for a Phase 1 study of BRII-693 in the United States. The study commenced enrollment in June 2021.
- In early 2022, Qpex announced that BRII-693 received QIDP designation by the US FDA.
- Our partner Qpex is currently conducting a Phase 1 clinical study in the United States, which is under the subject enrollment process.

Next Achievements and Upcoming Milestones

- Pharmacokinetic results from the single dose studies of QPX9003 will be presented at the ECCMID meeting in April 2022. The data readout is expected to be presented at a scientific conference in the second half of 2022.
- We will file an IND application with China's NMPA in due course, in line with the goal of participating in Qpex's global Phase 3 study.

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

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

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

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

- Our partner AN2 is developing epetraborole as a once-daily, orally administered treatment for patients with chronic NTM lung disease, with an initial focus on treatment of refractory MAC lung disease.
- In February 2022, our partner AN2 reported data from a Phase 1b dose-ranging study of oral epetraborole where it demonstrated a predictable PK profile that supports continued development of oral, once-daily dosing.

Next Achievements and Upcoming Milestones

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

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

- On July 13, 2021, we successfully listed on the Main Board of the Stock Exchange. We issued 111,580,000 Shares globally at a final offer price of HK$22.25 per Share, raising approximately HK$2.788 billion (approximately RMB2.325 billion) in gross proceeds with a partial exercise of the over-allotment option in the amount of 13,753,000 Shares.
- In the fourth quarter of 2021, we were added to the Hong Kong Stock Connect and included in the following indexes:
  - Hang Seng Composite Index
  - Hang Seng Large-Mid Cap (Investable) Index
  - Hang Seng Stock Connect Hong Kong Index
  - Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index
  - Hang Seng SCHK Mainland China Companies Index
  - Hang Seng SCHK ex-AH Companies Index
  - Hang Seng Hong Kong-Listed Biotech Index
  - Hang Seng Healthcare Index
- With the ability to help people around the world afflicted by debilitating and life-threatening diseases, we are committed to addressing the toughest public health challenges through ground-breaking innovation and insights, as well as enhancing the accessibility of innovative medicines. Our commitment to effective operation in compliance permeates all aspects of management. We are committed to establishing high-quality corporate governance as a focus of our Company's development by improving our corporate governance structure, enhancing supply chain management and stakeholder communication, ensuring information transparency, and strengthening the protection of data and property rights, so as to promote continued sustainable corporate growth. We have already stepped into the patient advocacy space in 2021 and incorporated patient advocacy in all aspects of our work of helping global patients. Our patient centricity plan to properly involve advocates in our drug development and discovery process has made great progress in 2021 and will be delivered in 2022. In response to the Net Zero commitments from both the US and China, we pay more attention to environmental protection and adhere to the concept of green business. We have identified and assessed our climate change risks, and prepared response measures accordingly. Talents are the cornerstone of our business. We attract and empower the best talents, while offering various opportunities for our employees to improve skills and fulfill their ambitions. For more information on how we are working to make the world and our Company a better place, please see the section headed "Environmental, Social and Governance Report" of this annual report.

- We have been broadly recognized by various industry authorities and corporate channels for our accomplishments in advancing therapeutic from discovery through clinical development and to commercialization, as well as our achievements as a newly listed company. In acknowledgement of our achievements in 2021, we were the proud recipients of the following awards:
  - R&D Achievement of the Year 2021 by Biocentury-Bayhelix
  - Bio-innovative Drug Most Growth in 2021 by eMedClub
  - Best IPO of the Year 2021 by PharmaDJ & Clinical Trial
  - Listed Company with the Most Growth Potential in 2021 by Xueqiu
  - Guru Club's Greater China Best Listed Company Awards 2021: Most Valuable IPO of the Year and Most Social Responsibility
  - IR Magazine's 2021 Best IR Practice in the Greater China
  - SINA Finance's Best CFO of Hong Kong and US Listed Companies in 2021, and Best New Economy Listed Company Performance in 2021
  - IRSC's Best Capital Market Communication in 2021
  - Zhitongcaijing's Best IR of the Year 2021 and Best Golden Hong Kong Stocks in 2021
  - China Times's Industry Leader of the Year 2021 – our chief executive officer Dr. Zhi Hong

Research and Development

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

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

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

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

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

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

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

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

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

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

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

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

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

Future Development

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

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

- Advance BRII-179 (VBI-2601) and BRII-835 (VIR-2218) combination (therapeutic vaccine and siRNA combination therapy designed) and BRII-179 (VBI-2601) with PEG-IFN-α (therapeutic vaccine in HBV patients receiving PEG-IFN-α and NRTI treatment) to provide functional cures for HBV infection in the Greater China;
- Advance our PPD/MDD program to treat considerable unmet needs in the fast-growing depression market;
- Ensure sufficient supply of amubarvimab/romlusevimab antibodies for commercialization, gain EUA approval in the United States, and secure authorizations for use in other countries;
- Expand our pipeline through in-house discovery and additional licensing options. Explore business development opportunities that expedite global regulatory approval by in-licensing therapies for use in China and out-licensing internally discovered therapeutic candidates for use in international markets; and
- Continue to expand our organization in China and the United States to support our developing business and establish a global patient-centric/people strategy built on a strong cultural foundation that lives through our mission to tackle the world's biggest challenges in public health.

Commercialization

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

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

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

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

FINANCIAL REVIEW

1. Other income

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

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

2. Other gains and losses

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

3. Fair value loss on financial liabilities at FVTPL

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

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

4. R&D expenses

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

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

5. Administrative expenses

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

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

6. Listing expenses

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

7. Liquidity and capital resources

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

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

8. Non-IFRS measures

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

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes of the conversion feature of preferred shares (financial liabilities measured at fair value through profit or loss), share-based compensation expenses and listing expenses. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the IFRS. The presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, we believe that this and other non-IFRS measures are reflections of our normal operating results by eliminating potential impacts of items that the management 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,	
	2021	2020
	RMB'000	RMB'000
Loss for the year	(4,191,084)	(1,283,510)
Added:		
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	3,598,847	350,372
Share-based compensation expenses	79,370	29,483
Listing expenses	32,137	14,911
Adjusted loss for the year	(480,730)	(888,744)

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

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

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

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

9. Key financial ratios

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

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

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

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

10. 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 closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at December 31, 2021, the Group's restricted bank deposits, time deposits with original maturity over three months and bank balances and cash were denominated as to 45.5% in US dollars, 36.1% in Hong Kong dollars, and 18.4% in RMB.

11. Employees and remuneration

As at December 31, 2021, we had a total of 113 employees. The following table sets forth the total number of employees by function as of December 31, 2021:

Function	Number of employees	% of total
Research and development	71	63%
Administration	42	37%
Total	113	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. Please refer to the paragraphs headed "Share Incentive Schemes" in this annual report for further details.

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

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

The total remuneration cost incurred by the Group for the year ended December 31, 2021 was RMB263.8 million, as compared to RMB116.8 million for the year ended December 31, 2020.

12. Indebtedness

Borrowings

As at December 31, 2021, 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 as of December 31, 2021.

Contingent liabilities

As at December 31, 2021, 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, 2021, the Group had lease liabilities of RMB21.6 million recognized under IFRS 16.

13. Significant investments, material acquisitions and disposals

As at December 31, 2021, we did not hold any significant investments. For the year ended December 31, 2021, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

14. Charge on the Group's assets

As at December 31, 2021, none of the Group's assets were charged with any parties or financial institutions (as at December 31, 2020: nil).

15. Treasury policy

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

DIRECTORS

Executive Directors

Dr. Zhi HONG, aged 58, 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 the chairmen of the Nomination Committee and the Strategy Committee since July 13, 2021. Since January 2018, he has been serving as a director and chief executive officer of Brii Biosciences. 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. (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., 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.

Mr. Yongqing LUO (羅永慶), aged 52, was appointed as an executive Director on March 30, 2021. He has been serving as the president and general manager of Greater China of the Company since September 11, 2020 and he was appointed as chief executive officer of a subsidiary of the Company, TSB Therapeutics since December 2021.

Mr. Luo has more than 25 years of experience in healthcare industry. Prior to joining the Group, he was the global vice president and general manager of China of Gilead Sciences Shanghai Pharmaceutical Technology Co., Ltd., a biopharmaceutical company, from September 2016 to September 2020, during which he built Gilead Sciences, Inc.'s presence in China from beginning as an early employee in China. He led the development, regulatory review and launch of eight innovative products, gaining rapid access across China. He also led the team and established a unique business model encompassing science, commercialization and patient access. He was the vice president of Shanghai Roche Pharmaceuticals Ltd., a pharmaceuticals company, and he was responsible for pioneering novel strategies for patient access to oncology therapies from August 2012 to August 2016. He was the Head of Great China Pharmaceutical Organization Beijing Headquarters at Novartis from June 2009 to August 2012, and the associate brand director of the Novartis global headquarter in Switzerland from September 2007 to June 2009.

Mr. Luo received his medical education from Xiangya School of Medicine, Central-South University, in China and graduated in July 1992, and then served for three years as a surgeon at St. Luke's Hospital, Shanghai, from July 1992 to July 1995. He obtained an Executive Master of Business Administration from China Europe International Business School in China in September 2006.

Non-executive Directors

Mr. Robert Taylor NELSEN, aged 58, was appointed as a Director on June 22, 2018 and re-designated as a non-executive Director on March 24, 2021. He has been a member of the Strategy Committee since July 13, 2021. Since November 2018, February 2019 and February 2019, he has been serving as a director of Brii HK, Brii Shanghai and Brii Beijing, respectively.

Since 1994, Mr. Nelsen has been serving as a co-founder and managing director of ARCH Venture Partners, a venture capital firm focused on early-stage technology companies, and he has played a significant role in the early sourcing, financing and development of more than 30 biopharmaceutical companies. In addition, he has been serving as a board director of Karuna Therapeutics Inc. (a biopharmaceutical company) (stock code: KRTX) since August 2018, Beam Therapeutics Inc. (a biotechnology company) (stock code: BEAM) since June 2017, Vir Biotechnology, Inc. (a clinical-stage immunology company) (stock code: VIR) since January 2017, Denali Therapeutics, Inc. (a biopharmaceutical company) (stock code: DNLI) since May 2015, and Unity Biotechnology, Inc. (a biotechnology company) (stock code: UBX) since November 2011, all of which are companies listed on NASDAQ stock market in the United States. Mr. Nelsen has also been serving as a non-executive director, the chairman of the board, the chairman of nomination committee and a member of strategy committee of Hua Medicine (a company listed on the Stock Exchange (stock code: 2552) which is principally engaged in the development of a global first-in-class oral drug for the treatment of diabetes) since May 2018.

Mr. Nelsen previously served as a director of Sienna Biopharmaceuticals, Inc. (a clinical-stage biopharmaceutical company) (stock code: SNNA) from August 2015 to October 2018, Bellerophon Therapeutics, Inc. (a clinical-stage biotherapeutics company) (stock code: BLPH) from February 2014 to November 2015, Sage Therapeutics, Inc. (a biopharmaceutical company) (stock code: SAGE) from September 2013 to March 2016, Juno Therapeutics, Inc. (a biopharmaceutical company) (stock code: JUNO) from August 2013 to March 2018, Syros Pharmaceuticals, Inc. (a biopharmaceutical company) (stock code: SYRS) August 2012 to June 2018, Agios Pharmaceuticals Inc. (a pharmaceutical company) (stock code: AGIO) from December 2007 to June 2017, Fate Therapeutics, Inc. (a clinical-stage biopharmaceutical company) (stock code: FATE) from September 2007 to June 2014, KYTHERA Biopharmaceuticals, Inc. (a biopharmaceutical company) (stock code: KYTH) from January 2006 to December 2014, NeurogesX, Inc. (a biopharmaceutical company) (stock code: NGSX) from July 2000 to July 2013, Illumina, Inc. (a biotechnology company) (stock code: ILMN) from June 1998 to August 2006, and Adolor Corporation (a biopharmaceutical company) (stock code: ADLR) from November 1994 to May 2004, all of which are companies listed on NASDAQ stock market in the United States. As a board member, he would generally attend board meetings to provide guidance to company strategy and discuss pertinent issues such as fundraising, recruiting, R&D and status of clinical programs. Subsequent to June 29, 2012, NGSX shares were quoted on the Over the Counter Bulletin Board in the United States. He also previously served as a trustee of Fred Hutchinson Cancer Research Center.

Mr. Nelsen obtained his Bachelor of Science with majors in Economics and Biology from the University of Puget Sound in the United States in June 1985 and a Master of Business Administration from the University of Chicago in the United States in June 1987.

Dr. Axel BOUCHON, aged 49, was appointed as a non-executive Director on June 22, 2021. Mr. Bouchon has been a member of the Strategy Committee since July 13, 2021.

Dr. Bouchon has served as the chairman of BrainLuxury Inc, a consumer company engaged in the nutritional supplements business in the United States, since January 2021; chairman of Brain Games Corporation, a consumer company engaged in the neurotechnology business in the United States, since January 2020; and Geschäftsführer (chief executive officer) of AMLOne UG (limited liability), an investment and consulting company in Germany, since its founding in July 2016.

From January 2015 to June 2019, he was at Bayer AG, a company specializing in pharmaceutical, consumer health and agricultural products listed on the German Stock Exchange (stock code: BAYRY). He was the Head of Leaps by Bayer (former Bayer Lifescience Center). Between November 2013 and December 2014, he was Serial CEO of Moderna Ventures and a member of the Moderna Therapeutics, Inc. Executive Committee. Moderna Therapeutics, Inc. is a pharmaceutical and biotechnology company listed on the NASDAQ Stock Exchange in the United States (stock code: MRNA). He is a part-time consultant to ARCH Venture Partners.

Dr. Bouchon obtained his diploma in Biochemistry, and a Doctor of Natural Sciences from Eberhard Karls University of Tübingen in Germany in November 1998 and July 2002 respectively.

Independent Non-executive Directors

Dr. Martin J MURPHY JR, aged 79, was appointed an independent non-executive Director on June 22, 2021 (with effect from the Listing Date). Dr. Murphy Jr has been the chairman of the Remuneration Committee and members of the Audit Committee and the Nomination Committee since July 13, 2021.

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 62, was appointed an independent non-executive Director on June 22, 2021 (with effect from the Listing Date). Ms. Tang has been the chairlady of the Audit Committee and a member of the Remuneration Committee since July 13, 2021.

Ms. Tang has been serving as a director and member of audit committee of Textainer Group Holdings Limited, a container leasing company listed on the New York stock market in the United States (stock code: TGH) since July 2020. She has been serving as a professor and interviewer of Peking University's Guanghua School of Management, and she is responsible for teaching graduate accounting program and interviewing MBA candidates since September 2018.

Ms. Tang held several positions in China, Hong Kong and US Silicon Valley offices in PricewaterhouseCoopers, an accounting firm, from March 1990 to June 2020 and her last position therein was partner in the assurance department in China office and she was responsible for overseeing audit work.

Ms. Tang obtained her Bachelor of Science with majors in Accounting from the University of Utah in the United States in June 1982 and a Master of Business from Utah State University in the United States in June 1984.

Ms. Tang has been a certified public accountant of the California Board of Accountancy of the United States since December 1993. She has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 1995. She has been a fellow of the Hong Kong Institute of Certified Public Accountants since March 2003.

Mr. Yiu Wa Alec TSUI (徐耀華), aged 72, was appointed as an independent non-executive Director on June 22, 2021 (with effect from the Listing Date). Mr. Tsui has been members of the Audit Committee, the Remuneration Committee and the Nomination Committee since July 13, 2021. Mr. Tsui has over 40 years of experience in finance and administration, corporate and strategic planning, information technology and human resources management.

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

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

Mr. Tsui was the chairman and director of WAG Worldsec Corporate Finance Limited, a private professional consulting services and financial solutions company, and he was responsible for setting the strategic direction of the company, the supervision of regulatory activities licensed under the SFC and the day-to-day management of the company from November 2003 to February 2017. He was the chief executive of WAG Financial Services Group Limited, a financial service company, and he was responsible for setting the strategic direction of the company, the supervision of regulatory activities licensed under the SFC and the day-to-day management of the company from April 2001 to November 2006. He was also the chairman of Hong Kong Securities Institute from December 2001 to December 2004. He was the consultant of the Shenzhen Stock Exchange from July 2001 to June 2002. He joined the Stock Exchange as the executive director of the finance and operations services division in January 1994 and served various positions in the Stock Exchange, including the chief executive of the Stock Exchange from February 1997 to August 2000 and the chief operating officer of Hong Kong Exchanges and Clearing Limited from March 2000 to August 2000. Before that, he held several positions in the SFC since January 1989, including the general manager of the finance and information technology department. He held several positions in China Light & Power Co., Ltd. (currently known as CLP Power Hong Kong Limited, a wholly-owned subsidiary of CLP Holdings Limited which is listed on the Stock Exchange (stock code: 2)) from May 1980 to December 1988 and his last position therein was manager of the financial planning and analysis department. He was an analyst of Arthur Andersen & Co., an accounting firm, from October 1976 to May 1979.

Mr. Tsui was admitted as a member of the Hong Kong Securities and Investment Institute in November 1998 and became the senior fellow of the Hong Kong Securities and Investment Institute in September 2014.

Mr. Tsui obtained his Bachelor of Science in Industrial Engineering from the University of Tennessee in the United States in June 1975 and a Master of Engineering from the University of Tennessee in the United States in August 1976. He also completed the Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University in the United States in August 1993.

Mr. Gregg Huber ALTON, aged 56, was appointed as an independent non-executive Director on June 22, 2021 (with effect from the Listing Date). Mr. Alton has been a member of the Strategy Committee since July 13, 2021.

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

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

Mr. Alton obtained his Bachelor of Arts with a major in legal studies from the University of California in Berkeley, the United States in May 1989, and a Doctor of Jurisprudence from The Leland Stanford Junior University in the United States in June 1993.

Mr. Alton was also admitted as an attorney and counselor at law by the supreme court of the state of California between June 1994 and July 2019.

SENIOR MANAGEMENT

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

Dr. Li YAN, aged 54, has been serving as the chief medical officer of our Company since April 2, 2018. Prior to joining our Group, Dr. Yan served as the vice president and head unit physician of the pharma research and development division in GlaxoSmithKline plc., a pharmaceuticals, vaccines and consumer healthcare products company listed on the New York Stock Exchange in the United States (stock code: GSK). He was responsible for overall global oncology development activities. In addition, Dr. Yan is an adjunct professor in Yonsei University, at which he is responsible for teaching and research.

Dr. Yan obtained his Bachelor of Medicine from Peking University Health Science Center (formerly known as the Beijing Medical University) in China in January 1991 and a Ph.D. in Anatomy from The University of Kansas in the United States in December 1996.

Dr. Ankang LI (李安康), aged 44, has been serving as the chief financial officer of our Company since September 1, 2020, and was promoted to concurrently serve as chief strategy officer of our Company from December 2021. He was also appointed as our joint company secretary on April 8, 2021. Prior to joining our Group, Dr. Li was the chief financial officer of Terns China Biotechnology Co., Ltd., a company engaged in development of pharmaceutical products, and he was responsible for overseeing financial operation from June 2019 to August 2020. He was an executive director within the corporate finance department division of Goldman Sachs Gao Hua Securities Company Limited, an investment bank, and he was responsible for providing financial advisory services from January 2018 to June 2019. He was a director of the business development department of MSD R&D (China) Co., Ltd., a business development and licensing company in China, and he was responsible for overseeing business development and licensing transactions of MSD Asia Pacific Innovation Hub from September 2016 to December 2017. He was an associate of the Shanghai office of Ropes & Gray LLP, a global law firm, and he was responsible for providing legal advisory services in corporate transactions from August 2014 to September 2016. He was an associate of the New York office of Davis Polk & Wardwell LLP, a global law firm, and he was responsible for providing legal advisory services in corporate transactions from September 2012 to August 2014. He was a research associate of Salk Institute for Biological Studies, a scientific research institute in the United States, and he was responsible for conducting postdoctoral scientific research from September 2007 to September 2009.

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

Dr. Lianhong XU, aged 56, has been serving as the senior vice president (head of medicinal chemistry) of the Company since April 1, 2018. Prior to joining our Group, Dr. Xu was a senior director, medicinal chemistry in the medicinal chemistry department of Gilead Sciences, Inc., a biopharmaceutical company in the United States, and she was responsible for leading antiviral projects and conducting medicinal chemistry research and small molecule drug discovery, which resulted in several commercial drugs from May 1998 to April 2018.

Dr. Xu obtained her Bachelor of Science in Chemistry from Nankai University in China in July 1987. She also obtained her Master of Arts and a Ph.D. both from Rice University in the United States.

Dr. Qing ZHU, aged 54, served as vice president (head of biopharmaceutical research) of our Company from April 2, 2018 to July 15, 2020 and was promoted to senior vice president (head of biopharmaceutical research) of our Company on July 16, 2020. Prior to joining our Group, Dr. Zhu held several positions in MedImmune (a subsidiary of Astrazeneca, which is a pharmaceutical company listed on London Stock Exchange in the United Kingdom (stock code: AZN) and New York Stock Exchange in the United States (stock code: AZN)) from August 2007 to March 2018 and her last position therein was director and head of virology group and she was responsible for research and development of antiviral programs. Before that, she was a scientist in Novartis, a pharmaceutical company in the United States, and she was responsible for translational research from April 2006. She was a scientist in Chiron Corporation, a biotech company in the United States, and she was responsible for leading research projects from April 2004 to April 2006. She was a postdoctoral associate in Fox Chase Cancer Center, a research institute in the United States, and she completed postdoctoral training from May 2001 to April 2004.

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

Mr. Coy STOUT, aged 50, has been serving as the senior vice president (head of U.S. market access and patient advocacy) of our Company since September 27, 2021. Prior to joining the Group, Mr. Stout served as the Vice President of U.S. Commercial Access and Reimbursement of Gilead Sciences, Inc., overseeing key federal accounts at Gilead Sciences, Inc. He held increasing leadership positions at Gilead Sciences, Inc. during his 17-year tenure, including roles focused on commercial access and reimbursement and worked closely with government affairs and policy teams to inform product planning initiatives. In addition to his expertise in drug coverage, innovative payment models and patient support programs, Mr. Stout has a proven track record of leading access and reimbursement efforts for more than 30 product launches. As a life-long advocate for patient care, he also has experience overseeing teams in community-based settings as a licensed social worker dedicated to supporting people living with HIV/AIDS.

Mr. Stout obtained Bachelor of Science in Psychology and Master of Social Work degrees in Clinical/Medical Social Work from the University of Alabama in August 1992 and May 1994, respectively.

Dr. David MARGOLIS, aged 47, has been serving as the vice president (head of infectious diseases therapy area) of our Company since October 1, 2020. Prior to joining the Group, Dr. Margolis was Medical Director and Senior Medical Director for both GSK from January 2010 to May 2015 and ViiV Healthcare Limited 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 NIH 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 GSK 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 Masters 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, age 46, has been serving as the chief people officer (head of human resources) of our 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.

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, 2021 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, 2021 (2020: nil).

ANNUAL GENERAL MEETING

The AGM will be held on June 22, 2022. The notice of the AGM will be despatched to the Shareholders 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 24 to 30 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 143 to 144 in 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 business and operations of the Group could be adversely affected by the effects of health pandemics or epidemics, including the outbreak of COVID-19.
- 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 section headed "Environmental, Social and Governance Report" of this annual report.

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 three 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, 2021.

USE OF NET PROCEEDS FROM LISTING

On July 13, 2021, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering and the partial exercise of the over-allotment option (after deducting underwriting fee and relevant expenses) amounted to approximately HK$2,613.8 million. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The net price to the Company (which was calculated by dividing the net proceeds by the number of Shares issued in connection with the Global Offering after taking account of the partial exercise of over-allotment option) was approximately HK$20.85 per Share.

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

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds *(HK$ million)*	Utilized amount up to December 31, 2021 *(HK$ million)*	Unutilized amount up to December 31, 2021 *(HK$ million)*
Used for our HBV functional cure programs	55%	1,437.6	43.0	1,394.6
• To fund ongoing and planned clinical trials, preparation for registration filings, milestone payments and other steps and activities related to commercialization for BRII-179, our Core Product	50%	1,306.9	32.5	1,274.4
– To fund ongoing and planned clinical trials and preparation for regulatory filings for BRII-179/BRII-835 combination therapy in chronic HBV patients	20%	522.8	14.7	508.1
– To fund planned clinical trials and preparation for regulatory filings for BRII179/PEG-IFN-α combination therapy in chronic HBV patients	16%	418.2	0.1	418.1
– To fund planned clinical trials and preparation for regulatory filings for BRII-179 in combination with other drug candidates with complimentary mechanism of actions	8%	209.1	17.7	191.4
– Used for regulatory milestone payments for BRII-179	1%	26.1	–	26.1
– Used for the launch and commercialization of BRII-179 (as a monotherapy and/or combination therapy)	5%	130.7	–	130.7

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds *(HK$ million)*	Utilized amount up to December 31, 2021 *(HK$ million)*	Unutilized amount up to December 31, 2021 *(HK$ million)*
• Used to fund additional ongoing and planned clinical trials and the preparation for registration filings for BRII-835	5%	130.7	10.5	120.2
Used for our HIV programs, funding the ongoing and planned clinical trials and preparation for registration filings for BRII-778 and BRII-732	15%	392.1	49.5	342.6
Used for our MDR/XDR gram-negative infections programs	15%	392.1	9.8	382.3
• To fund the ongoing and planned clinical trials and preparation for registration filings for BRII636, BRII-672 and BRII-693	9%	235.2	9.8	225.4
• Used for regulatory milestone payments for BRII636, BRII-672 and BRII-693	6%	156.9	–	156.9
To fund the ongoing and planned clinical trials and preparation for registration filings for BRII-296	5%	130.6	20.0	110.6
Used for our early-stage pipeline, business development initiatives, working capital and general corporate purposes	10%	261.4	256.4	5.0
Total		2,613.8	378.7	2,235.1

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

MAJOR CUSTOMERS AND SUPPLIERS

Major suppliers

For the year ended December 31, 2021, the Group's five largest suppliers accounted for 52.7% (2020: 76.4%) of the Group's total purchases and our single largest supplier accounted for 29.4% (2020: 57.6%) of the Group's total purchases.

Given its business nature, the Group does not have any customers that is directly related to its business.

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 of the Company) had any interest in the Group's five largest suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options 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, 2021, we did not have any distributable reserves.

BANK LOANS AND OTHER BORROWINGS

As of December 31, 2021, 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 from the end of the Reporting Period to the date of this annual report are:

Executive Directors

Dr. Zhi Hong *(Chairman and Chief Executive Officer) (re-designated from a Director to an executive Director with effect from March 24, 2021)*

Mr. Yongqing Luo *(appointed with effective from March 30, 2021)*

Non-executive Directors

Mr. Robert Taylor Nelsen *(re-designated from a Director to a non-executive Director with effective from March 24, 2021)*

Dr. Axel Bouchon *(appointed with effective from June 22, 2021)*

Independent non-executive Directors

Dr. Martin J Murphy Jr *(appointed with effective from July 13, 2021)*

Ms. Grace Hui Tang *(appointed with effective from July 13, 2021)*

Mr. Yiu Wa Alec Tsui *(appointed with effective from July 13, 2021)*

Mr. Gregg Huber Alton *(appointed with effective from July 13, 2021)*

In accordance with article 16.19 of the Articles of Association, Dr. Zhi Hong, Mr. Robert Taylor Nelsen and Dr. Axel Bouchon shall retire by rotation, and being eligible, have offered themselves for re-election as Directors at the AGM.

In accordance with article 16.2 of the Articles of Association, any director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the next following annual general meeting of the Company after his appointment. Accordingly, Mr. Yongqing Luo will hold office as the Director until the AGM and is subject to re-election as Director.

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 period from the Listing Date to December 31, 2021.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date. Either party has the right to give not less than 30 days' written notice to terminate the agreement.

Each of the non-executive Directors and 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 Listing 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 of the Company 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 during 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 OR 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 three share incentive schemes, namely the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme for the purpose of providing incentives and rewards to its employees, including Directors. Please refer to the paragraph headed "Share Incentive Schemes" in this annual report for further details.

As of December 31, 2021, the Group had an aggregate of 113 full-time employees (2020: 67).

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 EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2021, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to

have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Model Code are as follows:

Long positions in the Shares or underlying Shares of the Company

Name of Director/Chief executive	Capacity/Nature of Interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company[1] *(%)*	Long position/ Short position/ Lending pool
Robert Taylor Nelsen[2]	Interest in controlled corporation	90,410,418	12.55	Long position
Zhi Hong[3]	Trustee	16,400,000	2.28	Long position
	Beneficial owner	16,152,500	2.24	Long position
	Founder of discretionary trust	16,000,000	2.22	Long position
Yongqing Luo[4]	Beneficial owner	9,768,500	1.36	Long position

Notes:

1. The calculation is based on the total number of 720,292,216 Shares in issue as at December 31, 2021.

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

3. Each of the Hong Family 2020 Irrevocable Trust, the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust directly held 16,000,000 Shares, 12,000,000 Shares and 4,400,000 Shares, respectively. Dr. Zhi Hong set up the Hong Family 2020 Irrevocable Trust as grantor. He is also the trustee of the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust. In addition, Dr. Zhi Hong is interested as a grantee of options to subscribe for 12,000,000 Shares granted under the Pre-IPO Share Incentive Plan and 4,152,500 Shares granted under the Post-IPO Share Option Scheme.

4. Mr. Yongqing Luo is interested as a grantee subscribe for 7,000,000 Shares granted under the Pre-IPO Share Incentive Plan and 2,768,500 Shares granted under the Post-IPO Share Option Scheme.

Save as disclosed above, as at December 31, 2021, to the best knowledge of the Directors or chief executive of the Company, 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 of the Company 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 of the Company 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, 2021, 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[1] *(%)*	Long position/ Short position/ Lending pool
Booming Passion Limited[2]	Beneficial interest	105,821,112	14.69	Long position
Boyu Capital Fund III, L.P.[2]	Interest of controlled corporation	105,821,112	14.69	Long position
Boyu Capital General Partner III, L.P.[2]	Interest of controlled corporation	105,821,112	14.69	Long position
Boyu Capital General Partner III, Ltd.[2]	Interest of controlled corporation	105,821,112	14.69	Long position
Boyu Capital Group Holdings Ltd.[2]	Interest of controlled corporation	111,894,958	15.53	Long position
XYXY Holdings Ltd.[2]	Interest of controlled corporation	111,894,958	15.53	Long position
Xiaomeng Tong[2]	Interest of controlled corporation	111,894,958	15.53	Long position
6 Dimensions Capital, L.P.[3]	Beneficial interest	100,530,060	13.96	Long position
6 Dimensions Capital GP, LLC[3]	Interest of controlled corporation	105,821,112	14.69	Long position
ARCH Venture Fund IX, L.P.[4]	Beneficial interest	45,205,210	6.28	Long position
ARCH Venture Fund IX Overage, L.P.[4]	Beneficial interest	45,205,208	6.28	Long position
ARCH Venture Partners IX, L.P.[4]	Interest of controlled corporation	45,205,210	6.28	Long position
ARCH Venture Partners IX Overage, L.P.[4]	Interest of controlled corporation	45,205,208	6.28	Long position
ARCH Venture Partners IX, LLC[4]	Interest of controlled corporation	90,410,418	12.55	Long position
Clinton Bybee[4]	Interest of controlled corporation	90,410,418	12.55	Long position
Keith Crandell[4]	Interest of controlled corporation	90,410,418	12.55	Long position

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[1] (%)	Long position/ Short position/ Lending pool
YF Bright Insight Limited[5]	Beneficial interest	53,495,664	7.43	Long position
Yunfeng Fund III, L.P.[5]	Interest of controlled corporation	53,495,664	7.43	Long position
Yunfeng Investment III, Ltd.[5]	Interest of controlled corporation	53,495,664	7.43	Long position
Yun Ma[5]	Interest of controlled corporation	53,495,664	7.43	Long position
Feng Yu[5]	Interest of controlled corporation	59,569,510	8.27	Long position
SC China Holding Limited[6]	Interest of controlled corporation	58,523,010	8.12	Long position
SNP China Enterprises Limited[6]	Interest of controlled corporation	58,523,010	8.12	Long position
Neil Nanpeng Shen[6]	Interest of controlled corporation	58,523,010	8.12	Long position
Invesco Developing Markets Fund[7]	Beneficial interest	36,030,738	5.00	Long position
Invesco Advisers, Inc.[7]	Investment manager	43,110,238	5.99	Long position

Notes:

1. The calculation is based on the total number of 720,292,216 Shares in issue as at December 31, 2021.

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

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

3. 6 Dimensions Capital, L.P. directly held 100,530,060 Shares. The general partner of 6 Dimensions Capital, L.P. is 6 Dimensions Capital GP, LLC, which is owned by several persons each holding a minority interest. In addition, 6 Dimensions Affiliates Fund, L.P. directly held 5,291,052 Shares. The general partner 6 Dimensions Affiliates Fund, L.P. is 6 Dimensions Capital GP, LLC. For the purpose of the SFO, 6 Dimensions Capital GP, LLC is deemed to be interested in the Shares held by 6 Dimensions Capital, L.P. and 6 Dimensions Affiliates Fund, L.P. in aggregate.

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

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

5. YF Bright Insight Limited directly held 53,495,664 Shares. YF Bright Insight Limited is owned by Yunfeng Fund III, L.P., its parallel fund and certain co-investment funds as to 79.47%, 20.03% and 0.5% respectively. The general partner of each of Yunfeng Fund III, L.P., its parallel fund and the co-investment funds is Yunfeng Investment III, Ltd. Yunfeng Investment III, Ltd. is owned by Mr. Feng Yu and Mr. Yun Ma as to 60% and 40%, respectively. In addition, Youyu Global Limited directly held 6,073,846 Shares. Youyu Global Limited is wholly owned by Yunfeng Financial Group Ltd., a company whose shares are listed on the Stock Exchange (stock code: 376). Yunfeng Financial Group Ltd. is controlled by Jade Passion Limited, which is in turn controlled by Key Imagination Limited. Key Imagination Limited is controlled by Yunfeng Financial Holdings Limited, which is in turn controlled by Mr. Feng Yu.

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

6. SCC Venture VI Holdco, Ltd. directly held 29,792,450 Shares. SCC Venture VI Holdco, Ltd. is wholly owned by Sequoia Capital China Venture Fund VI, L.P. The general partner of Sequoia Capital China Venture Fund VI, L.P. is SC China Venture VI Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen.

   In addition, SCC Growth V Holdco Q, Ltd. directly held 28,730,560 Shares. SCC Growth V Holdco Q, Ltd. is wholly owned by Sequoia Capital China Growth Fund V, L.P. The general partner of Sequoia Capital China Growth Fund V, L.P. is SC China Growth V Management, L.P., whose general partner is SC China Holding Limited.

   For the purpose of the SFO, each of SC China Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in the Shares held by SCC Venture VI Holdco, Ltd. and SCC Growth V Holdco Q, Ltd. in aggregate.

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

   Together with various other funds and accounts which Invesco Advisers, Inc. acts as investment adviser, as at December 31, 2021, Invesco Advisers, Inc. was in control of an aggregate of 43,110,238 Shares as investment manager. For the purpose of the SFO, Invesco Advisers, Inc. is deemed to be interested in the 43,110,238 Shares.

Save as disclosed above, as at December 31, 2021, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE INCENTIVE SCHEMES

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

Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan was approved and adopted by the Shareholders on October 30, 2018 and subsequently amended on August 27, 2020 and February 26, 2021. The purpose of the Pre-IPO Share Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of the Company's shareholders generally. Further details of the Pre-IPO Share Incentive Plan are set out in the Prospectus and note 25 to the consolidated financial statements.

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

Eligible Participants

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

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

The overall limit on the number of underlying Shares which may be delivered pursuant to awards granted under the Pre-IPO Share Incentive Plan is 35,816,502 Shares of the Company's authorized but unissued ordinary shares with a par value of US$0.000005 each, representing approximately 5.0% of the total issued share capital of the Company as at the date of this annual report, subject to any adjustments for other dilutive issuances.

Consideration

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

Determination of Exercise Price

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

Life of the Pre-IPO Share Incentive Plan

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

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Incentive Plan as of December 31, 2021. No options were granted since the Listing Date and up to December 31, 2021. For further details on the movement of the options during the Reporting Period, please see note 25 to the consolidated financial statements.

As at December 31, 2021, 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 32,406,450 Shares, representing 4.5% of the total issued share capital of the Company as at December 31, 2021. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan as at December 31, 2021 are as follows:

Name of grantee	Exercise price[7,8]	Date of grant	Vesting commencement date	No. of options outstanding as at January 1, 2021	No. of options granted during the Reporting Period and up to December 31, 2021	No. of options exercised during the Reporting Period and up to December 31, 2021	No. of options cancelled during the Reporting Period and up to December 31, 2021	No. of options lapsed during the Reporting Period and up to December 31, 2021	No. of options outstanding as at December 31, 2021	Notes
Dr. Zhi Hong	US$0.68	September 18, 2020	October 31, 2020	5,000,000	-	-	-	-	5,000,000	1
Chairman, chief executive	US$0.68	September 18, 2020	October 31, 2020	3,000,000	-	-	-	-	3,000,000	2
officer and executive Director	US$0.68	September 18, 2020	September 18, 2020	4,000,000	-	-	-	-	4,000,000	3
Mr. Yongqing Luo	US$0.13	September 18, 2020	September 11, 2021	7,000,000	-	-	-	-	7,000,000	4
Executive Director										
Employees (in aggregate)	From US$0.035 to US$1.33	From October 30, 2018 to June 4, 2021	From July 1, 2018 to June 7, 2022	11,650,400	2,214,000	(177,666)	(913,899)	-	12,772,835	1, 4, 5, 6
Other grantees (in aggregate)	From US$0.035 to US$1.33	From October 30, 2018 to May 14, 2021	From July 1, 2018 to May 14, 2022	1,160,000	6,800	(360,000)	(173,185)	-	633,615	1, 6
Total:									32,406,450	

Notes:

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

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

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

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

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

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

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

8. The weighted average closing price of the Company's Shares immediately before the dates on which the options were exercised during the Reporting Period was HK$39.25.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved by the Shareholders on June 22, 2021. The purpose of the Post-IPO is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Further details of Post-IPO Share Option Scheme are set out in the Prospectus and note 25 to the consolidated financial statements.

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

Eligible Participants

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

Maximum Number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 70,620,092 Shares, representing approximately 9.8% of the total issued share capital of the Company as at the date of this annual report (the "**General Scheme Limit**"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

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

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

Limit of Each Participant

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

Duration

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

Exercise Price

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

Consideration

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

As at December 31, 2021, pursuant to the Post-IPO Share Option Scheme, the Company had granted to directors and employees of the Group outstanding options to subscribe for 14,542,500 Shares, representing approximately 2.0% of the total issued share capital of the Company as at December 31, 2021. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

Details of the movements of the options granted under the Post-IPO Share Option Scheme as at December 31, 2021 are as follows:

Name of grantee	Date of grant	Option period	Exercise price	No. of options outstanding as at January 1, 2021	No. of options granted during the Reporting Period and up to December 31, 2021	No. of options exercised during the Reporting Period and up to December 31, 2021	No. of options cancelled during the Reporting Period and up to December 31, 2021	No. of options lapsed during the Reporting Period and up to December 31, 2021	No. of options outstanding as at December 31, 2021	Closing price of the Shares immediately before the date of grant
Dr. Zhi Hong *Chairman, chief executive officer and executive Director*	September 17, 2021	10 years from the date of grant	HK$47.60	-	4,152,500[1]	-	-	-	4,152,500	HK$47.60
Mr. Yongqing Luo *Executive Director*	September 17, 2021	10 years from the date of grant	HK$47.60	-	2,768,500[2]	-	-	-	2,768,500	HK$47.60
Employees (in aggregate)	September 17, 2021	10 years from the date of grant	HK$47.60	-	8,176,500[3]	-	(603,000)	(828,000)	6,745,500	HK$47.60
	December 3, 2021	10 years from the date of grant	HK$43.41	-	876,000[4]	-	-	-	876,000	HK$42.70
Total:									14,542,500	

Notes:

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

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

   (ii) 3,890,000 options shall vest over three years from 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.

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

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

   (ii) 2,593,500 options shall vest over three years from 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.

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

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

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

   (iii) 4,468,000 options shall vest over three years from 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.

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

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

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

Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme was approved by the Shareholders on June 22, 2021. The purpose of the Post-IPO Share Award Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. Further details of the Post-IPO Share Award Scheme are set out in the Prospectus and note 25 to the consolidated financial statements.

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

As at December 31, 2021, the Company has not identified any grantee under the Post-IPO Share Award Scheme or granted any RSU to any grantee.

EQUITY-LINKED AGREEMENTS

Other than the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, 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 or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

Save as disclosed below, none of the Directors of the Company 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.

Mr. Robert Taylor Nelsen, a non-executive Director, currently serves as a director of Vir, a company listed on the NASDAQ stock exchange (stock code: VIR). Vir is a clinical-stage immunology company focused on the development of products to treat and prevent serious infectious diseases. In addition to the research and development activities of HBV, Vir is engaged in research and development activities for drug candidates targeting COVID-19, and hence might directly or indirectly compete with the Company in terms of HBV, COVID-19 or other drug candidates that it may pursue. As at December 31, 2021, Mr. Robert Taylor Nelsen may be deemed to be interested in (i) approximately 12.55% of the total number of issued Shares and (ii) approximately 20.8% of Vir's outstanding shares, through shares held by entities affiliated with ARCH Venture Partners. For further details in relation to Mr. Robert Taylor Nelsen's interests in Vir, please refer to the section headed "Directors and Senior Management" in the Prospectus.

While Mr. Robert Taylor Nelsen currently holds directorships in six other biopharmaceutical companies listed on the NASDAQ stock exchange or the Stock Exchange, our Directors are of the view that Mr. Robert Taylor Nelsen will be able to devote sufficient time to discharge his duties and responsibilities as a non-executive Director. Our Directors do not believe that the directorships currently held by Mr. Robert Taylor Nelsen will result in his having insufficient time to act as our non-executive Director or improperly discharge his fiduciary duties as a Director of our Company. Our Board is of the view that Mr. Robert Taylor Nelsen is capable for the role as a non-executive Director of the Company.

CONNECTED TRANSACTIONS

Details on related party transactions for the year ended December 31, 2021 are set out in note 26 to the consolidated financial statements. 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.

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 INDEMINTY 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

Grant of RSUs and Connected Transactions in Relation to Proposed Grants of RSUs to Executive Directors

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

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

Grant of Share Options and RSUs

On March 29, 2022, the Company granted an aggregate of 5,924,000 Options to 67 Option Grantees in accordance with the terms of the Post-IPO Share Option Scheme. None of the Option Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, or is otherwise a connected person of the Company. On the same day, the Company granted a total of 2,033,500 RSUs to 67 RSU Grantees in accordance with the terms of the Post-IPO Share Award Scheme. None of the RSU Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, or is otherwise a connected person of the Company.

For details, please refer to the announcement of the Company dated March 29, 2022. The capitalized terms used in the above paragraph shall have the same meanings as those defined in such announcement.

AUDIT COMMITTEE

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

The Audit Committee, together with the management and external auditor of the Company of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters of the Group (including the review of the condensed consolidated financial statements of the Group for the year ended December 31, 2021), and is of the view that the annual results of the Group 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 period from the Listing Date to December 31, 2021 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 23, 2022

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, 2021.

CORPORATE GOVERNANCE PRACTICES

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

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

Under paragraph A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Accordingly, the appointment of Dr. 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, two non-executive Directors and four independent non-executive Directors, and therefore has a strong independent element in its composition. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and the chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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)*
Mr. Yongqing Luo

Non-executive Directors

Mr. Robert Taylor Nelsen
Dr. Axel Bouchon

Independent non-executive Directors

Dr. Martin J Murphy Jr
Ms. Grace Hui Tang
Mr. Yiu Wa Alec Tsui
Mr. Gregg Huber Alton

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 Directors have any financial, business, family or other material/relevant relationships with one another.

Board Meetings, General Meetings and Directors' Attendance Records

Code provision A.1.1 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 period from the Listing Date to December 31, 2021, the Board convened four Board meetings and the Company did not convene any general meeting and nomination committee meeting. The attendance record of each Director at the Board and Board committee meetings of the Company held are listed below:

	Attendance/Number of Meetings			
Name of Directors	Board	Audit Committee	Remuneration Committee	Strategy Committee
Executive Directors				
Dr. Zhi Hong *(re-designated from a Director to an executive Director with effective from March 24, 2021)*	4/4	–	–	1/1
Mr. Yongqing Luo *(appointed with effective from March 30, 2021)*	4/4	–	–	–
Non-executive Directors				
Mr. Robert Taylor Nelsen *(re-designated from a Director to a non-executive Director with effective from March 24, 2021)*	4/4	–	–	1/1
Dr. Axel Bouchon *(appointed with effective from June 22, 2021)*	3/4	–	–	1/1
Independent Non-executive Directors				
Dr. Martin J Murphy Jr (*appointed with effective from July 13, 2021)*	4/4	1/1	1/1	–
Ms. Grace Hui Tang *(appointed with effective from July 13, 2021)*	4/4	1/1	1/1	–
Mr. Yiu Wa Alec Tsui *(appointed with effective from July 13, 2021)*	4/4	1/1	1/1	–
Mr. Gregg Huber Alton *(appointed with effective from July 13, 2021)*	4/4	–	–	1/1

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other Director during the period from the Listing Date to December 31, 2021.

Independent Non-executive Directors

During the period from the Listing Date to December 31, 2021, 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 non-executive Directors and 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 be subject to election by Shareholders at the next following general meeting of the Company.

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.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

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.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

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	✓
Mr. Yongqing Luo	✓
Mr. Robert Taylor Nelsen	✓
Dr. Axel Bouchon	✓
Dr. Martin J Murphy Jr	✓
Ms. Grace Hui Tang	✓
Mr. Yiu Wa Alec Tsui	✓
Mr. Gregg Huber Alton	✓

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 Committee, Remuneration Committee, Nomination Committee and 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 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 Committee and the Nomination 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 Committee

The Audit Committee consists of three independent non-executive Directors, namely Ms. Grace Hui Tang, Dr. Martin J Murphy Jr and Mr. Yiu Wa Alec Tsui. Ms. Grace Hui Tang, being the chairlady of the Audit 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 Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit 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 Committee is also responsible for performing the functions set out in code provision D.3.1 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 Committee held one meeting during the period from the Listing Date to December 31, 2021 to review and consider the interim financial results and reports for the six months ended June 30, 2021, and all the members of the Audit Committee attended the meeting.

The Audit Committee also met the external auditor four times during the period from the Listing Date to December 31, 2021 without the presence of the executive Directors and the management.

The Company's annual results for the year ended December 31, 2021 have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee 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 period from the Listing Date to December 31, 2021 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, and all the members of the Remuneration Committee attended the meeting.

Pursuant to code provision B.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, 2021 is as follows:

Remuneration bands	Number of persons
HK$0 to HK$8,000,000	5
HK$8,000,001 and above	2

Nomination Committee

The Nomination Committee consists of one executive Director, namely Dr. Zhi Hong and two independent non-executive Director, namely Dr. Martin J Murphy Jr and Mr. Yiu Wa Alec Tsui. Dr. Zhi Hong 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 Director. 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 Nomination Committee did not hold any meeting during the period from the Listing Date to December 31, 2021.

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, education 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 eight members, including two executive Directors, two non-executive Directors and four independent non-executive 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 49 years old to 79 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.

Strategy Committee

The Strategy Committee consists of one executive Director, namely Dr. Zhi Hong, two non-executive Directors, namely Mr. Robert Taylor Nelsen and Dr. Axel Bouchon and one independent non-executive Director, namely Mr. Gregg Huber Alton. Dr. Zhi Hong 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.

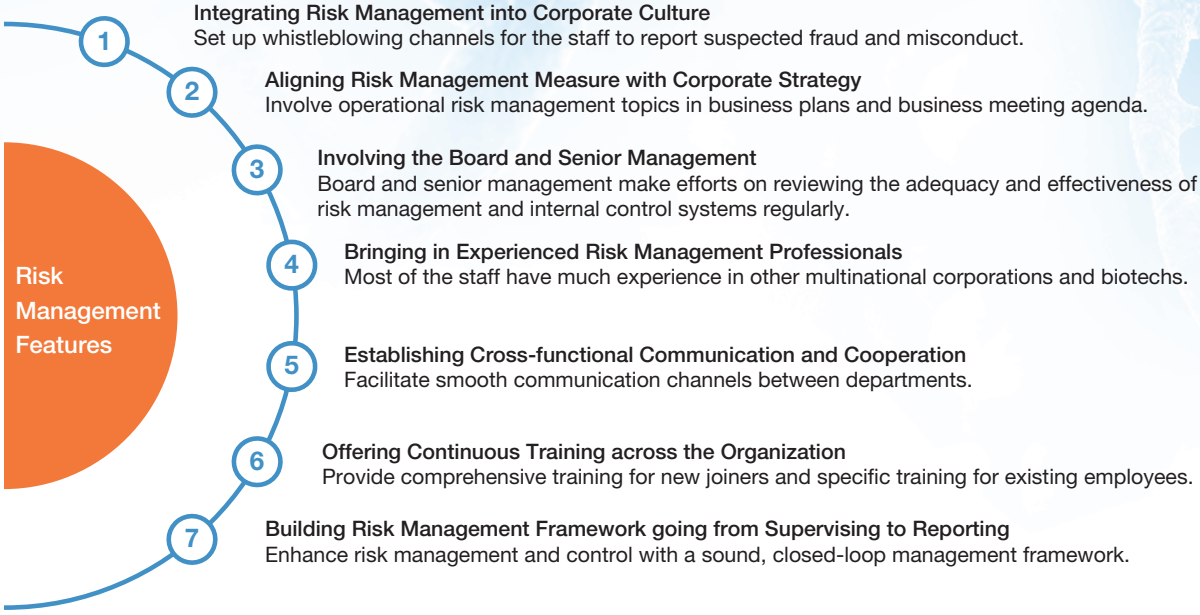
The Strategy Committee held one meeting during the period from the Listing Date to December 31, 2021, and all the members of the Strategy Committee attended the meeting.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board believes that risk management plays an important role in daily business operations, and that the effective risk management and internal control systems are the foundation of the healthy and sustainable development of the Company. Only by establishing a systematic approach and framework tailored to the Company's background and business nature, can the Group continue to create, maintain and bring value to its Shareholders.

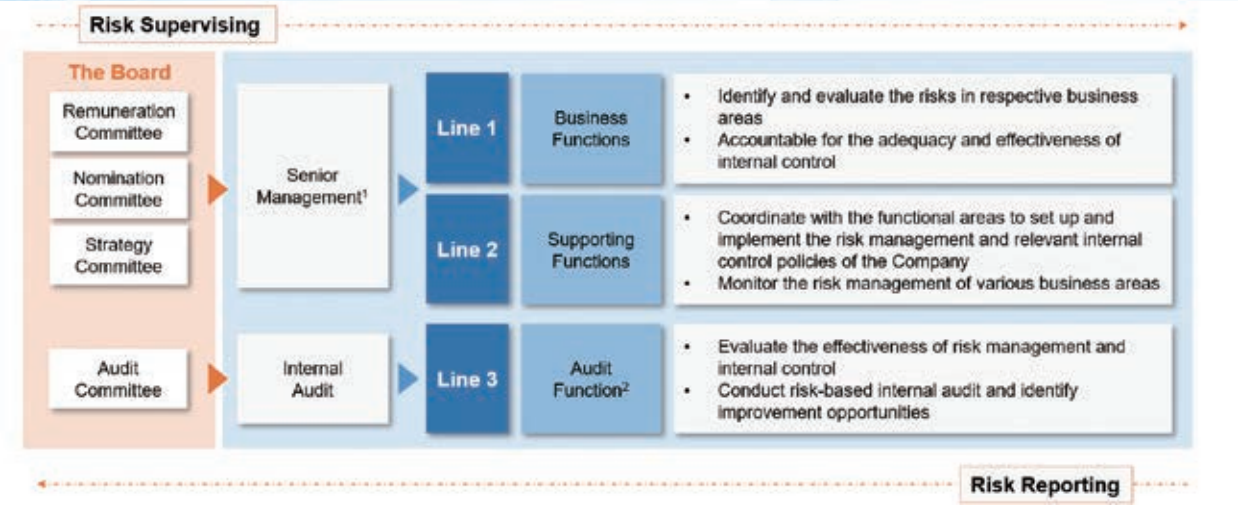
To further improve and strengthen the Company's risk management and internal control system, the Company has made efforts from the following seven perspectives:



To ensure the healthy and efficient operation of the Company, the Company has established a three-line risk management framework based on the concept of enterprise risk management and the Three Lines Model together with the Company's own department settings.

The functional departments of the Company forming the line 1 of the risk management framework mainly are the departments under research and development function. As the risk owner, each department is required to perform regular assessment to identify the risk within respective business areas (including new business) and formulate mitigation plans to manage the identified risks.

Risk Management Framework



1 Senior management has the same meaning as set out in Appendix 16 to the Listing Rules and may include directors of subsidiaries, heads of divisions, departments, or other operating units within the Company, as the Board considers appropriate.

2 Currently completed by an external third party.

Supporting departments such as financial, legal, compliance and QA serve as the line 2 of the risk management framework, and they help functional departments to integrate risk management and control into their daily business processes by establishing financial policies and internal control standards, and conducting regular reviews over key business documents to ensure the effective implementation of risk management.

Both the line 1 and line 2 teams are led by the senior management of the Company. Senior management of the Company assists the Board in overseeing the risk management system, ensuring the management culture is fostered and system is implemented effectively in daily operations and arbitrating risk management policies that have conflicts between functional divisions.

Line 3 of the risk management framework is comprised of the Audit Committee and the internal audit function. The Audit Committee assists the Board in overseeing the design, implementation and monitoring of the risk management and internal control system and makes recommendations. The Audit Committee also ensures that an overall review of the effectiveness of such system is conducted at least annually and put forward to the Board for consideration. In view of the Company's size and stage, the internal audit function of the Company is currently performed by an external third party. The Board will review from time to time to assess the necessity of setting up an internal audit function.

An external independent third party evaluated and reviewed the Company's core management processes as of December 31, 2021, and no significant areas of concern that may affect the financial, operational, compliance controls, and risk management of the Group were identified. The review also covered the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions. The Board concluded that the risk management and internal control systems of the Group are effective and adequate.

During the Reporting Period, the Company has set up a cycle of risk management and internal control system in line with the characteristics of its management, from risk identification, risk evaluation, risk remedy to risk monitor. It continuously operates at regular intervals to manage and monitor the risks the Company faced for the year, including regulatory risks, candidate drugs commercialization risks, third-party control risks, human resource risks, R&D risks, intellectual property management risks and financial risks.

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, 2021.

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, 2021 is set out below:

Service Category	**Fees Paid/Payable** *RMB' 000*
Audit Services	3,045
Non-audit Services	
– Tax compliance services	593
TOTAL	3,638

JOINT COMPANY SECRETARIES

Dr. Ankang Li, the chief financial 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 corporate 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 paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the 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.

CONSTITUTIONAL DOCUMENTS

In preparation for the listing of the Company, the Company has adopted the Memorandum and Articles of Association pursuant to a special resolution passed on June 22, 2021, which became effective on the Listing Date. Since then, the Company has not made any changes to the Memorandum and Articles of Association. An up-to-date version of the Memorandum and Articles of Association is also available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS ESG REPORT

Overview

This ESG report offers comprehensive exposition into Brii Biosciences Limited's performance and management measures in environmental, social, and governance matters in 2021, with particular focus on stakeholder concerns.

Reporting Scope

The scope of this ESG report covers the core business of the Group from January 1, 2021, to December 31, 2021. Of note, some information references data dating back to 2020 or before or looks forward into 2022.

Basis of Reporting

This ESG report has been prepared in accordance with the requirements set out in Appendix 27 "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") of the Listing Rules issued by the Stock Exchange and the United Nations Sustainable Development Goals.

Source of Data and Reliability Assurance

The qualitative and quantitative information in this ESG report is obtained from relevant statistical reports and official documents of the Company. We undertake that this ESG report contains no false or misleading statements and are responsible for the accuracy, completeness, and authenticity of the statements and its contents.

Report Approval and Confirmation

This ESG report has been confirmed by management and adopted by the Board of Directors on March 22, 2022.

Access and Feedback

This ESG Report is available in both English and Traditional Chinese. To view online or download, please visit http://www.briibio.com.

We highly value stakeholder and reader feedback, as your suggestions and comments will help us further improve this ESG report and our ESG performance.

Feel free to contact us, our contact information is below:

Contact: Investor Relations Department

Website: http://www.briibio.com/

Email: IR@briibio.com

Address: Room 805, 8/F, Kerry Parkside Office Building No.1555 Fangdian Road, Pudong, Shanghai, 201204

ABOUT US

Overview of Brii Biosciences

Brii Biosciences Limited is a biotechnology company based in China and the United States committed to advancing therapies for significant infectious diseases, such as HBV, COVID-19, HIV, MDR or XDR gram-negative infections, and other illnesses, such as CNS diseases, which have significant public health burdens in China and worldwide. We are developing a world-class R&D enterprise and working with best-in-class partners to accelerate the development and delivery of breakthrough medicines to patients. The Company was founded in 2017 and was listed on the Main Board of the Stock Exchange on July 13, 2021, under the stock code 2137.HK.

Our Business and Strategy

Since the Company's founding in 2017, we have taken steps to execute our strategy to become a fully integrated global biopharmaceutical company focused on the public health industry, with substantial research and development, business development and commercialization capabilities.

During the Reporting Period, we achieved major clinical development milestones that are guided by our business strategy to pursue further. We have built a pipeline of more than 10 innovative product candidates that focus on infectious diseases and mental illnesses. Our strategic product pipeline is derived from (i) utilizing our in-house R&D capabilities to discover and develop our own innovative products and (ii) establishing collaborative licensing arrangements with carefully selected partners, whereby we in-license the Greater China rights to their important assets and lead the clinical development in China, playing an integral role in the global development of such assets.

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

Indication	Program	Preclinical	IND	Phase 1	Phase 2	Phase 3	NDA/BLA	Regulatory Authority	Brii Rights	Partners
Infectious Disease Programs										
Hepatitis B	BRII-179 (VBI-2601)/PEG-IFN-α +Nrtl Combination							NMPA	Greater China	VBI
	BRII-179/BRII-835 (VIR-2218) Combination							NMPA	Greater China	VBI VIR
COVID-19	Amubarvimab/romlusevimab Combination[1] (previously referred to as BRII-196/BRII-198)						China BLA approved / US EUA submitted	NMPA/FDA	Global	
HIV infection	BRII-778							FDA	Global	Internally discovered
	BRII-732[2]							FDA	Global	Internally discovered
MDR/XDR gram-negative infections	BRII-636[3] (QPX-7728)							FDA	Greater China	Qpex
	BRII-672[3] (QPX-7831)							FDA	Greater China	Qpex
	BRII-693[3] (QPX-9003)							FDA	Greater China	Qpex
MDR/XDR TB Mycobacteria	BRII-658[3] (AN2-501971)							FDA	Greater China	AN2Therapeutics
Central Nervous System Disease Programs										
PPD	BRII-296							FDA	Global	Internally discovered
PPD prevention	BRII-296							FDA	Global	Internally discovered
Depressive disorder	BRII-297							FDA	Global	Internally discovered

Source: Company information.

Notes:

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

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

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

Mission & Values

Our mission is to tackle the biggest public health challenges with breakthrough innovation and insight. We aim to accelerate and advance the discovery, development, and production process of global biopharmaceuticals while empowering our global partners and maximizing patient benefit. The Company's core strategy is built on the following four values:

Patient First

- People throughout the world are in need of truly innovative medicines, and are counting on us to deliver them. Patients and their families are foremost in our minds with every decision we make.

Trust

- Building trust with society, healthcare providers, regulators, public health advocates, our partners, and our employees is central to our core strategy and is enabled through both public and private partnerships. We are committed to working with providers and governments to address global health issues.

Integrity

- We aim to be measured by the impact we deliver for our patients and society. We will invest in medicines that have the potential to make a profound difference in the lives of patients. We will not put profit ahead of patient safety and benefit. We will not leave patients behind, and we commit to making our medicines more affordable and accessible.

Quality

- It is important for patients taking medicines, and for the physicians prescribing them, to have assurance that they are produced in accordance with the highest quality standards. We will invest in manufacturing, tracking, and authenticating our supplies and providing support for the proper use of our medicines.

Our Core Values

2021 Honors & Awards

eMedClub Bio-innovative Drug Most Growth Annual Award in 2021	**PharmaDJ & Clinical Trial** Best IPO of the Year 2021	**Biocentury & Bayhalix** R&D Achievement of the Year 2021	**Xueqiu Broker** Listed Company with the Most Growth Potential in 2021
Gelonghui Greater China Best Listed Company Awards 2021 - Most Valuable IPO of the Year	**Gelonghui** Greater China Best Listed Company Awards 2021 - Most Social Responsibility Award	**IR Magazine** 2021 Best IR Practice in Greater China	**SINA Finance** Best CFO of Hong Kong and US Listed Companies in 2021
SINA Finance Best New Economy Listed Company Performance Award in 2021	**IRSC** Best Capital Market Communication Award in 2021	**Zhitongcaijing** Best IR of the Year 2021	**Zhitongcaijing** Best Golden Hong Kong Stocks Awards in 2021
China Times Industry Leader of the Year 2021 - BriiBio CEO Hong Zhi			

FEATURES: RESPONDING TO COVID-19

COVID-19, the most significant public-health challenge in a century, has spread rapidly around the world, drastically impacted the global economy and threatened human lives. At the outset of the outbreaks of COVID-19 in early 2020, we responded quickly and pivoted from our development in other research programs to assist in eradicating the threats of COVID-19. After less than two years, our amubarvimab/romlusevimab combination was approved by the China NMPA in December 2021, marking the first locally discovered and approved SARS-CoV-2 target-specific treatment in China, following a randomized, double-blind and placebo-controlled global Phase 2/3 trial.

Innovative Treatment for COVID-19

Amubarvimab and romlusevimab are non-competing SARS-CoV-2 monoclonal neutralizing antibodies derived from convalesced COVID-19 patients. They have been specifically engineered to reduce the risk of antibody-dependent enhancement and prolong the plasma half-lives for potentially more durable treatment effect. In less than two years, we expertly navigated the clinical and regulatory process smoothly. The NMPA approval of the amubarvimab/romlusevimab combination was based on positive results from the U.S. NIH-sponsored ACTIV-2 Phase 3 clinical trial with 837 enrolled outpatients. The final results demonstrated a statistically significant 80% reduction of hospitalization and death through 28 days in the treatment arm (0) relative to placebo (9), and improved safety outcome over placebo in non-hospitalized COVID-19 patients at high risk of clinical progression to severe disease. Similar efficacy rates were observed in participants initiating therapy early (0-5 days) and late (6-10 days), following symptom onset, providing critically needed clinical evidence in COVID-19 patients who were late for treatment.

In addition, the in vitro pseudovirus testing data from independent laboratories demonstrates that the amubarvimab/romlusevimab combination retains activity against the emerging SARS-CoV-2 variant B.1.1.529 (Omicron) and other major variants of concern, including B.1.1.7 (Alpha), B.1.351 (Beta), B.1.617.2 (Delta), AY.4.2 (Delta Plus), B.1.429 (Epsilon), P.1 (Gamma), C.37 (Lambda) and B.1.621 (Mu).

March 2020

- We and Columbia University entered into a memorandum of understanding through which we will provide funding to support work that focuses on finding solutions to the treatment, prevention and diagnosis of COVID-19 and other coronaviruses.
- We partnered with the Third People's Hospital of Shenzhen and Tsinghua University to develop amubarvimab/romlusevimab combination.

December 2020

- We collaborated with the NIAID, part of the NIH, to conduct Phase 2/3 trials of the amubarvimab/romlusevimab combination.
- We officially submitted an IND application for the combination treatment to the Department of Health in Hong Kong and submitted an IND application to the US FDA for this study.

April 2021

- Amubarvimab/romlusevimab combination smoothly entered into Phase 3 in NIH ACTIV-2 trial in ambulatory COVID-19 patients by the suggestion of DSMB.
- We completed the IND applications submissions for amubarvimab/romlusevimab combination to the US FDA, the Department of Health in Hong Kong and the China NMPA.

July 2021

- We initiated Phase 2 clinical trial in China for amubarvimab/romlusevimab combination.

September 2021

- We announced to dedicate an additional US$100 million investment to advance global regulatory filings and commercial efforts for amubarvimab/romlusevimab combination.

October 2021

- We initiated rolling submission of an EUA application for amubarvimab/romlusevimab combination with the US FDA.

December 2021

- We announced the final results from the Phase 3 ACTIV-2 trial.
- Amubarvimab/romlusevimab combination received approval from the China NMPA as the first COVID-19 neutralizing antibody combination therapy in China.
- Amubarvimab/romlusevimab combination was proved to retain activity against the new Omicron SARS-CoV-2 variant (B.1.1.529).

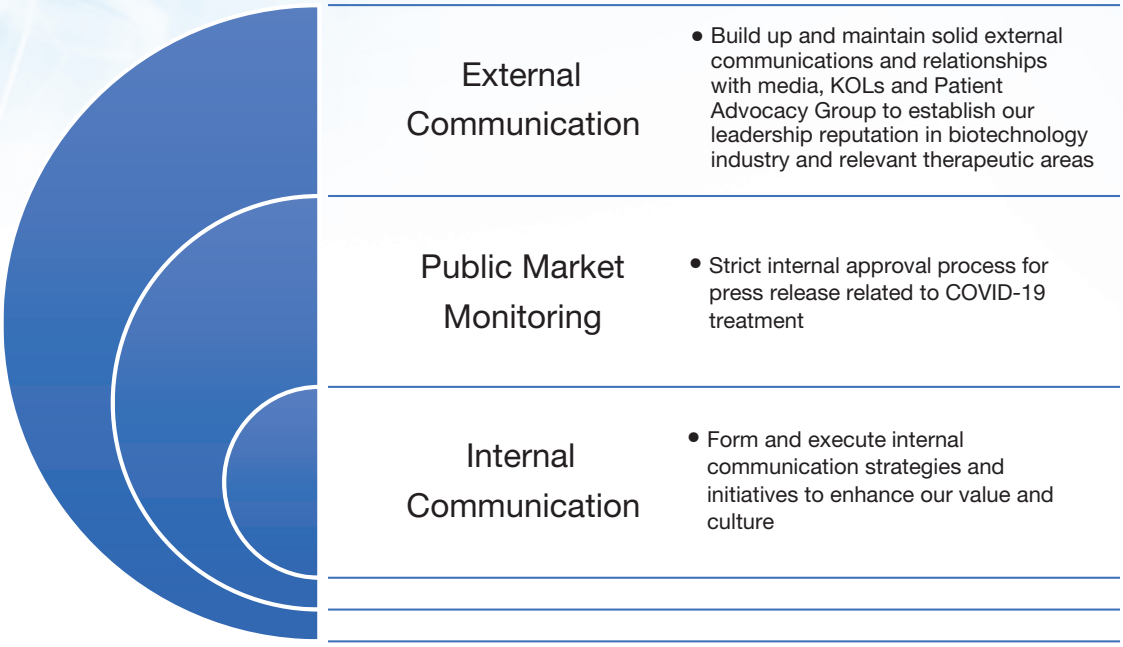
Advancing Commercialization

To tackle public health challenges and benefit people around the world, we have built our commercial arm and capability for launching products. With headquarters in China and the US, we benefit from our stateside team's R&D strength and our extensive network of upstream R&D and external collaborative resources. Meanwhile, our China team creates discoveries based on patient insight and research.

We believe that collaboration is the key to commercialization development. We keep open-minded in seeking an innovative commercial collaboration model based on our deep scientific and market insight. We joined Tsinghua University and the Third People's Hospital of Shenzhen to develop and optimize COVID-19 neutralizing antibodies, and guided them through regulatory approval to market. The said university and hospital provided facilities and researchers for testing and screening virological, biochemical, and cell culture characterizations. Meanwhile, we provided development expertise, antibody optimization, intellectual protection, project management, CDMO management, and clinical and regulatory oversight. As part of the collaboration, we formed our non-wholly owned subsidiary TSB Therapeutics in which Brii Beijing holds 72.77% of the total equity interests. We have the exclusive rights to develop and commercialize the amubarvimab/romlusevimab combination in Greater China through TSB Therapeutics. The innovative collaboration model gathered the best people together and greatly accelerated the timeline of commercialization. In March 2022, we successfully established partnership with Sinopharm Group through TSB Therapeutics to advance stockpiling, channel distribution and regional access of the Company's long-acting neutralizing monoclonal antibody therapy, the amubarvimab/romlusevimab combination. Sinopharm Group, as a leading state-owned pharmaceutical distribution company in China with advanced distribution channels and strong channel management ability, would help us to rapidly move forward the channel penetration, market access and the accessibility of our amubarvimab/romlusevimab combination to help more COVID-19 patients in China.

We made great efforts to secure BLA approval for our COVID-19 treatment from the China NMPA and the US FDA. In less than 20 months, we progressed the amubarvimab/romlusevimab combination from discovery to completion of Phase 3 development, and obtained approval by the China NMPA. This reflects our commercial rise in China and recognition by the drug regulatory agency of our efficacy, safety and quality. On October 9, 2021, we initiated the submission of EUA filing to the US FDA for amubarvimab/romlusevimab combination for non-hospitalized COVID-19 patients at high risk of clinical progression to severe disease and we are working closely with our CDMO to respond to any regulatory inquiry. And we are in active discussion with governments regarding stockpiling and commercialization of our antibody therapy.

While continuously pursuing commercialization development, we stick to a credible commercialization process and incorporate our core value of "Trust" into marketing strategies. A strict and comprehensive marketing mechanism validates our communications and enhances both our social influence and our relationship with stakeholders:



Our Marketing Mechanism

Social Contribution

In 2021, the COVID-19 Delta variant in China posed challenges for the anti-epidemic fight in China. In response, we cooperated with government agencies and hospitals between June and December to donate nearly 3,000 doses of the amubarvimab/romlusevimab combination for emergency use in Guangdong, Yunnan, Jiangsu, Hunan, Henan, Fujian, Gansu, Ningxia, Inner Mongolia, Heilongjiang, Qinghai, Guizhou and Liaoning provinces. Nearly 1,000 patients from 22 hospitals in 21 cities received the treatment, providing the largest patient experience of amubarvimab/romlusevimab from a single country. Hundreds of healthcare professionals have gained experience and confidence in using this antibody therapy, which has made a significant contribution to the fight against the outbreaks in China. Later, the National Health Commission of China included the amubarvimab/romlusevimab combination in its COVID-19 Diagnosis and Treatment Guidelines (9th Edition) for the treatment of COVID-19 in March 2022, strengthening our market position and social visibility.

We always put patient first and stay on the frontline of the fight. We contribute enthusiastically to charitable campaigns, continuously promote overall social benefits. We work with business partners and governments to scientifically allocate resources, actively overcome the difficulties brought by challenges of weather conditions and traffic closures, and ensure that patients receive treatment without delay.

Nearly 3,000 Doses

Nearly 1,000 Patients

21 Cities


黑河市第一人民医院


02:20


疫病无情，
医药有义


门 诊
兰州加油！ 兰州必胜！


行政办公楼
疫情无情，
医药有义
04:45
2021.10.25 星期一

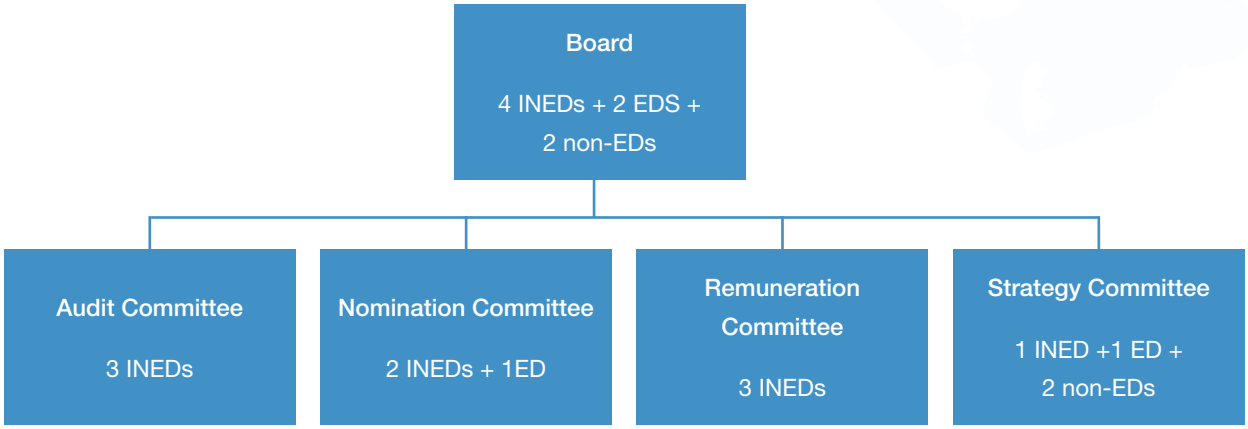

西宁第四人民医院
11/5 凌晨 00:30

1. GOVERNANCE

We are committed to operation in compliance with high quality corporate governance. To promote sustainable corporate growth, we refine our governance structure and responsibilities, enhance supply chain management and stakeholder communication, ensure information transparency, and strengthen the protection of data and intellectual property.

1.1 Corporate Governance

We have adopted the *Corporate Governance Code* as set out in Appendix 14 of the Listing Rules as our own code of corporate governance. We have established the Board as the principal decision-making body of the Company. The Board is responsible for overseeing the Company's business and strategy to protect the best interests of the Company and its Shareholders.



* ED means Executive Directors, INED means Independent non-Executive Directors, non-ED means Non-Executive Directors

(For more details, please refer to the section headed "Corporate Governance Report" in this annual report)

The Board is comprised of eight Directors, including two executive Directors, two non-executive Directors, and four independent non-executive Directors. The Board has established four committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee, for overseeing particular aspects of the Company's affairs.

The Company recognizes the essentials of having a diverse Board for a broad vision and better corporate governance performance. We have adopted a "Board Diversity Policy", which sets out our objectives and approach to achieving and maintaining the diversity of the Board. All Board members are appointed based on their individual competencies and ability to contribute to the Company. Each comes in with diverse and differentiated skills, and regional and industry experience. Board members are also from diverse ethnic backgrounds, and balanced with respect to gender, which ensures an optimal representation of a wide range of perspectives. We emphasize gender diversity on the Board, with a female Board member chairing the Audit Committee and sitting on the Remuneration Committee. The Company continues to take steps to promote a culture of fair employment, and understands that a diverse Board is essential to an inclusive working environment. To maintain a diverse Board of Directors, the Nomination Committee will review at least annually the structure, size, and composition of the Board. Where appropriate, recommendations will be made on changes to complement the Company's corporate strategy.

1.2 Integrity

We are committed to operating our business in compliance with applicable laws and regulations and to ensuring that business integrity is our central focus. During the Reporting Period, we made extensive efforts to raise employee awareness of best practices for carrying out operations with integrity. Our alignment efforts were to proactively create the working atmosphere that reflects this focus. This has led to an absence of corruption, bribery, extortion, fraud, and money laundering within the Company. Nor did we have any litigation caused by the above-mentioned matters in 2021.

Integrity Management

We are committed to maintaining the highest standards of business integrity. This includes complying with any and all applicable laws governing our business operations, both foreign and domestic, including the *U.S. Foreign Corrupt Practices Act of 1977*, as amended, the *U.K. Bribery Act 2010*, the *People's Republic of China Anti-Unfair Competition Law*, and the *Criminal Laws of China* and associated judicial interpretations that prohibit bribes to government officials.

To ensure compliance with these applicable laws and regulations, we have already established and will continue to maintain strict anti-corruption policies. For example, we have established *Anti-Bribery and Anti-Corruption Policy*, which explicitly stipulates that any forms of corruption and bribery are strictly prohibited in business operations, and requires that all the Company's employees should comply with the requirements of the laws and ethical standards when interacting with various stakeholders. We have also implemented our *Medical Interaction and Promotion Policy*, which sets forth the compliance framework for medical interactions with healthcare professionals, medical institutions, and the promotion of pharmaceutical products, and to ensure that such activities are transparent, clearly accounted for, and provided in accordance with applicable laws, industry guidances and best practices.

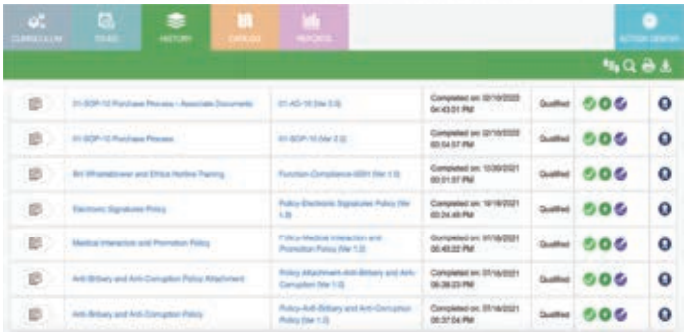
We encourage employees to proactively and anonymously report corruption, bribery, and other legal and regulatory violations. Guided by our *Whistleblowing* Policy, we have established comprehensive procedures and various channels for reporting and monitoring corruption incidents to strengthen business anti-corruption management and prevent corruption, fraud, or any misconduct against the Company's interest. We want employees to feel comfortable in approaching their supervisor or management in instances where they believe violations of policies or standards have occurred. We have set up a whistleblowing website and hotline, which are set forth below. Whistleblowers are encouraged to submit reports relating to violations stated in our Code of Conduct, as well as ask for guidance related to policies and procedures, and provide suggestions and any constitutional information that may be relevant. In addition, anyone has the option to submit all reports to our Compliance department, Chief Financial Officer, General Manager, Chief Executive Officer, Human Resources department, or via the finance hotline in real name or anonymously. The Legal, Compliance and HR departments will process the complaint according to the type of issue brought to their attention by the whistleblower.

Whistleblowing Channels	
Whistleblowing website:	https://secure.ethicspoint.com/domain/media/zhs/gui/81183/index.html
Whistleblowing hotline	From an outside line dial the direct access number for your location: China (Southern) ····· 10-811 China (Northern) ····· 108-888 At the English prompt dial (833) 945-3455.
Relevant Personnel	Compliance department, Chief Financial Officer, General Manager, Chief Executive Officer, Human Resources department

By keeping the identity of the whistleblower and concerned personnel entirely confidential, all employees and relevant third parties at the Company can raise concerns without fear of reprisal. In the event that an individual has a conflict of interest in dealing with the complaint, he or she will refrain from participating in the entire process.

Compliance Trainings

We conducted multiple compliance trainings focused on integrity both online and offline to enhance anti-corruption and anti-bribery awareness among our employees. The trainings were conducted through the Compliance Wire System. All our employees have access to the system, which provides compliance trainings and compliance-related tasks. After the trainings employees are generally required to pass the exams assigned to ensure their full understanding. Additionally, experienced legal professionals provided offline training for employees in accordance with the relevant laws and regulations in our operating regions designed to improve employees' awareness of compliance with laws to further ensure a high level of business ethics within the Company. As of December 31, 2021, we have conducted a total of 270 hours of compliance trainings.



Compliance Related Trainings

Anti-Bribery Training Case

On July 16, 2021, we invited an experienced partner from a reputable PRC firm, JunHe LLP, to deliver a compliance training session for the employees in China.

Training Topics:

- PRC anti-bribery legal framework
- Introductions on Foreign Corrupt Practices Act
- Specific compliance risks and notes for pharma industry
- Summaries of and highlights in our anti-bribery polices
- Case analysis

1.3 ESG Governance

Social responsibility and environmental sustainability constitute an important part of our development strategy. Consequently, we continue to make efforts focused on integrating ESG management and sustainable development ideas into our daily operations. We have established a comprehensive ESG structure to constantly improve our management system.

Our ESG Governance Structure

Board of Directors

- Review and assess the risks and significance of the Company's ESG matters
- Review, approve and evaluate the Company's ESG strategy and objectives
- Monitor, evaluate and review the Company's ESG related targets
- Review and approve the Company's public disclosure of its performance in respect of ESG matters

Executive Team

- Develop the Company's ESG objectives, strategies and structure, review the progress in achieving the objectives, and make recommendations to the Board on relevant ESG work in line with the Company's strategic development
- Identify and review ESG related issues that have a significant impact on the Company's operations and/or the interests of other key stakeholders
- Review international and China's ESG trends to ensure the effective assessment of potential impact, opportunities and risks to the Company's business
- Monitor the implementation of the Company's ESG policies and strengthen process control to ensure compliance with applicable laws and regulatory requirements

ESG Working Group

- Develop ESG policies and action plans for each department
- Manage ESG related risks and issues in the daily operation of each department
- Promote the implementation of ESG related issues

Board Statement

Board of Directors Oversight	The Board holds overall accountability for our ESG strategies and performance, and reviews and approves the Company's ESG related strategies, targets, progress and information disclosure. The Executive Team's responsibilities include identifying ESG related risks and opportunities, developing ESG related goals, strategies and policies, and monitoring the effectiveness of ESG risk management. The Executive Team meets regularly to ensure oversight of our ESG agenda and report back to the Board with suggestions.
Group Executive Leadership	The implementation of ESG matters is led by the Executive Team and supported by the ESG Working Group. The ESG Working Group assists in the formulation of ESG strategies, targets and policies, and integrates them into daily operations. They report to the Executive Team regularly and make improvements based on the Executive Team's recommendations.
Governance and Risks	The Audit Committee is responsible for monitoring the Company's overall risk management and providing risk analysis for the Board. Simultaneously, the Company's overall risk management system also includes ESG risk management. The Executive Team specifically assesses these ESG risks and advises the Board on material ESG issues. The Board assesses the overall risks and recommends measures designed to mitigate them.
Material ESG Issues	We maintain close engagement with internal and external stakeholders to identify and evaluate material ESG issues to formulate ESG strategies. Based on the material ESG issues, we follow international sustainability trends and benchmark against our peers to review our ESG performance on a regular basis. The review results help to provide the scientific basis for future resource allocation.

1.4 Determination of Material Issues

Stakeholder Engagement

We have placed high importance on interactions with various stakeholders and are committed to developing regular communication mechanisms with stakeholders to understand their perspectives and needs through daily operations, comprehensive surveys, and stakeholder communication. In 2021, we initiated more than 500 communications in the form of online and offline meetings, phone calls, surveys and visits to proactively collect stakeholders' feedback.

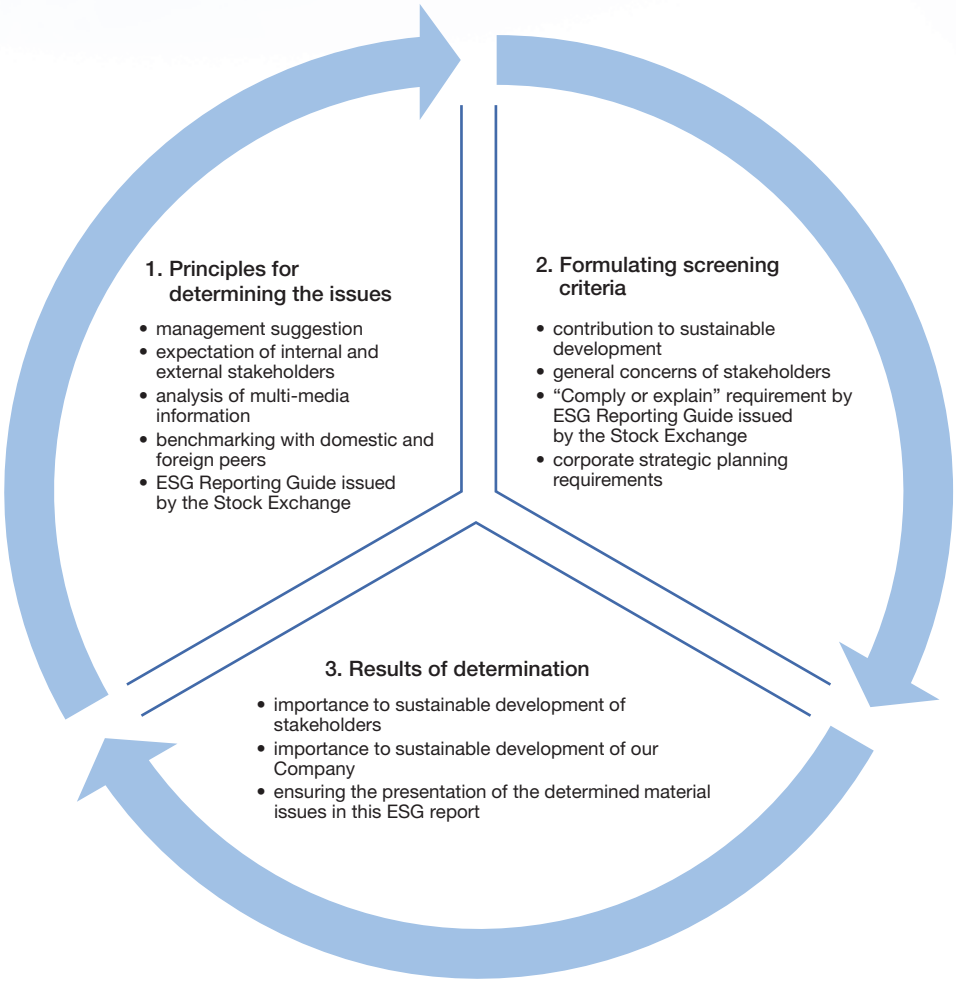
Stakeholder	Issue of Concerns	Communication Channels
Investors and Shareholders	Corporate Governance Product Safety and Quality Climate Change Risk Management Technology and Innovation Intellectual Property	General meetings of Shareholders/investors Regular hybrid business update meetings Information disclosure Regular teleconferences
Suppliers	Supply Chain Management Product Responsibility	Supplier evaluation Supplier training and communication platform
Media	Technology and Innovation Product Responsibility Responsible Marketing Social Contribution	Information disclosure Product release Industry seminar/meeting
Industry Associations	Technology and Innovation Product Responsibility Intellectual Property Protection	Routine meetings of industry experts and doctors Industry exchanges and seminars Program cooperation
Board of Directors	Corporate Governance Risk Management Product Responsibility	Board and Executive Team meetings Information disclosure
Employees	Employee Right Employee Recruitment Employee Training and Learning Employee Remuneration and Welfare Workplace Health and Safety Diversity and Equality Green Workplace	Staff meetings Internal staff communication platform Employee activities and team building Internal and external training

Stakeholder	Issue of Concerns	Communication Channels
Business Partners	Intellectual Property Protection Business Information Safety Product Responsibility Business Merits and Anti-corruption Responsible Marketing Sustainability of Supply Chain Management Technology and Innovation Patient Relation Industry Participation	Industry seminar/meeting General visits/meetings Open tending and bidding process Supplier conferences Business conferences
Patients	Product Responsibility Technology and Innovation Patient Advocacy Information Security Responsible Marketing	Product quality guarantee Patient survey Patient services Patient satisfaction survey Industry/technology seminar
Governments and Regulators	Law compliance Tax compliance Resource Management Society Investment and Development Business Merits and Anti-corruption	Regular supervision checks Official document release Policy implementation Information disclosure
Community and Public	Employee Rights Resource Management Society Investment and Development Community services and philanthropy	Volunteering and community activities Media communication and interviews Contributing to epidemic control Participating in community construction

Materiality Analysis

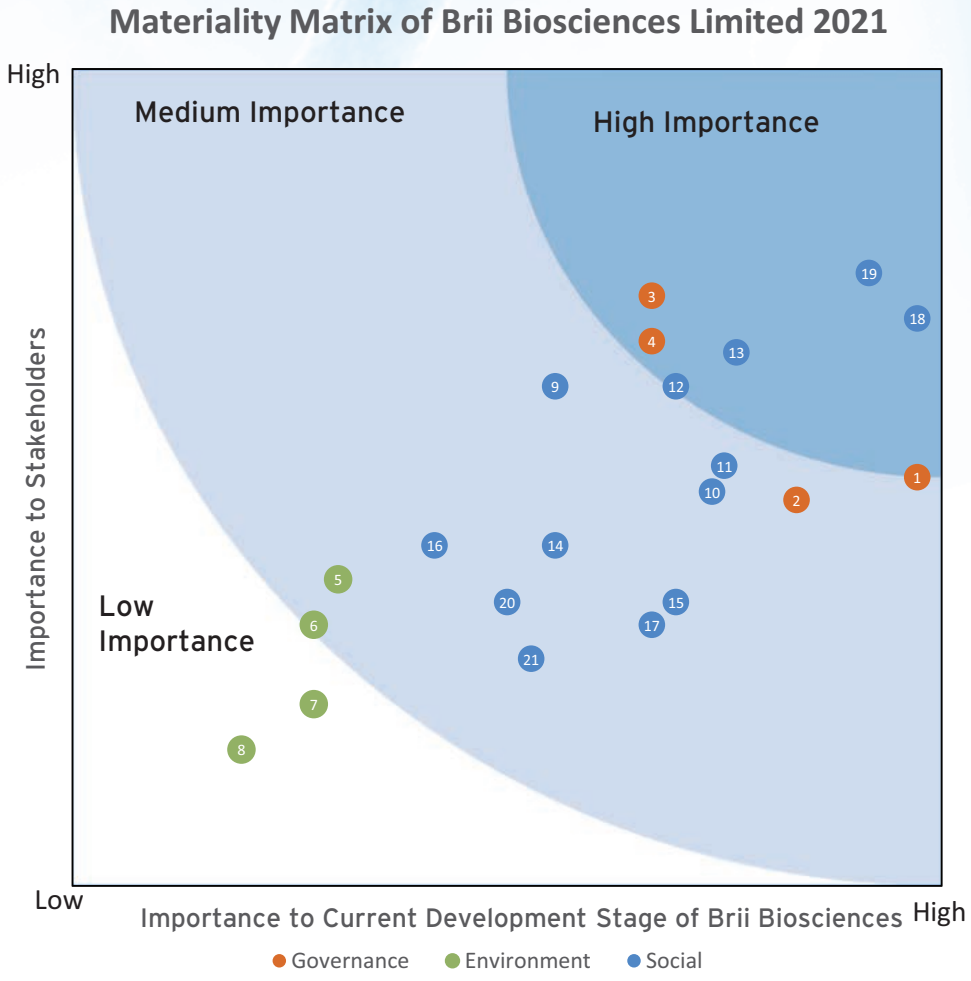
During the Reporting Period, we conducted a materiality analysis. We collected, analyzed, and summarized key stakeholder concerns regarding ESG issues of interest to capital market rating agencies and regulators. We benchmarked peer disclosures, and distributed questionnaires to stakeholders.

The results have given us a thorough understanding of the expectations and suggestions of stakeholders, as well as our own management and development needs. They have laid a solid foundation for us to develop long-term ESG strategies and allocate resources effectively.



Process of Determining Material Issues

The assessment process identified 21 ESG issues, of which seven are particularly important to our stakeholders. They form the key disclosures in this ESG report.



Governance	
1	**Corporate Governance**
2	Code of Business Conduct and Anti-Corruption
3	**Intellectual Property Protection**
4	**Information Security**
Environment	
5	Green Office
6	Climate Change Risk
7	Pollutant Emission
8	Resource Consumption
9	Occupational Health and Safety
Social	
10	Employment
11	Employee Rights
12	**Employee Benefits and Remuneration**
13	**Employee Education and Training**
14	Diversity and Inclusion
15	Community Investment and Development
16	Industry Participation
17	Supply Chain Management
18	**Product Safety and Quality**
19	**Technology and Innovation**
20	Responsible Marketing
21	Patient Relationship

2. PRODUCT RESPONSIBILITY

As a company devoted to human welfare, we aim to ensure healthy lives and promote well-being for all at all ages by fostering innovation in our business itself. Our R&D is supported by outstanding scientists and sound research governance. In the meantime, we work with industry partners, academic institutions and our patients to achieve our goal as a member of the biotechnology industry.

2.1 Commitment to Research with Innovation

As a company with a mission to developing innovative solutions to public health problems, innovation with quality standards has always been the core of our development.

R&D Program Management

Our R&D is strictly managed, from choosing diseases to be tackled and selecting drug candidates to entering clinical trials. Rigorous controls ensure quality and compliance.

Though a young company, we have solid and well-organized governance in our research decision-making. Two committees monitor and provide oversight to our research projects: RDRC and CIC. Currently, both committees are comprised of executive management team members to monitor progress and qualities. With clear-defined responsibilities, the committees perform research management in an efficient and high-quality manner and have monthly meetings on key issues discussions.

R&D Review Committee

- The role of the RDRC is to monitor and provide oversight and recommendations regarding the initiation of new projects (including potential new in-license programs), progression of portfolio programs through established stage gates, and proposed program terminations. Decision making for pipeline progression and stage gate queries will be made by the CEO, except in the case of moving to the first time in humans stage gate, which will be decided by the RDRC Chair whether the drug candidate is eligible.

Corporate Investment Committee

- The role of the CIC is to monitor and provide oversight and recommendations regarding the management of both new and ongoing investments. These include endorsement of R&D planned expenditures (after appropriate review at the RDRC), management of existing equity investments, endorsement of new equity investments and the like. Decision making for R&D matters will be made by the CEO.

To efficiently meet our ambition to benefit more patients, we conduct standardized clinical research and product development and set clear responsibilities for the research team and management. Our *Research and Development Review Committee and Stage Gate Policy* guarantee compliance efficiency. The development process comprises the following steps:

Program Initiation

- Divided into two types: new research candidate and new in-license candidate
- Both types of programs need to file formal proposal with inputs from assigned personnel
- The proposals should include various criterias, such as medical rationale, strategic fit and opportunity and risks
- The proposal will be reviewed by the RDRC and the CIC when required

Stage Gate Reviews

- The RDRC is responsible for reviewing all our programs when they reach the predefined Stage Gates to confirm that the program should continue through to the next stage of development
- For later stage gates, the program will also be required to be reviewed and approved by the CIC

Monitoring Progress of Programs

- The program development plans and budgets will be reviewed at least annually by the RDRC, or the CEO and members of the leadership team

Program Termination

- The proposed program termination will be reviewed by the RDRC

R&D Program Highlights

We are dedicated to developing therapeutics that address major health challenges, and responding to public health crises.

We have a diverse portfolio of innovative, internally discovered, and in-licensed drug candidates focusing on infectious and CNS disease therapies with transformative potential that address important unmet health needs around the world. Our pipeline includes more than ten innovative product candidates, featuring a mix of preclinical and clinical-stage candidates.

Infectious Disease	Hepatitis B Virus
	COVID-19
	HIV Infection
	MDR/XDR Gram-negative Infection
	MDR/XDR TB Mycobacteria and Non-tuberculosis Mycobacteria
Central Neuroscience Disease	Postpartum Depression
	Postpartum Depression Prevention
	Depressive Disorder

During 2021, we rapidly advanced our product pipeline and business operations, gaining our first BLA approval in China and filing the first EUA in the US for the treatment of COVID-19, while we continued to advance our HBV, HIV and CNS programs. We highlight the below primary achievements in 2021 and recently to show our commitment to the high-quality developments of R&D, as our promise to the ESG principle:

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

Around the world, almost 300 million people are chronically infected by HBV. With the number of patients living with HBV totaling 72.6 million in 2019 in China alone, most patients who are eligible for treatment need to take drugs for the rest of their lives as there is no cure for HBV infection. Once contracted, chronic HBV infection can lead to serious health issues, such as liver failure and cancer. We believe our innovative approach is epitomized by our functional cure program for HBV infections in China, a combination therapy of BRII-179 (VBI-2601) and BRII-835 (VIR-2218), that encompasses dual mechanisms of action, removing immunosuppressive viral antigens by siRNA gene silencing followed by stimulating the host HBV-specific immunity with a therapeutic vaccine. We hold exclusive rights to develop and commercialize BRII-179 (VBI-2601) and BRII-835 (VIR-2218) in Greater China, which represent a potential novel HBV functional cure regimen.

Recently, we completed the patient enrollment and we expect that the initial clinical data will be available by the end of 2022.

2) **COVID-19 Program (discovered in collaboration with Tsinghua University and the Third People's Hospital of Shenzhen through our subsidiary TSB Therapeutics)**

In quick response to the urgent global needs that arose from the COVID-19 pandemic, and consistent with our commitment to tackling public health challenges, we pivoted from our development in other research programs to assist in eradicating the threats of COVID-19. We progressed the novel amubarvimab/romlusevimab neutralizing antibody combination therapy from internal discovery to completion of Phase 3 development leading to rapid approval by China NMPA in less than 20 months, which represents the highly successful partnership with the best scientists and clinical investigators in China and around the globe on a shared mission.

Our amubarvimab/romlusevimab cocktail therapy is approved to be administered by intravenous infusion in two sequential doses for treating adults and adolescent patients (age 12-17 weighing at least 40 kg) of mild- and normal-type COVID-19 at high risk for progression to severe disease, including hospitalization or death. The indication of adolescent patients (age 12-17 weighing at least 40 kg) is under conditional approval.

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

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

PPD is a major women's health problem, a common and often debilitating complication of pregnancy that affects approximately 13% of women within one year of delivery. New mothers experiencing PPD are easily misunderstood due to the lack of public awareness, while there are also few treatment options over PPD and PPD prevention.

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

BRII-296 is our novel and single treatment option that has moved into clinical trials in the US for both treatment and prevention of PPD. Our proprietary approach to address the challenges associated with current treatments for PPD provides a rapid, profound and sustained reduction in depressive symptoms of PPD while avoiding the substantial limitation of the current approved treatment. It also is a directly observed therapy that provides assured adherence and convenience compared to future oral medications without concern of drug exposure to breastfeeding infants. BRII-297, a new chemical entity discovered internally, is under development for the treatment of various depressive disorders. It will enter Phase 1 studies in the US, expanding our R&D efforts in central nervous system diseases.

Research Team

Our intelligent and experienced staff drive the Company's innovation. Since the early stage of our establishment, we have valued scientific knowledge and exploration, and focused on building our research team.

Our experienced R&D management team have an average tenure of 20 years in drug discovery and development. We are also supported by our strong scientific advisory board consisting of leading scientists, physicians, and industry veterans who have played key roles in shaping our R&D strategies and our involvement in the medical and industry communities.

We also understand the importance to cultivate a culture of innovation, organizing various vocational skills training to enhance the core R&D capabilities of our R&D team, and supporting employees to participate in external training to build a diversified talent team. In addition, our mentorship program accelerates knowledge sharing among employees and helps to form a skilled community.

Our professional R&D team is made up of leading experts in their respective fields. Our in-house R&D capabilities are led by industry veterans who impart to the Company with their large pharma experience in drug discovery all the way through commercialization. Our leaders include Zhi Hong, Ph.D., Li Yan, M.D., Ph.D., Lianhong Xu, Ph.D., Qing Zhu, Ph.D., and David Margolis, M.D., MPH.

Zhi Hong, Ph.D. Executive Director, Chairman of the Board and Chief Executive Officer

Dr. Hong co-founded the Company in 2017 and has served as Chief Executive Officer since the Company's inception. Dr. Hong has over 25 years of experience in the biopharmaceutical industry and has previously led the infectious diseases business of multiple multinational pharmaceutical companies, including GSK, and he was widely credited as the key architect of GSK's comeback and success in HIV and other infectious diseases medicine discovery and development.

Li Yan, M.D., Ph.D. Chief Medical Officer

Dr. Yan is responsible for our clinical development, regulatory affairs, medical affairs, drug safety, and other related functions. Prior to joining the Company, Dr. Yan was Vice President and Head Unit Physician of GSK Oncology, where he oversaw global development of oncology assets focusing on immunotherapy, cancer epigenetics, and cell therapy.

Dr. Yan received his medical degree from the Medical College of Peking University and a Ph.D. from the University of Kansas Medical Center. He is an adjunct professor in Yonsei University.

Lianhong Xu, Ph.D. Senior Vice President, Head of Medicinal Chemistry

Dr. Xu serves as senior vice president of the Company. Dr. Xu had an illustrious career at Gilead Sciences where she was a senior director. She was responsible for leading antiviral projects and conducting medicinal chemistry research and small molecule drug discovery, which resulted in several commercial drugs from May 1998 to April 2018.

She holds a B.S. in chemistry from Nankai University (PRC) and a Ph.D. in synthetic organic chemistry from Rice University. She has co-authored more than 30 peer-reviewed scientific publications and holds more than 30 issued patents and applications.

Qing Zhu, Ph.D. Senior Vice President, Head of Biopharmaceutical Research

Prior to joining the Company, Dr. Zhu spent 10 years at MedImmune in the United States, where she served as the Director of Infectious Diseases and Vaccines with a particular focus in the fields of antiviral biologics and novel biotherapeutics. At MedImmune, Dr. Zhu led cross-functional matrix teams to progress antibody candidates from preclinical to clinical studies, and contributed to regulatory submissions (IND/BLA) of several antibody drugs targeting respiratory syncytia virus and influenza.

David Margolis, M.D., MPH Vice President, Head of Infectious Diseases Therapy Area

Prior to joining the Company, Dr. Margolis was Medical Director and Senior Medical Director for both GSK and ViiV Healthcare Limited, serving as the lead physician for the clinical development program for the long-acting integrase inhibitor, cabotegravir.

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

Intellectual property protection

We encourage enthusiastic employees to invent and create, and promote the application of scientific and technological achievements. Consequently, we assign great value to the protection of IP and strictly abide by relevant laws in the regions in which we operate. These include the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Law of the People's Republic of China Against Unfair Competition*, *United States Code-Title 35: Patents, United States Code of Federal Regulations-Title 37: Patents, Trademarks, and Copyrights*, the *2016 Defend Trade Secrets Act*, the *1996 Economic Espionage Act,* and the *Uniform Trade Secrets Act* in the US.

We have developed strict measures to prevent infringement of IP rights, including filing patents and registering trademarks in time to prevent infringement of the IP of other parties. To protect our IP-related rights and interests, we regularly monitor new research, publication, and the news of other companies and set up internet search alerts.

We strictly control access to our patent, trademark, and other legal folders. Every employee is party to an invention and confidentiality agreement, which outlines in detail obligations to hold company information in strictest confidence, their obligations with regard to inventions that they develop while in our employ, and their obligation to return all company property, including IP, when leaving. The agreement also specifies how employees should properly use or disclose the proprietary information or trade secrets of any former or concurrent employer, or other person or entity. Proper use of IP is also documented in our *Employee Handbook*, while business partners and investors are required to sign non-disclosure agreements that are always put in place to clearly outline IP rights ownership and obligations.

As of December 31, 2021, we owned 26 patent applications and co-owned one patent application. In addition, we have licensed nine patents and 30 patent applications.

2.2 Quality Management

Quality Control

Exploration, practice, and long-term learning have shaped our ever-improving quality management. We strictly comply with the laws where we operate. Based on legal requirements of *Drug Administration Law of China, GCP, GLP, GMP* and *GPvP*, we have prepared and implemented a series of internal policies and procedures on quality management to ensure effective implementation of all management requirements.

During research and development, the R&D Committee reviews safety information and potential benefits before advancing assets from one stage to the next. Meanwhile, our Protocol Review Committee further assesses the benefits and risks, and ensures that clinical trials safeguard their subjects.

Three-tier management clearly assigns roles and responsibilities to promote our quality.

Our Quality Governance Structure

To build a quality-robust supply chain, we have also developed a *QA Audit* standard operating procedure that defines the procedures for planning, conducting, reporting and closing GxP (including GCP, GLP, GMP, GPvP, etc.) audits performed by us. And as our commercialization evolves, our quality control will be enhanced.

As for potential risks that may occur during the development process, we implemented QRM, which includes all GxP activities in our Company and defines the quality risk management system to ensure that the potential risks are assessed, controlled, communicated, and reviewed at Brii Bio. The QRM is also used for identifying and prioritizing areas for continuous quality improvements.

While continuously working to improve our quality management measures, we also provided trainings to employees on their quality awareness and promoted the corporate core value of quality culture.

GCP Compliance Training
During the Reporting Period, 4 modules of China GCP group trainings were provided via the Brii Talk platform and the training materials with quiz were assigned to impacted functions via Compliance Wire System, a fully validated knowledge and learning management system that facilitates the management of training activities, learner proficiency and compliance status.

2.3 Collaboration

We seek innovation around the globe and bring together best-in-class partners who share our vision of delivering world class medicines to patients. We design partnerships that combine the strengths and capabilities of each organization to rapidly turn promising science into new medicines.

R&D cooperation

Alongside our in-house R&D capabilities, we benefit from a strong scientific advisory board and veteran investors. We also enjoy R&D collaborations with global pharmaceutical and biotech companies including Qpex Biopharma Inc., VBI Vaccines Inc., VIR Biotechnology Inc., and AN2 Therapeutics, Inc. Leading CROs, CMOs, CDMOs, research institutions, and other strategic partners including WuXi Biologics and WuXiAppTec also bolster our operations.

Our cross-border organic operations are one of our competitive advantages and we plan to extend this capability and our capacity to our organization in 2022. With the planned expansion of our depression disorders pipeline, we may consider establishing additional laboratories that serve our international goals, such as advancing our US capabilities.

Corporate partners

AN2 Therapeutics

AN2 Therapeutics, Inc.

QPEX BIOPHARMA

Qpex Biopharma, Inc.

VBI VACCINES

VBI Vaccines, Inc

VIR

Vir Biotechnology, Inc.

Strong relationships with renowned academic institutions and hospitals, including Tsinghua University, the Third People's Hospital of Shenzhen, and Columbia University, provide us with additional scientific strength.

Academic Partners

Beijing Tsinghua Industrial R&D Institute

Columbia University

School of Medicine, Tsinghua University

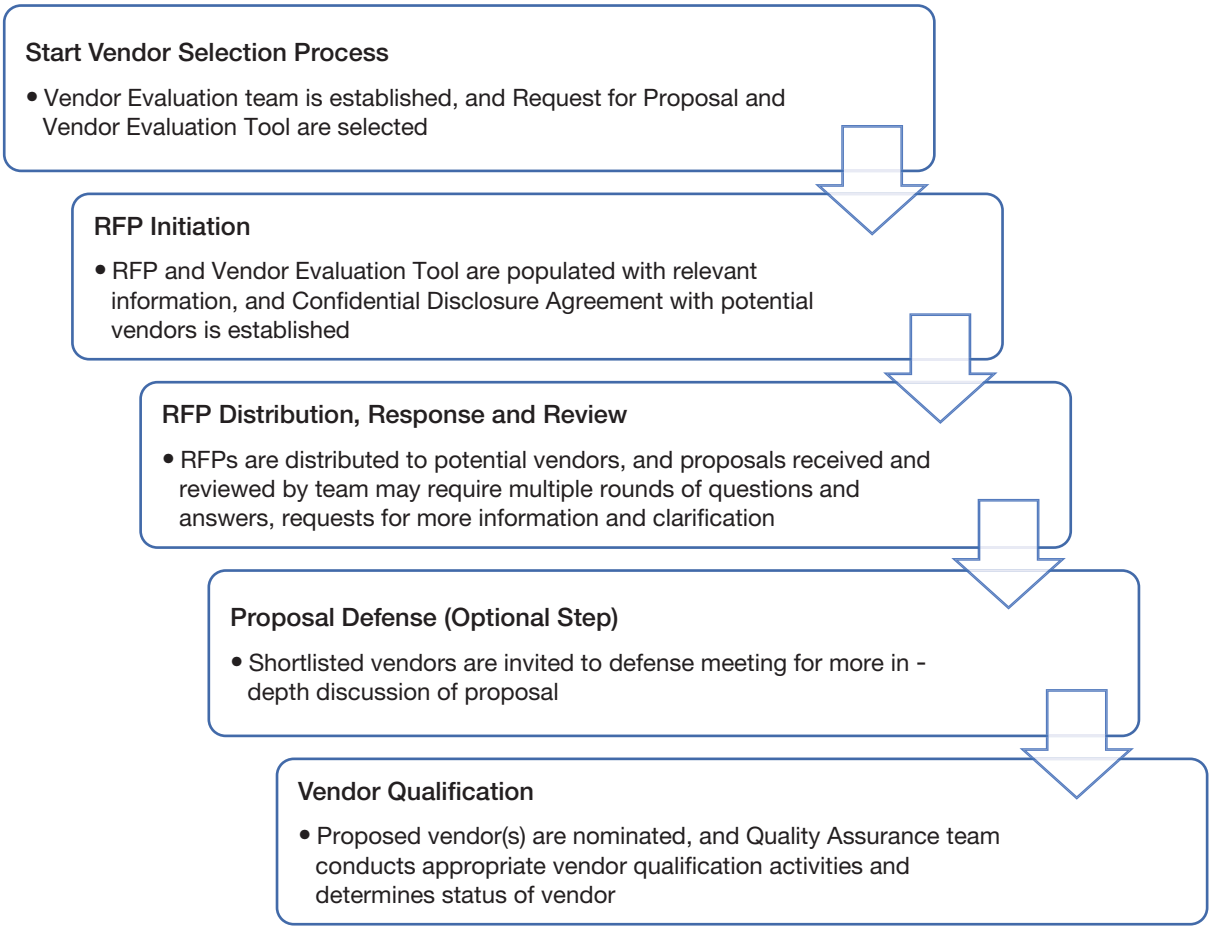
The Third People's Hospital of Shenzhen

Supplier Management

We aim to grow together with our suppliers and build a high-quality supply chain that benefits all parties. Throughout the life cycle of suppliers – from qualification assessment to auditing and evaluation – we uphold the principles of openness and fairness. We have developed *Purchase Process* as guidance for business activities with non-GxP vendors, and specifically set up *Vendor Selection* and *Vendor Qualification* to select, maintain and retain our GxP vendors from all aspects, including managing social and environmental risks that may arise from vendors.

Vendor Selection

When a new vendor is required, the Head of the Outsourcing Functional Area initiates the vendor selection process by identifying the members of the Vendor Evaluation team with relevant expertise who should advise on the selection of a vendor. The Vendor Evaluation team will follow a comprehensive procedure by which prospective suppliers are assessed for quality, industry experience, labor management, and environmental and social credentials. Only after careful consideration and checks may they enter our approved supplier pool.



Vendor Selection Process

We strictly control the qualification of our vendors and therefore conduct strict vendor qualification check as the last step of our Vendor Selection Process. We classify vendors into three categories based on the nature of their services. Different vendors should be assessed accordingly and qualification status will be documented as required.

Categories	Definition	Assessment Method
Tier 1 suppliers	those whose goods or services are regulated by a regulatory health authority body and have a direct impact on a study, subject safety, or data integrity	On-site or remote auditing
Tier 2 suppliers	those whose goods or services are regulated by a regulatory health authority body but do not have a direct impact on a study, subject safety, or data integrity	Evaluated by a questionnaire customized to the activities to be outsourced
Tier 3 suppliers	those whose goods or services are not regulated by a regulatory health authority body	Not subject to QA audit

Vendor Management

During the period of our cooperation, the QA team conducts requalification checks to approved vendors, assigning requalification periods based on the tier level and historical performance of the vendor:

Categories	Assessment Requirements
Tier 1 suppliers	Routinely audited at least every two years from the date of the previous audit; Vendors that exhibit non-compliance that requires issue escalation may be audited more frequently
Tier 2 suppliers	Routinely audited at least every three years; Vendors that exhibit non-compliance that requires issue escalation are then evaluated based on Tier 1 vendor requalification requirements
Tier 3 suppliers	Not subject to routine audit

Vendor Assessment

Quality and performance are evaluated by our QA and Procurement teams, respectively. Suppliers are graded from 1 to 5, with 3 representing 'meeting expectations'. Those below 3 are reported to QA for reevaluation or termination.

In 2021, a total of 13 suppliers were evaluated in China and the US, with an average score of "Mostly 'meeting expectations'". As of December 31, 2021, we have 249 suppliers in total, of which 94 are based in China.

3. PATIENT ADVOCACY INITIATIVES

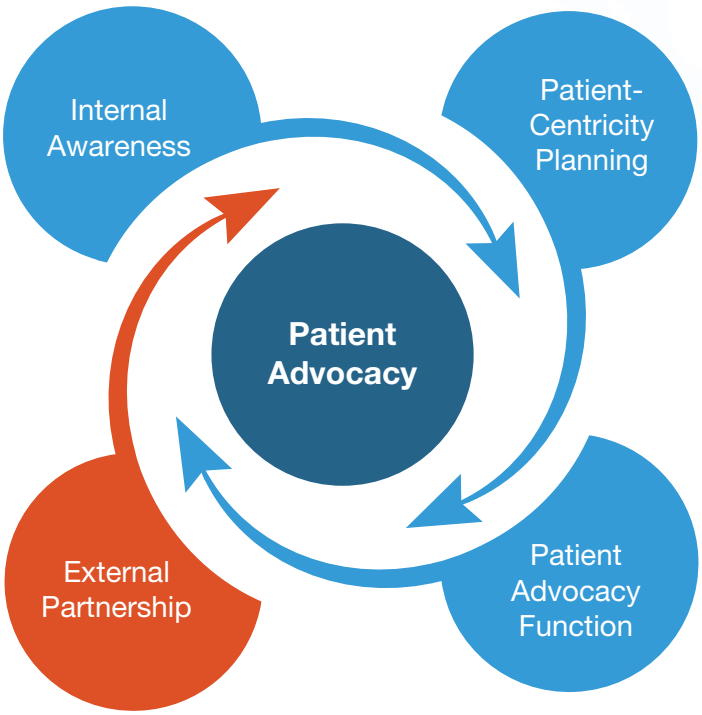
From the breast cancer movement and the AIDs advocacy movements, more and more companies came to realize that not only that patients need to have a voice, but companies also need to have ears and listen.

We plan to do more: not just listen to patients' voices but integrate them into our drug development and clinical medications. For us, patient advocacy is not a box to be checked, but a motivating force. The year 2021 marked our first official step into the patient advocacy space, as we played a pivotal role in helping COVID-19 patients (see paragraph headed "Features: Responding To COVID-19" in this ESG report). When our compensation drug contributed to a couple of cities in China last summer, we have devoted ourselves to helping people to understand and raise their awareness of the cocktail antibodies of the treatment. We have also advocated for patient access to innovative medicines and care, and integrated the perspectives of patients, their families and their carers into our work.

A patient-centric plan involving advocates in drug discovery and development, has made great progress in 2021 and will be deliverable in 2022. We will also develop the PPD plan for the US and an HBV plan for China in 2022.

We plan to establish a strategic patient advocacy function within the Company, led by our Senior Vice President Mr. Coy Stout. This will foster relationships with patients, their caregivers, and the disease-specific nonprofit groups that support them. It will ensure patient voices are understood across every function, from R&D to commercialization. We will also conduct a patient survey as part of the plan.

In the US, we are evaluating opportunities to support Maternal Mental Health Awareness Week. We are also gauging conference sponsorship opportunities with two advocacy organizations for patients, caregivers, and healthcare providers. We will continue to evaluate other sponsorship opportunities for our employees to participate in community events raising awareness of PPD. We make commitments to the PPD area seriously from when we set up the Company and decide to conquer this disease area. We believe that we are on the way into the "Journeys to Recovery". Indeed, science can reveal much about an illness, but it could not frankly tell us how people experience their disease and its pain. More and more, patients have become experts in their disease and treatment options as well as advocates for their health, managing critical decisions and choices. They are also looking to manufacturers/ drug developers to learn more about scientific advancements and information of the disease. We believe it is a two-way arrow between us and the patients.



4. EMPLOYEES

Productive employment and decent work are fundamental to sustainable growth. Through creating a diverse and inclusive workplace that empowers all employees equally, that promotes life-long learning opportunities for all, and that ensures working conditions are decent, healthy and safe, we contribute to a socially sustainable future.

4.1 Talent Acquisition and Development

We firmly believe that talents are the cornerstone of our business. We attract the best talents and empower them to do what they do best. We offer various opportunities for our employees to improve their skills, grow their careers and fulfill their ambitions. Investing in people and a talented pool of R&D professionals is among our ongoing areas of focus, and we aim to recruit additional key leaders as our business grows.

We strictly comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and related laws and regulations in the jurisdictions in which we operate. Our human resource policies, including the *Employee Handbook* and *Brii Bio Recruiting Policy*, accord with these laws.

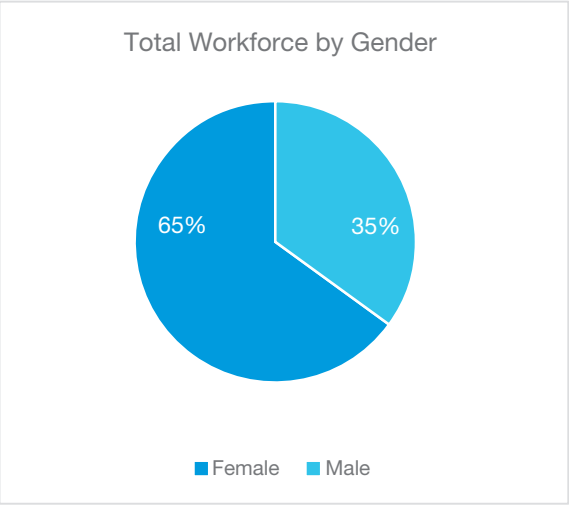
As an equal opportunity employer, we do not discriminate based on actual or perceived race, creed, color, religion, alienage or national origin, ancestry, citizenship status, age, disability or handicap, sex, marital status, veteran status, sexual orientation, genetic information, arrest record, or any other characteristic protected by applicable federal, state or local laws. Our management team adheres to this policy with respect to recruitment, hiring, placement, promotion, transfer, training, compensation, benefits, employee activities, and general treatment during employment.

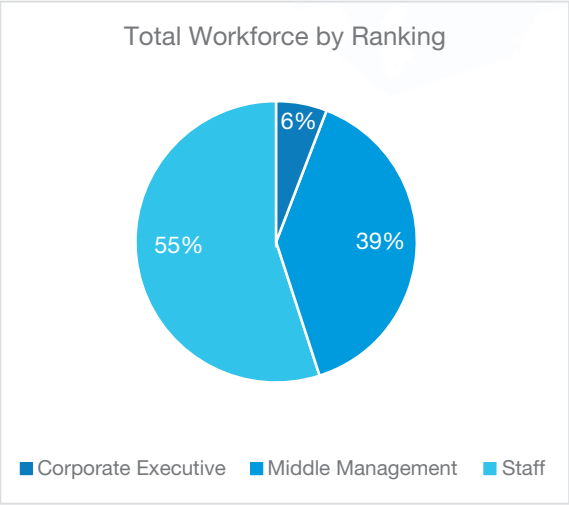
We prohibit child labor and forced labor of any kind, and we take preventive measures such as stating minimum age requirements, adhering to recruiting guidelines, undertaking background checks, and checking IDs prior to hiring. During the Reporting Period, no incident of child labor or forced labor occurred in the Company.

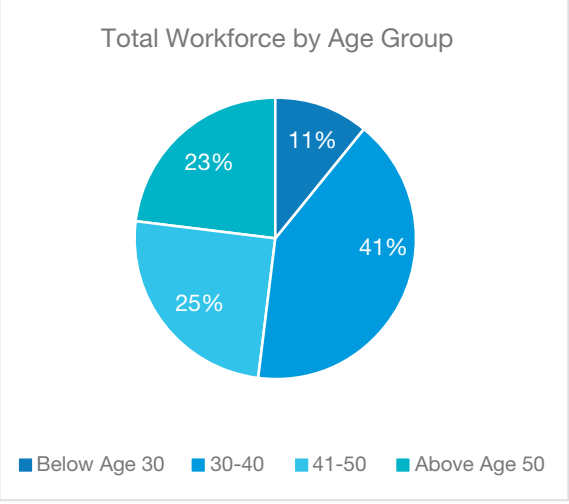
Talent Acquisition

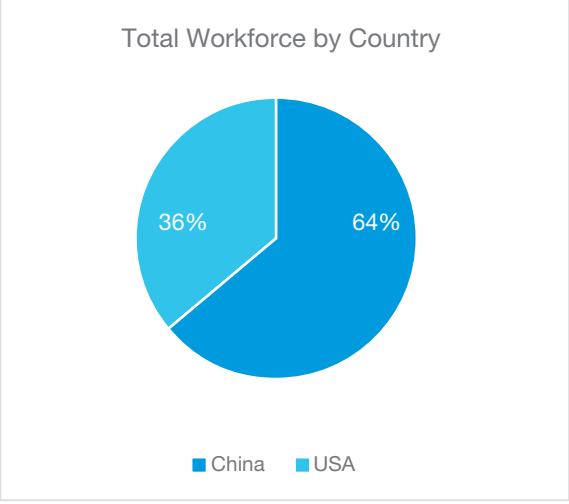
Prospective employees are hired from a variety of channels and are evaluated according to their skills, background, traits, and values. Multiple recruitment channels – including internal referral, campus drives, career websites and headhunters – ensure access to distinct talent pools and diverse candidates. And to ensure candidates align with our mission, ambitions, culture and values, they are put in touch with relevant stakeholders after passing HR and line manager interviews.

As of December 31, 2021, we had a total of 113 employees: 72 in China and 41 in the US. More than half of our employees hold advanced degrees such as MD or PhD. The breakdown by each category is as follows:









Talent Development

We empower our people to do what they do best and grow their careers. Our *Brii Bio Performance Management Policy*, *Brii Bio Employee Handbook*, and related procedures provide guidelines on performance reviews, objective-setting, and performance-based remuneration and promotion.

With the help of line managers, each employee is required to develop individual OKRs, against which their performance is monitored and evaluated. Line managers check in with employees quarterly to provide constructive feedback and assist them to achieve their OKRs. Performance reviews at the Company take place as two-way dialogues between line managers and associates in order to gain a fair and comprehensive understanding of the performance.

Every year brings two performance-based promotion cycles. Additional promotion requests are reviewed on a case-by-case basis to allow timely recognition of significant contributions or performance. It is also stated in our *Employee Handbook* that we encourage our employees and supervisors to discuss job performance on a frequent and ongoing basis. Our promotion criteria include tenure, performance, achievement, and demonstration of our values of collaboration, being results-driven, and providing quality in daily work.

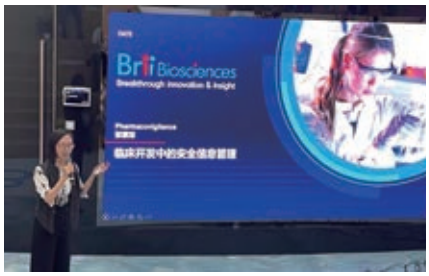
Transparency and employee involvement in our performance reviews and promotion incentivize our talents to maximize their potential and fulfill their long-term career aspirations.

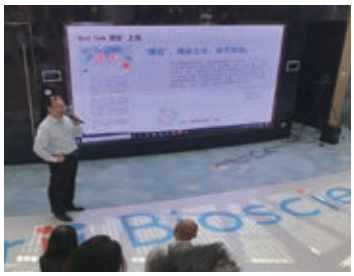
Employee Training

We believe that a culture of continuous learning is crucial to enabling innovative breakthroughs and long-term success, and developed Brii's Master Training Matrix to guide our continuous learning commitment. Abundant training is provided to our employees each year such as compliance and corporate policy-related training as well as technical and functional training.

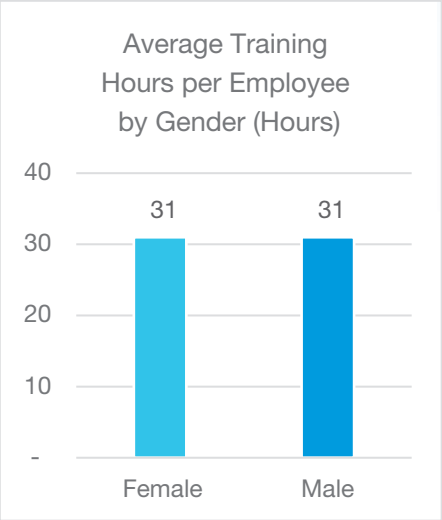
Training takes place in various forms including classroom-based training, on-the-job training, and online training to enhance flexibility. Compliance and corporate policy training is recorded on our learning management system platform, so employees can monitor their training status and complete assignments in time. We also offer training tailored to specific functions, such as clinical development information security, clinical sourcing, and procurement training.

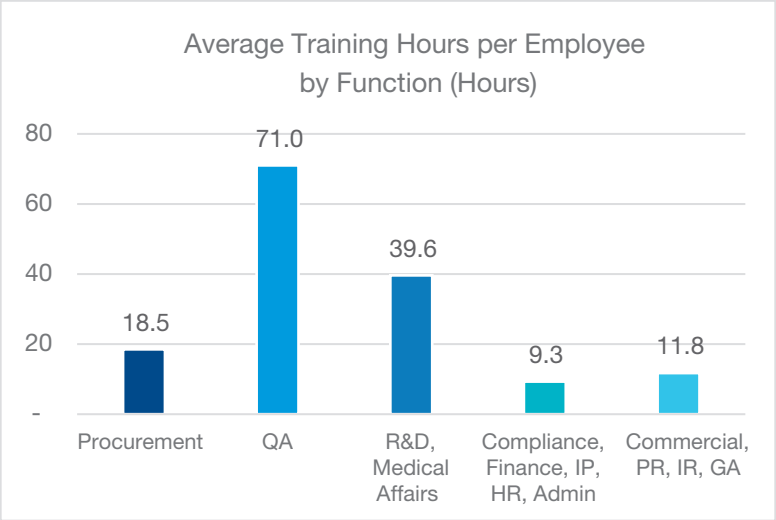
We also created learning culture through Brii Talk – More To Learn, which is a peer learning and sharing platform that encourages employees to share the knowledge and practice together. During the Reporting Period, we held over 40 sessions of "Brii Talks" in 2021, covering knowledge sharing, case studies and culture talks.

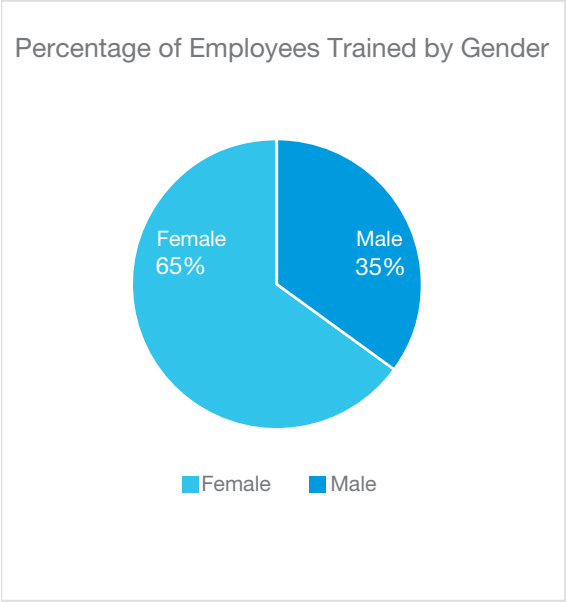


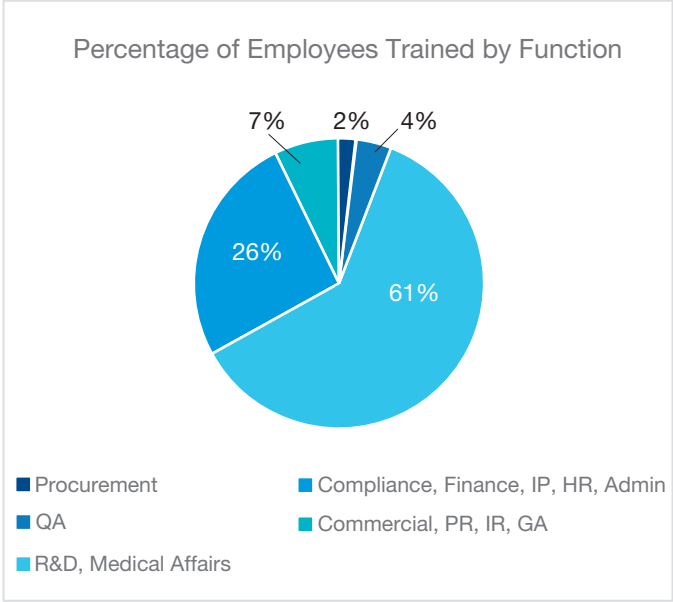


During the Reporting Period, our employees are 100% trained and the average training hours completed by each employee is 31 hours. With various types and forms of training offered each year, we are fostering a continuous learning and improvement culture so our employees can learn, adapt, and remain competitive. The statistics regarding employee training is as below:









4.2 Employee Engagement and Care

We are committed to taking care of our employees. Decent conditions, compensation, benefits, recognition, engagement, and overall well-being enable our people to feel secure and valued.

Benefits and Compensation

We have comprehensive compensation and benefits programs in place to help us to attract, retain and encourage talents. Our *Employee Handbook* details those benefits, including time off, insurance for employees and their families, lactation breaks, bereavement leave, and employee assistance.

We offer competitive pay with the opportunity for above-market rewards for exceptional performance and contributions. We undertake annual benchmarking to enhance the competitiveness of our salaries. This ensures we remain competitive in the marketplace, and our employees are recognized for their contributions and efforts.

As a further motivation, stock-based compensation is offered to all employees. We believe that our achievements are a collective effort and that all should share in our success, regardless of rank or seniority. Accordingly, we offer initial stocks for new hires, annual stocks for existing employees, and incentive stocks for critical talents. These compensation packages align the interests of employees with those of Shareholders, and represent our commitment to long-term development with our people.

Engagement and Retention

An engaged workforce is vital for a high-performing organization. We strive to create a workplace where employees identify with the Company's mission and values and where their voices are heard. In job interviews, we emphasize our 'patients first' culture, and our belief in trust, integrity and quality. And we ascertain that our candidates' personal values align with ours. That alignment is key to higher retention and lower turnover, as well as achieving objectives and enhancing team performance. After new employees are hired, each of them will be assigned a buddy and a mentor to guide them through everything from logistical questions and daily tasks to our corporate culture and core values.

Aside from value alignment, regular team building is another aspect of employee engagement that we promote. We hold quarterly town hall meetings and "Ask the CEO" sessions to engage employees and hear their voices. These meetings and sessions close the gap between management and employees, encourage feedback, enhance understanding of key issues, and reinforce our core values.

We hold employee birthday parties, holiday celebrations, and team-building events, and our interactive Brii Talk platform enables employees to share their lives and communicate with one another. As our team grows in China and the US, we will continue to enhance engagement and retention.

Brii Shanghai Team Building Event

Brii Beijing Team Building Event

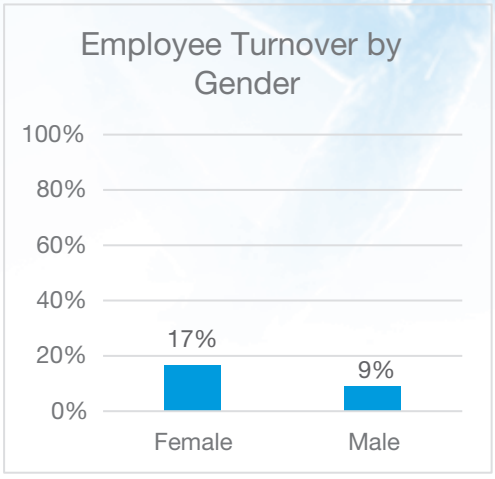
Brii Bio Chinese New Year Tea Talk

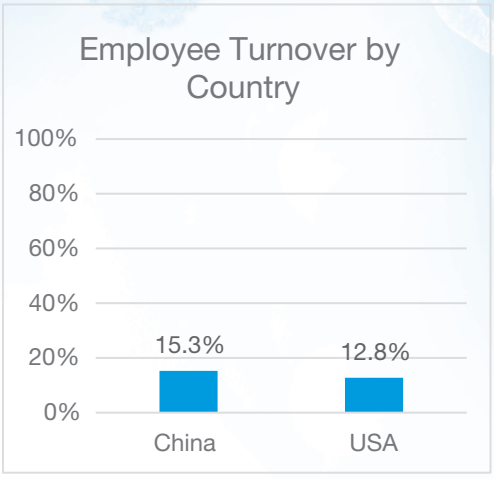
Brii Bio Office Holiday Party

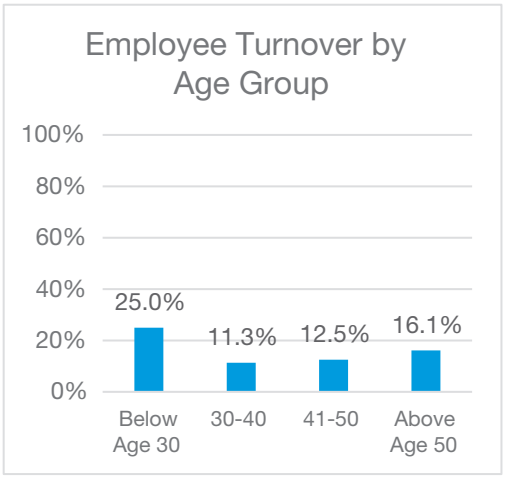
Celebration of Successful Listing at HKEX

Brii Bio Office Birthday Party

As of December 31, 2021, our employee turnover rate was 14.4 per cent. A detailed breakdown is below.







Health and Safety

We strictly comply with the relevant laws and regulations related to occupational health and safety, including but not limited to the *Occupational Safety Law of the People's Republic of China* and the *Occupational Safety and Health Act in the U.S.* We established *Office Rules* with guidance for employees regarding office safety measures, and we emphasized in the *Employee Handbook* the importance of being conscientious about workplace safety and reporting unsafe conditions and potential hazards to management.

During the Reporting Period, our employees in the U.S. worked remotely due to pandemic restrictions and all of our China-based employees worked in the Beijing or Shanghai offices per business request. As such, our occupational health and safety efforts mainly involve protective measures against COVID-19, as well as office health and safety measures. In the past three years including the Reporting Period, there were no workplace injuries or accidents, nor time lost to workplace injury.

To protect against COVID-19, we continued to distribute masks, monitor employee health on a daily basis, and provide shuttle services. We remained up-to-date with COVID-19 related news, alerted our people to the risks of traveling, and cancelled business trips when necessary. Offices were sanitized regularly and disinfecting products were easily accessible and regularly replenished. Meanwhile, our US employees have been working remotely to minimize infection risks.

Our offices are designed and furnished with details that take health and safety into consideration. We installed electric height-adjustable desks to allow our employees to work standing or sitting. The windows and walls are designed to maximize diffused natural lighting and avoid direct lighting that might hurt eyes. A sunlit gym encourages healthy lifestyles, and soft flooring is chosen for comfort and safety. To ensure healthy office air quality for our employees, we installed testing equipment and monitors in the Beijing office for real-time air quality display. After the renovation of our Shanghai office, we engaged a third-party testing agency to measure formaldehyde, benzene, and total volatile organic compound levels in our office areas, conference rooms, and pantry and earned passing results before moving in.

We have also set up lactation rooms to provide privacy for nursing mothers, and ensured that all office facilities are accessible for people with disabilities.

Our Healthy and Comfortable Working Environment

5. ECOLOGICAL HARMONY

As a responsible organization with a long-term focus, we strive to continually enhance our resource management and climate actions. Environmental sustainability is key to achieving our long-term mission and to the survival of the communities that we try to help.

5.1 Green Management

We abide by the national and local laws and regulations of the jurisdictions where we operate, including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, and the *Pollution Prevent Act in the U.S.* We have developed *Office Rules* to promote environmentally conscious behaviors in the office so as to minimize our environmental impact. During the Reporting Period, no environmental laws were violated.

In active response to China's emissions pledge to the United Nations that aims to peak carbon dioxide emissions before 2030 and reach net zero by 2060, we have assessed our exposure to climate risks and incorporated climate actions into our green operations management. In 2021, we used the Task Force on Climate-related Financial Disclosure framework to identify and analyse climate-related risks in relation to our business and value chain. We identified physical and transition risks relevant to us with reference to the Representative Concentration Pathway 2.6 and 8.5 models for potential climate change scenarios, and assessed the severity and relevance of those risks. As a result, six climate-related risks were identified, and response measures were developed as listed below.

Climate Change Risk	Risk Description	Response Measures
Acute and Chronic Physical Risk	Acute and chronic physical risks include increased severity of extreme weather events and long-term shifts in climate patterns	• Pay close attention to weather forecasts and alert employees timely in case of extreme weather events • Develop extreme weather emergency response plans
Transition Risk – Reputation	Changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy	• Keep up-to-date with climate disclosure requirements • Strengthen climate disclosure and enhance communications with stakeholders

Climate Change Risk	Risk Description	Response Measures
Transition Risk – Policy and Legal	Climate-related regulation and litigation	• Stay up-to-date on climate-related laws and regulations to take timely actions • Explore opportunities related to emissions trading
	Implementation of carbon-pricing mechanisms	
	Enhanced emissions-reporting obligations	
Transition Risk – Market	Increased cost of raw materials resulting from shifts in supply and demand for certain commodities, products, and services	• Continue to improve supplier risk assessment and management • Enhance monitoring of international raw material price trends

In addition to climate risk identification, we have set environmental targets related to emission, energy efficiency, water efficiency, and waste reduction. These targets have been discussed and approved by the Board, with responses tailored to the nature of our operations. These targets and measures will guide us in continuously improving our green office practices.

Emission Target

We aim to establish a carbon emission management system and strive to reduce carbon emissions year by year.

➤Improve on environmental management and related data tracking and collecting procedures.

➤Increase employee training and raise awareness of our carbon reduction goals.

Waste Reduction Target

We strive to further enhance our waste management, and increase the percentage of waste properly classified, recycled and disposed of.

➤Increase advocacy and awareness on waste classification and disposal process.

➤Provide waste management training to employees and contract workers.

Energy Efficiency Target

We aim to continuously monitor our office energy consumption, and improve office energy efficiency year by year.

➤Increase promotion of energy saving practices and raise awareness of our energy efficiency target.

➤Designate on-site engineer to monitor and check on air conditioning system and lighting daily to avoid unnecessary energy waste.

Water Efficiency Target

We strive to keep monitoring our office water consumption and gradually increase water efficiency.

➤Put up signs around the office to increase awareness of water usage at the office.

➤Take meter readings regularly and check for hidden leaks.

Our Environmental Targets

5.2 Green Office

Our current environmental impact is derived from our offices in Beijing and Shanghai only; our team in the US has worked remotely since the beginning of the pandemic. We are keenly aware of the environmental footprint of our energy and water consumption, waste generation and wastewater discharge, as well as greenhouse gas emissions from our daily operations. We appoint employees as environmental stewards and our *Office Rules* cover energy and water-saving, proper waste disposal, and green office practices.

Energy Saving

Our energy consumption mainly derives from purchased electricity used in our offices. During the Reporting Period, our electricity consumption from offices in Beijing and Shanghai totaled 144,171 kWh, and the average electricity consumption per person was 2,002 kWh/person. The following measures are taken to enhance our energy efficiency.

Energy Saving Measures

- Promote using LED lights and appliances with energy saving labels
- Designate engineer on site to control lighting and air-conditioning for maximized energy efficiency
- Encourage employees to turn off electronic devices before leaving

Beijing Office Energy Saving Design

Our Beijing office was designed to minimize energy consumption by taking advantage of natural lighting. We installed window blinds with light sensors to automatically adjust based on the available natural lighting. Some walls are made of switchable smart glass to reduce heat loss and energy consumption. A grille ceiling allows ample natural light, which reduces the number of light fixtures required.

Moreover, actions are taken to reduce carbon footprint and raise awareness of climate-related risks that include promoting the use of online meetings to reduce unnecessary business travel and encouraging our employees to take public transportation to reduce GHG emissions. Through creating an atmosphere conducive to green and low-carbon development in our offices, we aim to motivate and inspire our employees to assume the responsibility for lowering our carbon footprint. In 2021, our GHG emission was 125.64 tons of carbon dioxide, which consists of Scope 2 emission resulting from electricity purchased.

Water Management

Our water usage and wastewater discharge mainly result from office water consumption. During the Reporting Period, total water consumption from our Beijing and Shanghai offices was 1,350 tons, and water consumption intensity was 18.75 tons per person.

Our consumption is carefully monitored via regular meter readings and pressure is adjusted to avoid unnecessary usage. This, in turn, keeps our discharge under control. Our water source is from local waterworks; our business is not itself associated with water sourcing.

Water Saving Measures

- Take meter reading regularly to check for hidden leaks
- Use toilets with infrared sensing and water saving labels

Waste Management

Waste management is another key area for us to reduce our environmental footprint. Our waste generation mainly comes from office waste generated from daily operations. During the Reporting Period, a total of 9.04 tons of non-hazardous waste was generated by our Beijing and Shanghai offices, averaging 0.126 tons per person.

We strictly adhere to waste classification regulations in Beijing and Shanghai, where our offices are located, and set up designated trash bins in our offices for recyclables, perishable biomass waste, and other waste, with classification instructions posted for our employees. Since our business model focuses on research and solution advancement, packaging material is not applicable to our business operations and is therefore not disclosed.

Waste Reduction Measures

- Promote saving paper and printing on both sides
- Take advantage of online business management system and email to reduce unnecessary printing
- Promote using reusable water bottles and utensils and avoid using disposable alternatives

Environmental Awareness Improvement

Raising awareness of our environmental targets and promoting environmental-friendly actions make a difference to the environment as well. Posters and signs around our office remind employees of green office practices and encourage them to develop responsible habits.

Reminder Signs

Listed below are our environmental KPIs resulting from operations in Beijing and Shanghai offices during the Reporting Period:

Category	KPI	Unit	Amount
Energy Consumption	Total electricity consumption	kWh	144,171
	Energy consumption intensity	kWh/person	2,002
GHG Emission	GHG emission[1]	Tons Carbon Dioxide Equivalent	125.64
	GHG emission intensity	Tons Carbon Dioxide Equivalent/person	1.74
Water Consumption	Total water consumption	Tons	1,350
	Water consumption intensity	Tons/person	18.75
Wastewater Discharge	Water discharged	Tons	1,108
Solid Waste	Non-hazardous solid waste generated	Tons	9.04[2]
	Non-hazardous solid waste generation intensity	Kg/person/day	0.5

1 GHG emissions: Our GHG emissions come from indirect emissions from purchased electricity. The electricity emission factor is as per the "2011 and 2012 China Regional Power Grid Average Carbon Dioxide Emission Factor"; the calculation of GHG emissions refers to the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Industrial Enterprises in Other Industries (Trial Implementation) issued by the National Development and Reform Commission of the People's Republic of China.)".

2 Non-hazardous waste generated was calculated assuming that 0.5kg of non-hazardous waste is generated per person each day. We only included the number of employees based in the Beijing and Shanghai offices and the number of working days in 2021.

APPENDIX. HKEX ENVIRONMENT, SOCIAL AND GOVERNANCE GUIDE INDEX

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter Index
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.1 Green Management
KPI A1.1	The types of emissions and respective emissions data.	5.2 Green Office
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Green Office
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A[3]
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Green Office
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	5.1 Green Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.1 Green Management 5.2 Green Office

3 Our waste generation mainly comes from office waste generated from daily operations and there is no hazardous waste generation In daily operation.

Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1 Green Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.2 Green Office
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.2 Green Office
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.1 Green Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.1 Green Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A[4]
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	5.1 Green Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.1 Green Management
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.1 Green Management
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.1 Green Management

4 The external third-party is responsible for the product packaging. Therefore, KPI A2.5 is not applied.

B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Talent Acquisition and Development
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	4.1 Talent Acquisition and Development
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.2 Employee Engagement and Care
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.2 Employee Engagement and Care
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.2 Employee Engagement and Care
KPI B2.2	Lost days due to work injury.	4.2 Employee Engagement and Care
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.2 Employee Engagement and Care

Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.1 Talent Acquisition and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.1 Talent Acquisition and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.1 Talent Acquisition and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Talent Acquisition and Development
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Talent Acquisition and Development
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Talent Acquisition and Development
Operating Practices		
Aspect B5: Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	2.3 Collaboration
KPI B5.1	Number of suppliers by geographical region.	2.3 Collaboration
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.3 Collaboration
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Collaboration
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Collaboration

Aspect B6: Product Responsibility[5]		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Features: Responding to COVID-19 Commercialization Progress 2.2 Quality Management
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1 Research and Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	2.2 Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	N/A
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.2 Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.2 Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.2 Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.2 Integrity

5 Currently, we are going through the commercialization preparation stage and is not involved in selling products. Therefore, KPI B6.1, KPI B6.2 and KPI B6.5 are not applied.

Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Features: Responding to COVID-19 Social Contribution
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Features: Responding to COVID-19 Social Contribution
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Features: Responding to COVID-19 Social Contribution

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the Shareholders of Brii Biosciences Limited
(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 143 to 216, which comprise the consolidated statement of financial position as at December 31, 2021, 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 these consolidated financial statements, including a summary of significant accounting policies.

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, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**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 these Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants (including International Independence Standards) (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the 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

Cut-off of outsourcing research and development expenses

During the year ended December 31, 2021, the Group incurred research and development ("**R&D**") expenses of RMB494.6 million. The recording of outsourcing service fees to the appropriate financial reporting period and the corresponding accruals as at the end of the reporting period based on the progress of the R&D projects. Outsourcing service fees of RMB135.3 million were accrued as at December 31, 2021 as set out in Note 21 to the consolidated financial statements.

We identified the cut-off of outsourcing service fees as a key audit matter due to its significant amount and the risk of not accruing outsourcing service fees incurred for services provided by contract research organizations and contract manufacturing organizations (collectively referred to as the "**Outsourced Service Providers**") in the appropriate financial reporting period.

Our procedures performed on the cut-off of the outsourcing service fees included:

- Obtaining the understanding of key controls in relation to the accrual of the outsourcing service fees;
- For the expenses accrued to the Outsourced Service Providers as of 31 December 2021, performing test of details, on a sample basis, by:
  - (1) checking the respective contract terms and/or milestones of the relevant agreements and the progress reported by the representatives of the relevant Outsourced Service Providers and
  - (2) sending confirmation to confirm the progress of the outsourcing services provided for the year ended December 31, 2021;
- Checking the subsequent payment to Outsourced Service Providers, on sample basis, to evaluate the adequacy of the outsourcing service fees accrual at the year end.

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 these consolidated financial statements and our auditor's report thereon.

Our opinion on these 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 these consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with these 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 THESE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRSs 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 these 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 THESE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these 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 THESE 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 these 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 these 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 these consolidated financial statements, including the disclosures, and whether these consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on these consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THESE 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 the independent auditor's report is Chan Chun Kit Tommy.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	Year ended December 31, 2021 RMB'000	2020 RMB'000
Other income	6	99,032	84,625
Other gains and losses, net	7	45,062	(21,993)
Research and development expenses		(494,615)	(875,795)
Administrative expenses		(208,404)	(103,396)
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	23	(3,598,847)	(350,372)
Finance costs	8	(1,175)	(1,668)
Listing expenses		(32,137)	(14,911)
Loss before tax	9	(4,191,084)	(1,283,510)
Income tax expenses	10	–	–
Loss for the year		(4,191,084)	(1,283,510)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		23,833	159,257
Fair value (loss) gain on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		(6,072)	21,697
		17,761	180,954
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(75,628)	(70,592)
Other comprehensive (expense) income for the year		(57,867)	110,362
Total comprehensive expense for the year		(4,248,951)	(1,173,148)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

		Year ended December 31,	
		2021	2020
	Notes	RMB'000	RMB'000
Loss for the year attributable to:			
Owners of the Company		(4,163,849)	(1,189,600)
Non-controlling interests		(27,235)	(93,910)
		(4,191,084)	(1,283,510)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(4,221,716)	(1,079,238)
Non-controlling interests		(27,235)	(93,910)
		(4,248,951)	(1,173,148)
Loss per share	12		
– Basic and diluted (RMB)		(9.48)	(6.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

	Notes	At December 31, 2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	14	12,573	16,506
Right-of-use assets	15	20,862	27,413
Intangible assets	16	9,506	12,222
Financial assets at FVTPL	17	117,790	75,365
Equity instruments at FVTOCI	18	34,241	41,182
Rental deposits	19	2,786	2,414
		197,758	175,102
Current assets			
Deposits, prepayments and other receivables	19	58,882	34,120
Restricted bank deposits	20	319	3,757
Time deposits with original maturity over three months	20	499,647	20,000
Bank balances and cash	20	2,855,093	1,034,965
		3,413,941	1,092,842
Current liabilities			
Other payables	21	218,860	497,390
Lease liabilities	22	8,969	8,021
Deferred income		52,884	69,824
		280,713	575,235
Net current assets		3,133,228	517,607
Total assets less current liabilities		3,330,986	692,709

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

		At December 31,	
		2021	2020
	Notes	RMB'000	RMB'000
Non-current liabilities			
Lease liabilities	22	12,647	20,306
Financial liabilities at FVTPL	23	–	2,403,022
Deferred income		7,083	12,083
		19,730	2,435,411
Net assets (liabilities)		3,311,256	(1,742,702)
Capital and reserves			
Share capital	24	23	7
Share premium and reserves		3,342,881	(1,738,296)
Equity attributable to owners of the Company		3,342,904	(1,738,289)
Non-controlling interests	31	(31,648)	(4,413)
Total equity (deficits)		3,311,256	(1,742,702)

These consolidated financial statements on pages 143 to 216 were approved and authorised for issue by the board of directors on March 23, 2022 and are signed on its behalf by:

ZHI HONG
DIRECTOR

YONGQING LUO
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Investments revaluation reserve RMB'000	Translation reserve RMB'000	Other reserve RMB'000 (Note)	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total deficits RMB'000
At January 1, 2020	7	62,274	(3,168)	(10,743)	–	23,318	(684,449)	(612,761)	–	(612,761)
Loss for the year	–	–	–	–	–	–	(1,189,600)	(1,189,600)	(93,910)	(1,283,510)
Other comprehensive income	–	–	21,697	88,665	–	–	–	110,362	–	110,362
Total comprehensive income (expense) for the year	–	–	21,697	88,665	–	–	(1,189,600)	(1,079,238)	(93,910)	(1,173,148)
Capital contribution upon incorporation of a non-wholly owned subsidiary (Note 16)	–	–	–	–	–	–	–	–	13,580	13,580
Changes in ownership interest in a subsidiary without change in control	–	–	–	–	(75,917)	–	–	(75,917)	75,917	–
Vesting of restricted ordinary shares	–	11,217	–	–	–	(11,217)	–	–	–	–
Recognition of equity-settled share-based payments (Note 25)	–	–	–	–	–	29,483	–	29,483	–	29,483
Exercise of share options	–	841	–	–	–	(697)	–	144	–	144
At December 31, 2020	7	74,332	18,529	77,922	(75,917)	40,887	(1,874,049)	(1,738,289)	(4,413)	(1,742,702)
At January 1, 2021	7	74,332	18,529	77,922	(75,917)	40,887	(1,874,049)	(1,738,289)	(4,413)	(1,742,702)
Loss for the year	–	–	–	–	–	–	(4,163,849)	(4,163,849)	(27,235)	(4,191,084)
Other comprehensive expense	–	–	(6,072)	(51,795)	–	–	–	(57,867)	–	(57,867)
Total comprehensive expense for the year	–	–	(6,072)	(51,795)	–	–	(4,163,849)	(4,221,716)	(27,235)	(4,248,951)
Issue of new shares of the Company (Note 24)	4	2,325,084	–	–	–	–	–	2,325,088	–	2,325,088
Cost of issuing new shares	–	(99,737)	–	–	–	–	–	(99,737)	–	(99,737)
Automatic conversion of preferred shares upon the Listing (Note 24)	12	6,998,035	–	–	–	–	–	6,998,047	–	6,998,047
Vesting of restricted ordinary shares	–	19,091	–	–	–	(19,091)	–	–	–	–
Recognition of equity-settled share-based payments (Note 25)	–	–	–	–	–	79,370	–	79,370	–	79,370
Exercise of share options	–	261	–	–	–	(120)	–	141	–	141
At December 31, 2021	23	9,317,066	12,457	26,127	(75,917)	101,046	(6,037,898)	3,342,904	(31,648)	3,311,256

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Loss before tax	(4,191,084)	(1,283,510)
Adjustments for:		
Bank interest income	(6,490)	(2,407)
Depreciation of property, plant and equipment	4,962	4,828
Depreciation of right-of-use assets	9,584	8,023
Amortisation of intangible assets	2,716	1,358
Finance costs	1,175	1,668
Share-based payment expenses	79,370	29,483
Fair value gain on money market funds	(109)	(1,885)
Fair value (gain) loss on financial assets at FVTPL	(44,686)	16,904
Fair value loss on financial liabilities at FVTPL	3,598,847	350,372
Operating cash flow before movements in working capital	(545,715)	(875,166)
Increase in deposits, prepayments and other receivables	(25,183)	(24,019)
(Decrease) increase in other payables	(286,619)	477,585
(Decrease) increase in deferred income	(21,940)	17,884
NET CASH USED IN OPERATING ACTIVITIES	(879,457)	(403,716)
INVESTING ACTIVITIES		
Interest received	1,623	2,407
Receipt of return from money market funds	107	2,082
Placement of time deposits with original maturity over three months	(499,647)	(171,616)
Withdrawal of time deposits with original maturity over three months	20,000	151,616
Placement of restricted bank deposits	–	(3,430)
Withdrawal of restricted bank deposits	3,438	–
Payments for rental deposits	(248)	(97)
Purchase of property, plant and equipment	(1,029)	–
Additions of financial assets at FVTPL	–	(24,612)
NET CASH USED IN INVESTING ACTIVITIES	(475,756)	(43,650)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Proceeds from issuance of Series B and Series C Preferred Shares (as defined in Note 23)	1,002,455	668,384
Proceeds from exercise of share options	141	144
Issuance of new shares of the Company	2,325,088	–
Payments issue costs	(86,630)	(3,073)
Payments of lease liabilities	(9,745)	(6,786)
Interest paid	(1,175)	(1,668)
NET CASH FROM FINANCING ACTIVITIES	3,230,134	657,001
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,874,921	209,635
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,034,965	880,359
Effects of exchange rate changes	(54,793)	(55,029)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,855,093	1,034,965

1. GENERAL INFORMATION

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

The Company and its subsidiaries (collectively referred to as the "**Group**") are committed to advancing therapies for significant infectious diseases and other illnesses which have significant public health burdens in the PRC and worldwide. The Group is based in the PRC and the United States of America (the "**USA**") and primarily focused on developing therapies for infectious diseases.

The functional currency of the Company and the operating subsidiary incorporated in the USA is United States Dollars ("**US$**"). The functional currency of the PRC operating subsidiaries is Renminbi ("**RMB**"). The presentation currency of the consolidated financial statements is RMB as it best suits the needs of the shareholders and investors.

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

Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendment to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020[2]

[1] Effective for annual periods beginning on or after April 1, 2021.

[2] Effective for annual periods beginning on or after January 1, 2022.

[3] Effective for annual periods beginning on or after January 1, 2023.

[4] Effective for annual periods beginning on or after a date to be determined.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the 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 the 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 the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are accounted for in accordance with IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies

Basis of consolidation

The 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification and acquisition date, as appropriate. 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. the rental of vehicles) 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 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leasing (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets represents the amount of the initial measurement of the lease liability.

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

Right -of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leasing (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 commensurates with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

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.

For the purpose of presenting the 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).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Foreign currencies (Continued)

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

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

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

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Share-based payments

Equity-settled share-based payment transactions

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

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

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

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Property, plant and equipment

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

Intangible assets

Intangible assets acquired separately

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

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

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on property, 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 first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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.

Financial instruments

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(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.

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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 deposits and bank balances) which are subject to impairment 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.

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;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (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.

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Preferred shares

Convertible preferred shares, which contain redemption or conversion features, are measured at FVTPL. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of convertible preferred shares is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability. Fair value is determined in the manner described in Note 23.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities representing 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 JUDGEMENTS 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 judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Research and development expenses

Research and development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Management 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, 2020 and 2021, all research and development costs are expensed when incurred.

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

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 and liabilities within the next financial year, are described below.

Fair value measurements of financial instruments

The Group's unquoted equity instrument amounting to RMB60,759,000 as at December 31, 2021 is measured at fair value with fair value being determined based on unobserved inputs using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair value of the instrument. Further disclosures are detailed in Note 28(c).

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

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

6. OTHER INCOME

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

Note: Government grants include the incentive and other subsidies from the PRC government which are specifically for research and development activities, and are recognised upon compliance with the attached conditions. In the current year, government grants of RMB70.6 million (2020: RMB100.1 million) were received. As at December 31, 2021, government grants of RMB60.0 million (2020: RMB81.9 million) have not fully reached the relevant conditions and therefore these government grants were deferred and recorded as deferred income.

7. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Net foreign exchange gain (loss)	267	(6,974)
Fair value gain on money market funds (Note 20)	109	1,885
Fair value gain (loss) on financial assets at FVTPL	44,686	(16,904)
	45,062	(21,993)

8. FINANCE COSTS

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Interest on lease liabilities	1,175	1,668

9. LOSS BEFORE TAX

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Loss before tax for the year has been arrived at after charging:		
Directors' emoluments (Note 11)	90,851	22,330
Other staff costs:		
– salaries and other benefits	76,025	64,311
– discretionary bonus (note)	52,463	14,631
– retirement benefit scheme contributions	8,795	1,433
– share-based payments	35,688	14,069
	172,971	94,444
	263,822	116,774
Depreciation of property, plant and equipment	4,962	4,828
Depreciation of right-of-use assets	9,584	8,023
Amortisation of intangible assets (included in research and development expenses)	2,716	1,358
Auditor's remuneration	2,018	107

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

10. INCOME TAX EXPENSE

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

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

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

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

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,	
	2021	2020
	RMB'000	RMB'000
Loss before tax	(4,191,084)	(1,283,510)
Income tax credit calculated at 25%	(1,047,771)	(320,878)
Tax effect of expenses not deductible for tax purpose	918,145	137,532
Tax effect of income not taxable for tax purpose	(13,806)	(1,116)
Tax effect of tax losses not recognised	194,607	183,792
Effect of research and development expenses that are additionally deducted (note)	(52,675)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,500	670
Income tax expense	–	–

Note: Pursuant to Caishui 2018 circular No. 99, Brii Biosciences (Beijing) Co. Limited and TSB Therapeutics (Beijing) Co. Limited meet the requirement of super deduction of 175% on qualifying research and development expenditures for the year ended 31 December 2021.

At December 31, 2021, the Group has unrecognised tax losses of RMB1,709.2 million (2020: RMB905.2 million). No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. At December 31, 2021, unrecognised tax losses of RMB1,657.9 million (2020: RMB853.9 million) will expire from 2023 to 2036 (2020: 2023 to 2035). Other losses may 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 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:

	Fee 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, 2021						
Executive directors:						
Dr. Zhi Hong (note i)	–	36,835	75	26,639	1,810	65,359
Mr. Yongqing Luo (note ii)	–	5,398	85	17,043	2,450	24,976
Non-executive directors:						
Dr. Axel Bouchon (note iii)	–	–	–	–	–	–
Dr. Lian Yong Chen (note iv)	–	–	–	–	–	–
Mr. Robert Taylor Nelsen	–	–	–	–	–	–
Dr. George Alan Scangos (note iv)	–	–	–	–	–	–
Mr. Nan Peng Shen (note iv)	–	–	–	–	–	–
Mr. Xiaomeng Tong (note iv)	–	–	–	–	–	–
Mr. Feng Yu (note iv)	–	–	–	–	–	–
For the year ended December 31, 2021						
Independent non-executive directors:						
Dr. Martin J Murphy Jr (note v)	129	–	–	–	–	129
Ms. Grace Hui Tang (note v)	129	–	–	–	–	129
Mr. Yiu Wa Alec Tsui (note v)	129	–	–	–	–	129
Mr. Gregg Huber Alton (note v)	129	–	–	–	–	129
	516	42,233	160	43,682	4,260	90,851
For the year ended December 31, 2020						
Chief Executive Officer And executive director:						
Dr. Zhi Hong	–	4,813	79	15,414	2,024	22,330
Non-executive directors:						
Dr. Lian Yong Chen	–	–	–	–	–	–
Mr. Robert Taylor Nelsen	–	–	–	–	–	–
Dr. George Alan Scangos	–	–	–	–	–	–
Mr. Nan Peng Shen	–	–	–	–	–	–
Mr. Xiaomeng Tong	–	–	–	–	–	–
Mr. Feng Yu	–	–	–	–	–	–
	–	4,813	79	15,414	2,024	22,330

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.

(ii) Mr. Yongqing Luo was appointed as executive director of the Company on March 30, 2021.

(iii) Dr. Axel Bouchon was appointed as non-executive director of the Company on July 13, 2021.

(iv) Dr. Lian Yong Chen, Dr. George Alan Scangos, Mr. Nan Peng Shen, Mr. Xiaomeng Tong and Mr. Feng Yu resigned as non-executive directors of the Company on June 22, 2021.

(v) Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui and Mr. Gregg Huber Alton were appointed as independent non-executive directors of the Company on July 13, 2021.

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 non-executive directors' emoluments shown above were paid for their services as directors of the Company and its subsidiaries, if applicable.

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

Five Highest Paid Employees

The five individuals with the highest emoluments in the Group for the years ended December 31, 2021 include two (2020: one) directors, details of whose remuneration are set out as above. The emoluments of the remaining three (2020: four) highest paid individuals for the years ended December 31, 2021 were as follows:

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Salaries and other benefits	8,240	9,982
Discretionary bonus (note)	2,350	3,348
Retirement benefit scheme contributions	75	236
Share-based payments	13,358	7,220
Amounts as inducement for employees to join the Group	300	–
	24,323	20,786

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,	
	2021	2020
	No. of employees	No. of employees
Hong Kong Dollars ("**HK$**") 4,000,001 to HK$4,500,000	–	1
HK$4,500,001 to HK$5,000,000	–	1
HK$6,000,001 to HK$6,500,000	1	–
HK$6,500,001 to HK$7,000,000	–	1
HK$8,000,001 to HK$8,500,000	1	–
HK$8,500,001 to HK$9,000,000	–	1
HK$14,500,001 to HK$15,000,000	1	–
HK$26,500,001 to HK$27,000,000	–	1
HK$30,000,001 to HK$30,500,000	1	–
HK$78,500,001 to HK$79,000,000	1	–
	5	5

During the year, certain director and five highest paid employees were granted share options, 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.

During the years ended December 31, 2020 and 2021, no emoluments were paid by the Group to the management of the Group or 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. None of the management of the Group and five highest paid employees of the Group has waived any emoluments during both years.

Except for those disclosed in Note 26, during the years ended December 31, 2020 and 2021, 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, 2020 and 2021. 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, 2020 and 2021.

12. LOSS PER SHARE

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	(4,163,849)	(1,189,600)

Number of shares

	Year ended December 31,	
	2021	2020
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	439,047,280	191,246,652

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that share subdivision as disclosed in Note 24 had been effective on January 1, 2020.

The computation of basic and diluted loss per share for the years ended December 31, 2020 and 2021 excluded the unvested restricted ordinary shares of the Company. Details of these restricted ordinary shares are set out in Note 25.

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

13. DIVIDENDS

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

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
COST			
At January 1, 2020 and December 31, 2021	337	23,810	24,147
Additions	–	1,029	1,029
At December 31, 2021	337	24,839	25,176
DEPRECIATION			
At January 1, 2020	35	2,778	2,813
Provided for the year	66	4,762	4,828
At December 31, 2020	101	7,540	7,641
Provided for the year	67	4,895	4,962
At December 31, 2021	168	12,435	12,603
CARRYING VALUES			
At December 31, 2021	169	12,404	12,573
At December 31, 2020	236	16,270	16,506

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis after taking into account of the residual value at the rate per annum as follows:

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

15. RIGHT-OF-USE ASSETS

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Carrying amount		
Properties	20,862	27,413
Depreciation for the year		
Properties	9,584	8,023

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Expense relating to short-term leases	457	–
Total cash outflow for leases	11,377	8,454
Additions to right-of-use assets	3,034	–

For both years, the Group leases various office for its operations. Lease contracts are entered into for fixed term of 36 months to 60 months. Lease terms are negotiated on an individual basis and contain a wide range of 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 entered into short-term leases for motor vehicles and offices during the year. At December 31, 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, lease liabilities of RMB21,616,000 are recognised with related right-of-use assets of RMB20,862,000 as at December 31, 2021 (2020: lease liabilities of RMB28,327,000 and related right-of-use assets of RMB27,413,000). 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.

16. INTANGIBLE ASSETS

	Technical know-how and patent RMB'000
COST	
At January 1, 2020	–
Additions	13,580
At December 31, 2020 and 2021	13,580
AMORTISATION	
At January 1, 2020	–
Charge for the year	1,358
At December 31, 2020	1,358
Charge for the year	2,716
At December 31, 2021	4,074
CARRYING VALUES	
At December 31, 2021	9,506
At December 31, 2020	12,222

During the year ended December 31, 2020, the Group established a subsidiary in the PRC and technical know-how and patent in relation to antibodies with therapeutic potential for treatment of SARS-CoV-2 inflection (including COVID-19) of RMB13,580,000 were contributed into the subsidiary by the non-controlling shareholders as capital contribution.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Technical know-how and patent	5 years

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

17. FINANCIAL ASSETS AT FVTPL

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Unlisted equity investments	117,790	75,365

The amount represents investments in three private biopharmaceutical entities established in the USA focusing on infectious diseases. As at December 31, 2021, the amount represents investments in convertible redeemable preferred shares and ordinary shares of these entities of RMB114,281,000 and RMB3,509,000 (2020: RMB71,774,000 and RMB3,591,000), respectively. The fair value of these financial assets at FVTPL is established by using valuation techniques as disclosed in Note 28(c).

18. EQUITY INSTRUMENTS AT FVTOCI

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Listed:		
– Equity securities	34,241	41,182

The amount represents listed equity investments in a biopharmaceutical company listed in the USA. These investments are not held for trading purposes, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. The fair value of these listed equity investments is measured based on quoted market price.

19. RENTAL DEPOSITS/DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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

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

Restricted bank deposits represent bank deposits which are restricted for credit facilities and carry fixed interests at 0.01% (2020: from 0.01% to 0.10%) per annum as at December 31, 2021.

As at December 31, 2021, time deposits with maturity more than three months from the date of placement carry fixed interest rate ranging from 0.16% to 2.55% (2020: 2.25%) per annum.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The short-term bank deposits carry interests at market rate which range from 0.05% to 0.30% (2020: from 0.05% to 0.30%) per annum as at December 31, 2021.

Bank balances and cash of the Group also include the low volatility net asset value money market funds which are measured at FVTPL of RMB1,011,649,000 (2020: RMB789,084,000) as at December 31, 2021.

21. OTHER PAYABLES

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

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

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

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

22. LEASE LIABILTIES

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	8,969	8,021
Within a period of more than one year but not more than two years	9,444	8,410
Within a period of more than two years but not more than five years	3,203	11,896
	21,616	28,327
Less: Amount due for settlement with 12 months shown under current liabilities	(8,969)	(8,021)
Amount due for settlement after 12 months shown under non-current liabilities	12,647	20,306

The weighted average incremental borrowing rate applied to lease liabilities is at 4.75% as at December 31, 2020 and 2021.

23. FINANCIAL LIABILITIES AT FVTPL

Preferred Shares

On June 22, 2018 and December 20, 2018, the Company issued 30,300,002 and 56,213,190 Series A Preferred Shares with par value of US$0.00001 each ("**Series A Preferred Shares**") at a price of US$1 per share to a group of investors for total considerations of US$30,300,002 (approximately equivalent to RMB196,675,000) and US$56,213,190 (approximately equivalent to RMB387,369,000), respectively.

On December 27, 2019, the Company issued 29,835,309 Series B Preferred Shares with par value of US$0.00001 each ("**Series B Preferred Shares**") at a price of US$2.5138 per share to a group of investors for a total consideration of US$75,000,000 (approximately equivalent to RMB524,698,000).

On August 31, 2020, the Company issued 38,756,890 Series B Preferred Shares at a price of US$2.5138 per share to a group of investors for a total consideration of US$97,427,000 (approximately equivalent to RMB668,384,000).

On February 26, 2021, the Company entered into an agreement with a group of investors for the issuance of a total of 33,556,314 Series C Preferred Shares with par value of US$0.00001 each ("**Series C Preferred Shares**") at a price of US$4.6191 per share. The total consideration of US$155,000,000 (approximately equivalent to RMB1,002,455,000) was received in March 2021 and 30,308,930 and 3,247,384 Series C Preferred Shares were issued by the Company on March 4, 2021 and March 8, 2021, respectively.

23. FINANCIAL LIABILITIES AT FVTPL (Continued)

Preferred Shares (Continued)

The key terms of Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares (collectively referred to as the "**Preferred Shares**") are as follows:

(a) Dividend rights

Each holders of the Preferred Shares shall be entitled to receive dividends in preference to any dividend on the ordinary shares on a pro rata basis at the rate of 4% of the Series A Preferred Shares issue price per annum or the Series B Preferred Shares issue price per annum, as applicable.

The Preferred Shares shall also be entitled to participate on an as-converted basis pro-rata in any dividends or distributions paid to the holders of ordinary shares. The Company cannot declare, pay or set aside any dividends on ordinary shares unless the Preferred Shares holders shall first receive, or simultaneously receive, such dividends.

(b) Conversion feature

Each Preferred Shares shall be convertible, at the option of the holder thereof, at any time after the respective original issue date into such number of fully paid and non-assessable ordinary shares as determined by dividing the respective issue price by the respective conversion price, determined as hereinafter provided, in effect at the time of the conversion. The conversion price shall initially be the respective issue price per Preferred Share. Such initial conversion price shall be subject to adjustment (including but not limited to dividends, share splits and combinations, capital reorganization or reclassification, and adjustment upon issuance of new securities for consideration per share less than conversion price), vesting in an initial conversion ratio for Preferred Shares to ordinary shares of 1:1.

Each Preferred Share shall automatically be converted into ordinary shares at the then respective effective conversion price upon (i) the closing of a Qualified Public Offering (as defined below); (ii) other than in connection with the closing of any Qualified Public Offering or Quasi-Qualified Public Offering (as defined below), the date specified by written consent or agreement of the holders of at least a majority of the voting power of the issued and outstanding Preferred Shares (voting as together as a single class); or (iii) with the written consent or agreement of the holders of at least a majority of the voting power of the issued and outstanding Preferred Shares (voting as together as a single class), the closing of any public offering in which the offering price per share represents an implied pre-money valuation of the Company that is below US$1.6 billion but not less than US$1.47 billion (on a fully diluted as converted and exercised to ordinary share basis) ("**Quasi-Qualified Public Offering**"), unless all of the Series C Preferred Shares investors object in writing to such conversion in connection with a Quasi-Qualified Public Offering within twenty-four (24) hours after receipt of a written notice of a proposed Quasi-Qualified Public Offering from the Company setting forth the related details thereof.

Qualified Public Offering means a firm commitment underwritten public offering of the ordinary shares of the Company in the United States, or in another jurisdiction which results in the ordinary shares trading publicly on a recognized international securities exchange approved by the directors of the Company, in each case, resulting in at least US$100,000,000 of net proceeds to the Company (net of the underwriting discount and commissions) with an implied pre-money valuation of the Company of at least US$1.6 billion (on a fully diluted as converted and exercised to ordinary share basis).

23. FINANCIAL LIABILITIES AT FVTPL (Continued)

Preferred Shares (Continued)

(c) Liquidation preferences

In the event of any liquidation event (including customarily-deemed-liquidation events such as acquisition), whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed to the shareholders of the Company as follows:

(1) First, the holders of the Series C Preferred Shares shall be entitled to receive on a pro rata basis for each Series C Preferred Shares held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any other class or series of shares by reason of their ownership of such shares, the amount equal to the sum of (i) 100% of the Series C Preferred Shares issue price, (ii) all accrued but unpaid dividends on such Series C Preferred Shares and (iii) an additional amount that will result in an internal rate of return of 12% on such Series C Preferred Shares through the closing of such liquidation event (the "**Series C Preferred Preference Amount**").

(2) Second, if there are any assets or funds remaining after the aggregate Series C Preferred Preference Amount has been distributed or paid in full to the applicable holders of Series C Preferred Shares pursuant to clause (1) above, the holders of the Series A Preferred Shares and Series B Preferred Shares shall be entitled to receive on a pro rata basis for each Series A Preferred Shares or Series B Preferred Shares held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any other class or series of shares by reason of their ownership of such shares, the amount equal to 100% of the Series A Preferred Shares issue price or the Series B Preferred Shares issue price, as applicable, plus all accrued but unpaid dividends on such Series A Preferred Shares or Series B Preferred Shares (collectively, the "**Series A and B Preferred Preference Amount**").

(3) Third, if there are any assets or funds remaining after the aggregate Series A and B Preferred Preference Amount and Series C Preferred Preference Amount (collectively, the "**Preferred Preference Amount**") has been distributed or paid in full to the applicable holders of Preferred Shares pursuant to clause (1) and (2) above, the remaining assets and funds of the Company available for distribution to the shareholders shall be distributed ratably among all holders of ordinary shares according to the relative number of ordinary shares (on an as-converted basis) held by such holder.

(4) Notwithstanding the foregoing, if the pro rata value of the Company upon such liquidation event on an as-converted basis is higher than the Preferred Preference Amount, then, the holders of Preferred Shares shall be entitled to receive the value on pro-rata basis instead of the distribution as set forth in clauses (1), (2) and (3) above.

23. FINANCIAL LIABILITIES AT FVTPL (Continued)

Preferred Shares (Continued)

(d) Voting rights

The holder of any ordinary share issued and outstanding shall have one vote for each ordinary share held by such holder, and the holder of any Preferred Shares shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited, such votes to be counted together with all other shares of the Company having general voting power and not counted separately as a class except as otherwise provided herein. The holders of the Preferred Shares shall have the right to vote separately as a class or series with respect to any matters to the extent that the Companies Act of the Cayman Islands or the Memorandum and Articles of the Company allow such separate voting.

(e) Anti-dilution rights

In the event that the Company shall issue additional ordinary shares without consideration or for a consideration per share less than the respective conversion price of any class of Preferred Shares in effect on the date of and immediately prior to such issue, the respective applicable conversion price of that class of Preferred Shares shall be adjusted on a weighted average basis, concurrently with such issue.

(f) Redemption rights

Series A Preferred Shares and Series B Preferred Shares

Upon the written request from at least two thirds (2/3) of the holders of the Series A Preferred Shares or Series B Preferred Shares at any time on or after seventh (7th) anniversary of the Series A Preferred Shares issue date, the Company shall redeem the Series A Preferred Shares and Series B Preferred Shares at a price equal to the applicable Series A Preferred Shares and Series B Preferred Shares issue price per share, plus all the accrued but unpaid dividends thereon, whether or not earned (the "**Series A and Series B Redemption Price**"), in three annual installments. The date of each such installment shall be referred to as a "Series A and Series B Redemption Date". On each Series A and Series B Redemption Date, the Company shall redeem, on a pro rata basis in accordance with the number of Series A Preferred Shares and Series B Preferred Shares owned by each holder, that number of issued and outstanding Series A Preferred Shares and Series B Preferred Shares determined by dividing (i) the total number of Series A Preferred Shares and Series B Preferred Shares issued and outstanding immediately prior to such Series A and Series B Redemption Date by (ii) the number of remaining Series A and Series B Redemption Date.

23. FINANCIAL LIABILITIES AT FVTPL (Continued)

Preferred Shares (Continued)

(f) Redemption rights (Continued)

Series C Preferred Shares

At any time after the earlier of (i) the failure by the Company to complete a Qualified Public Offering before June 30, 2024 or (ii) any holder of the Series A Preferred Shares or Series B Preferred Shares has requested the Company to redeem any such shares at any time on or after the seventh (7th) anniversary of the Series A Preferred Shares issue date, upon the written notice requesting redemption from holders of at least a majority of the voting power of the issued and outstanding Series C Preferred Shares, the Company shall within ten (10) business days give written notice (the "**Series C Redemption Notice**") to each other holder of record of any Series C Preferred Shares which specifies the date on which the Series C Preferred Shares requested to be redeemed (which shall be not less than twenty (20) days and not more than forty-five (45) days from the date of the Company's delivery of the Series C Redemption Notice to all holders of Series C Preferred Shares (the "**Series C Redemption Date**")).

On the Series C Redemption Date, the Company shall redeem the Series C Preferred Shares equal to the amount of (i) 100% of the Series C Preferred Shares issue price, plus (ii) all accrued but unpaid dividends on such Series C Preferred Shares whether or not earned, and (iii) an additional amount that will result in an internal rate of return of 12% on such Series C Preferred Shares through the full payment of the Series C Preferred Shares redemption price (inclusive of the amounts in subclauses (i) and (ii) and any other dividends or distributions paid or payable on such Series C Preferred Shares) (the "**Series C Redemption Price**").

Notwithstanding any provision to the contrary, the rights of the holders of Series C Preferred Shares shall be senior in all respects to the rights of the holders of the Series A Preferred Shares and Series B Preferred Shares to receive any payments to be made for the redemption.

If the Company fails to pay (1) on the Series C Redemption Date the full Series C Redemption Price in respect of each Series C Preferred Share to be redeemed on such date or (2) on the Series A and Series B Redemption Date the full Series A and Series B Redemption Price in respect of each Series A Preferred Share and Series B Preferred Share (as applicable) to be redeemed on such date, in either case, because it has inadequate funds or assets legally available therefor or for any other reason, the funds that are legally available shall nonetheless be paid and applied (i) first, if applicable, on the Series C Redemption Date in a pro-rata manner against each Series C Preferred Share to be redeemed on such date in accordance with all the relative full amounts owed thereon and (ii) second, on the Series A and Series B Redemption Date in a pro-rata manner against each Series A Preferred Shares and Series B Preferred Shares to be redeemed on such date in accordance with all the relative full amounts owed thereon, and in each case, the amount of any such shortfall shall be paid and applied from time to time out of legally available funds or assets immediately as and when such funds become legally available in a pro-rata manner remaining amounts owed thereon as provided above, such that, in any case, the redemption of any Series C Preferred Share with partial Series C Redemption Price or any Series A Preferred Share or Series B Preferred Share with partial Series A and Series B Redemption Price shall be deemed to have been consummated.

23. FINANCIAL LIABILITIES AT FVTPL (Continued)

Preferred Shares (Continued)

(f) Redemption rights (Continued)

The series of Preferred Shares were issued as follows:

	Date of grant	Total number of shares subscribed	Subscription price per share	Total consideration	Equivalent to RMB
				US$'000	RMB'000
Series A					
Tranche 1	June 22, 2018	30,300,002	US$1	30,300	196,675
Tranche 2	December 20, 2018	56,213,190	US$1	56,213	387,369
		86,513,192		86,513	584,044
Series B					
Tranche 1	December 27, 2019	29,835,309	US$2.5138	75,000	524,698
Tranche 2	August 21, 2020	38,756,890	US$2.5138	97,427	668,384
		68,592,199		172,427	1,193,082
Series C					
Tranche 1	March 4, 2021	30,308,930	US$4.6191	140,000	905,443
Tranche 2	March 8, 2021	3,247,384	US$4.6191	15,000	97,012
		33,556,314		155,000	1,002,455

Upon Listing, all issued Preferred Shares were automatically converted to 377,323,410 ordinary shares taking into account the effect of the one-to-two share subdivision as detailed in note 24.

23. FINANCIAL LIABILITIES AT FVTPL (Continued)

Presentation and Classification

The Preferred Shares are financial liabilities measured at FVTPL. The directors of the Company considered that the changes in the fair value of the financial liabilities attributable to the change in credit risk of the Group is minimal.

The Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer which has appropriate qualifications and experience in valuation of similar instruments. The Company used the back-solve method to determine the underlying share value of the Company and performed an equity allocation based on a hybrid method of Binomial Option Pricing model ("**OPM model**") and Probability Weighted Expected Return method ("**PWERM method**") to arrive the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period.

In addition to the underlying share value of the Company determined by back-solve method, other key valuation assumptions used in OPM model and PWERM method to determine the fair value as of the dates of issuance and at the end of the reporting period are as follows:

	At December 31, 2020
Time to IPO	0.5 year
Time to liquidation	2.2 years
Risk-free interest rate under liquidation scenario	0.14%
Volatility under liquidation scenario	84.5%
Dividend yield	0%
Possibilities under liquidation scenario	70%
Possibilities under redemption scenario	0%
Possibilities under Qualified Public Offering scenario	30%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the valuation date to the expected liquidation date. Volatility was estimated on the valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation date.

23. FINANCIAL LIABILITIES AT FVTPL (Continued)

Presentation and Classification (Continued)

The movements of the Preferred Shares were as follows:

	Series A Preferred Shares RMB'000	Series B Preferred Shares RMB'000	Series C Preferred Shares RMB'000	Total RMB'000
At January 1, 2020	1,012,128	523,215	–	1,535,343
Issuance of Series B Preferred Shares	–	668,384	–	668,384
Changes in fair value	284,462	65,910	–	350,372
Exchange realignment	(80,959)	(70,118)	–	(151,077)
At December 31, 2020	1,215,631	1,187,391	–	2,403,022
Issuance of Series C Preferred Shares	–	–	1,002,455	1,002,455
Changes in fair value	1,996,290	1,359,188	243,369	3,598,847
Exchange realignment	(2,879)	(2,282)	(1,116)	(6,277)
Automatic conversion of Preferred Shares upon the Listing	(3,209,042)	(2,544,297)	(1,244,708)	(6,998,047)
At December 31, 2021	–	–	–	–

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

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

24. SHARE CAPITAL

	Number of shares				
	Class A	Class B	Ordinary Shares	Total	Share capital US$
Authorised					
Ordinary shares of US$0.00001 each (before share subdivision) and US$0.000005 each (after share subdivision)					
At January 1, 2020 and December 31, 2020	317,357,841	20,000,000	–	337,357,841	3,374
Increase in authorised ordinary shares on February 26, 2021 (note i)	40,733,068	30,000,000	191,909,091	262,642,159	2,626
Redesignation of Class A Ordinary Shares and Class B Ordinary Shares to Ordinary Shares	(358,090,909)	(50,000,000)	408,090,909	–	–
Share subdivision (note ii)	–	–	600,000,000	600,000,000	–
At December 31, 2021	–	–	1,200,000,000	1,200,000,000	6,000

24. SHARE CAPITAL (Continued)

	Class A			Class B			Ordinary Shares			Total			Equivalent amount of
	Number of shares	Par value per share US$	Amount US$	Number of shares	Par value per share US$	Amount US$	Number of shares	Par value per share US$	Amount US$	Number of shares	Par value per share US$	Amount US$	ordinary shares RMB'000
Issued and fully paid													
At January 1, 2020	101,898,757	0.00001	1,019	6,525,000	0.00001	65	–	–	–	108,423,757	0.00001	1,084	7
Exercise of share options	–	–	–	225,001	0.00001	2	–	–	–	225,001	0.00001	2	-*
At December 31, 2020	101,898,757		1,019	6,750,001		67	–		–	108,648,758		1,086	7
Re-designation of Class A Ordinary Shares and Class B Ordinary Shares to Ordinary Shares	(101,898,757)	0.00001	(1,019)	(6,750,001)	0.00001	(67)	108,648,758	0.00001	1,086	–	–	–	–
Sub-division (note ii)	–	–	–	–	–	–	108,648,758	–	–	108,648,758	–	–	–
Automatic conversion of Preferred Shares upon the Listing	–	–	–	–	–	–	377,323,410	0.000005	1,887	377,323,410	0.000005	1,887	12
Issuance of ordinary shares upon the Listing and over-allotment option (note iii)	–	–	–	–	–	–	125,333,000	0.000005	627	125,333,000	0.000005	627	4
Repurchase of ordinary shares (note iv)	–	–	–	–	–	–	(199,376)	0.000005	(1)	(199,376)	0.000005	(1)	-*
Exercise of share options (note v)	–	–	–	–	–	–	537,666	0.000005	3	537,666	0.000005	3	-*
At December 31, 2021	–		–	–		–	720,292,216		3,602	720,292,216		3,602	23

* Less than RMB1,000.

24. SHARE CAPITAL (Continued)

Notes:

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

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

(iii) In connection with the Listing, 111,580,000 and 13,753,000 ordinary shares of US$0.00005 par value each were issued at HK$22.25 per share for the Company's global offering and the over-allotment of shares, on July 13, 2021 and August 10, 2021 for gross cash proceeds of HK$2,482,655,000 and HK$306,004,000 (equivalent to RMB2,070,113,000 and RMB254,975,000), respectively.

(iv) During the year ended December 31, 2021, one of the Company's original incentive recipients resigned and lost his right to receive incentive. Therefore, the Company repurchased and cancelled 199,376 restricted shares previously held by these incentive recipients with a deduction from the treasury shares of RMB6, including a reduction of RMB6, in share capital.

(v) During the year ended December 31, 2021, share option holders exercised their rights to subscribe for 360,000, 6,000 and 171,666 ordinary shares in the Company at US$0.035, US$0.13 and US$0.05 per share, respectively.

25. SHARE-BASED PAYMENT TRANSACTIONS

Restricted share award

To provide the incentive and maintain the key management of the Group, on June 19, 2018, the Company issued 12,600,000 time-based restricted ordinary shares (before share subdivision) and 3,500,000 milestone-based restricted ordinary shares (before share subdivision) to a director and 6,525,000 time-based restricted ordinary shares (before share subdivision) to key management of the Group (collectively referred to as "**Restricted Person**") at a total consideration of approximately RMB1,000 (at US$0.00001 per share before share subdivision).

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

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Restricted share award (Continued)

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

The total expenses recognised in the consolidated statements of profit or loss and other comprehensive income for the restricted ordinary shares granted are approximately RMB6,700,000 (2020: RMB9,189,000) for the years ended December 31, 2021.

The restricted ordinary shares were valued by the directors of the Company with reference to the valuation carried out by an independent qualified professional valuer which has appropriate qualifications and experience in valuation of similar instruments, on the grant date of the restricted ordinary shares. The fair value of the restricted ordinary shares as determined to be RMB2.2 per share (before share subdivision) as of June 19, 2021.

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

The following table summarised the Group's restricted ordinary shares movement during the reporting period.

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Restricted ordinary shares

	Number of unvested restricted ordinary shares	Weighted average grant date fair value RMB
At January 1, 2020	15,175,521	2.2
Vested	(4,781,250)	2.2
At December 31, 2020	10,394,271	2.2
Vested	(2,390,625)	2.2
Share subdivision (note 24)	8,003,646	
Vested	(11,690,624)	1.1
Repurchased	(199,376)	1.1
At December 31, 2021	4,117,292	1.1

Equity-settled share option scheme of the Company

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

The Incentive Plan provides for the grant of the following types of share awards: (i) share options, (ii) share appreciation rights, (iii) restricted share awards and (iv) other share awards. The directors of the Company approved up to 3,408,251 Class B non-voting ordinary shares (before share subdivision) of the Company, in which share awards may be granted under the Incentive Plan. On December 4, 2019, 18 September, 2020 and February 19, 2021, resolutions were passed by the board of directors of the Company to increase the capacity of the Incentive Plan to 9,408,251 Class B non-voting ordinary shares (before share subdivision), 16,408,251 Class B non-voting ordinary shares (before share subdivision) and 17,908,251 Class B non-voting ordinary shares (before share subdivision) respectively.

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

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

Set out below are details of the movements of the outstanding options granted under the Incentive Plan during the reporting period:

For the year ended December 31, 2021

Option	Name of grantee	Date of grant	Vesting period	Exercisable period	Exercise price Before/after Share Subdivision	Outstanding as at 1.1.2021	Granted during the year	Exercised during the year	Forfeited during the year	Cancelled during the year	Outstanding as at 31.12.2021
Time-based											
Option A	Employees and Consultants	30.10.2018	Note ii	Note vi	US$0.07/US$0.035	2,810,000	–	(360,000)	(50,000)	–	2,400,000
Option B	Employees	3.4.2019	Note i	Note vi	US$0.1/US$0.05	294,000	–	–	–	–	294,000
Option C	Employees	14.6.2019	Note i	Note vi	US$0.1/US$0.05	338,000	–	(96,666)	(83,328)	–	158,006
Option D	Employees and Consultant	16.9.2019	Note ii	Note vi	US$0.1/US$0.05	682,000	–	(75,000)	(230,340)	–	376,660
Option E	Employees	4.2.2020	Note i	Note vi	US$0.26/US$0.13	724,000	–	(6,000)	(135,000)	–	583,000
Option F	Employees	13.5.2020	Note i	Note vi	US$0.26/US$0.13	394,000	–	–	(142,624)	–	251,376
Option G	Employees	18.9.2020	Note iii	Note vi	US$0.26 – US$1.36/ US$0.13 – US$0.68	19,642,400	–	–	(285,792)	–	19,356,608
Option H	Employees	11.12.2020	Note i	Note vi	US$1.36/US$0.68	1,726,000	–	–	(40,000)	–	1,686,000
Option J	Employees	18.2.2021	Note i	Note vi	US$1.36/US$0.68	–	1,146,000	–	(52,000)	–	1,094,000
Option K	Employees and Consultants	1.4.2021	Note vii	Note vi	US$2.12/US$1.06	–	457,800	–	(42,000)	–	415,800
Option L	Employees and Consultant	14.5.2021	Note vii	Note vi	US$2.12 – US$2.66/ US$1.06 – US$1.33	–	455,000	–	(26,000)	–	429,000
Option M	Employees	4.6.2021	Note i	Note vi	US$2.12/US$1.06	–	102,000	–	–	–	102,000
Option N	Employees	17.9.2021	Note viii	Note vi	HK$47.60	–	4,146,000	–	(228,000)	(828,000)	3,090,000
Option O	Employees	3.12.2021	Note ix	Note vi	HK$43.41	–	674,000	–	–	–	674,000
Sub-total						26,610,400	6,980,800	(537,666)	(1,315,084)	(828,000)	30,910,450
Milestone-based											
Option I	Employees	18.9.2020	Note v	Note vi	US$0.26 – US$1.36/ US$0.13 – US$0.68	5,200,000	–	–	–	–	5,200,000
Option P	Employee	4.6.2021	Note iv	Note vi	US$2.12/US$1.06	–	60,000	–	–	–	60,000
Option Q	Employees	17.9.2021	Note x	Note vi	HK$47.60	–	10,951,500	–	(375,000)	–	10,576,500
Option R	Employee	3.12.2021	Note xi	Note vi	HK$43.41	–	202,000	–	–	–	202,000
Sub-total						5,200,000	11,213,500	–	(375,000)	–	16,038,500
Total						31,810,400	18,194,300	(537,666)	(1,690,084)	(828,000)	46,948,950
Exercisable at The end of the period											11,744,668
Weighted average Exercise price						US$0.39	US$5.46	US$0.04	US$2.42	US$6.12	US$2.18

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

For the year ended December 31, 2020

Option	Name of grantee	Date of grant	Vesting period	Exercisable period	Exercise price Before Share Subdivision	Outstanding as at 1.1.2020	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 31.12.2020
Time-based										
Option A	Employees and Consultants	30.10.2018	Note ii	Note vi	US$0.07	1,505,000	–	(91,667)	(8,333)	1,405,000
Option B	Employees	3.4.2019	Note i	Note vi	US$0.1	167,000	–	–	(20,000)	147,000
Option C	Employees	14.6.2019	Note i	Note vi	US$0.1	594,000	–	(125,000)	(300,000)	169,000
Option D	Employees and Consultant	16.9.2019	Note ii	Note vi	US$0.1	345,000	–	–	(4,000)	341,000
Option E	Employees and Consultant	4.2.2020	Note ii	Note vi	US$0.26	–	412,000	(8,334)	(41,666)	362,000
Option F	Employees	13.5.2020	Note i	Note vi	US$0.26	–	197,000	–	–	197,000
Option G	Employees	18.9.2020	Note iii	Note vi	US$0.26 – US$1.36	–	9,821,200	–	–	9,821,200
Option H	Employees	11.12.2020	Note i	Note vi	US$1.36	–	863,000	–	–	863,000
Sub-total						2,611,000	11,293,200	(225,001)	(373,999)	13,305,200
Milestone-based										
Option I	Employees	18.9.2020	Note v	Note vi	US$0.26 – US$1.36	–	2,600,000	–	–	2,600,000
Sub-total						–	2,600,000	–	–	2,600,000
Total						2,611,000	13,893,200	(225,001)	(373,999)	15,905,200
Exercisable at The end of the period										1,760,834
Weighted average exercise price						US$0.08	US$0.88	US$0.09	US$0.12	US$0.77

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. One forth (25%) of the share options shall vest on the first anniversary of the vesting commencement date and the remaining share options shall vest ratably over 36-months vesting period from the end of the first anniversary of the vesting commencement date.

(ii) The share options were granted to employees of the Group or consultants who are in contractual agreements with the Group in providing services similar to those rendered by the Group's employees. Some of the share options are vested in the schedule that one forth (25%) of the share options shall vest on the first anniversary of the vesting commencement date and the remaining share options shall vest ratably over 36-months vesting period from the end of the first anniversary of the vesting commencement date; and some of the share options are vested in the schedule that the share options are vested ratably over 24-months vesting period from the vesting commencement date.

(iii) The share options were granted to employees of the Group. Some of the share options are vested in the schedule that one forth (25%) of the share options shall vest on the first anniversary of the vesting commencement date and the remaining share options shall vest ratably over 36-months vesting period from the end of the first anniversary of the vesting commencement date; and some of the share options are vested in the schedule that the share options are vested ratably over 24-months vesting period from the vesting commencement date; and some of the share options are vested in the schedule that the share options are vested ratably over 48-months vesting period from the vesting commencement date.

(iv) The milestone-based share options are vested conditionally if (i) prior to the second anniversary of the share options grant date, the Company completes an IPO on an internationally recognised exchange; and (ii) on the first anniversary of the completion of the IPO, the Company has a market capitalisation of at least US$2 billion.

If such vesting conditions are satisfied, twenty-five percent (25%) of the milestone-based share options will vest immediately on the first anniversary of the completion of the IPO and the other seventy-five percent (75%) of the milestone-based share options will vest ratably over 36-months vesting period. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

(v) The milestone-based share options are vested conditionally upon the achievement of specified performance targets including but not limited to, completion of the Listing, achievement of market capitalisation target, achieving a specific proof-of-concept therapeutic potential. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

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

(vii) 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. Some of the share options are vested in the schedule that one forth (25%) of the share options shall vest on the first anniversary of the vesting commencement date and the remaining share options shall vest ratably over 36-months vesting period from the end of the first anniversary of the vesting commencement date; and some of the share options are vested on the first anniversary of the vesting commencement date.

(viii) The share options were granted to employees of the Group. Some of the share options are vested in the schedule that five percent (5%), ten percent (10%), forty percent (40%) and forty-five percent (45%) of the share options shall vest each time on the first, second, third and fourth anniversary of the vesting commencement date; and some of the share options are vested in the schedule that one fourth (25%) of the share options shall vest each time on the first, second, third and fourth anniversary of the vesting commencement date.

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

Notes: (Continued)

(ix) The share options were granted to employees of the Group. One fourth (25%) of the share options shall vest each time on the first, second, third and fourth anniversary of the vesting commencement date.

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

(xi) The milestone-based share options are vested conditionally upon the achievement of a sales target by a specific time. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

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

For the year ended December 31, 2021

Option Granted	Grant date option fair value per share	Exercise price	Volatility	Expected life	Risk-free interest rate	Dividend yield	Fair value at grant date
Option J	US$1.42	US$1.36/US$0.68	87.89%	7 years	0.85%	0%	US$813,000
Option K	US$1.63 – US$3.44	US$2.12/US$1.06	86.40% – 87.91%	7 years	1.22% – 1.42%	0%	US$377,000
Option L	US$2.35 – US$3.38	US$2.12 – US$2.66/ US$1.06 – US$1.33	86.40% – 87.91%	7 years	1.14% – 1.44%	0%	US$533,000
Option M	US$3.24	US$2.12/US$1.06	87.91%	7 years	1.09%	0%	US$165,000
Option P	US$3.24	US$2.12/US$1.06	87.91%	7 years	1.09%	0%	US$97,000
Option N	HK$24.80 – HK$27.59	HK$47.60	58.00%	10 years	1.09%	0%	HK$104,474,000
Option O	HK$21.16 – HK$23.36	HK$43.41	58.00% – 60.90%	10 years	1.09% – 1.42%	0%	HK$14,731,000
Option Q	HK$5.83 – HK$26.26	HK$47.60	58.00% – 60.90%	10 years	1.09% – 1.42%	0%	HK$191,985,000
Option R	HK$23.2	HK$43.41	60.90%	10 years	1.42%	0%	HK$4,987,000

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

The Group recognised the total expense of approximately RMB72,670,000 (2020: RMB20,294,000) for the year ended December 31, 2021, in relation to share options granted by the Company.

26. RELATED PARTY TRANSACTIONS

Save for disclosed in elsewhere of the consolidated financial statements, the Group has the following transactions with the related parties during the reporting period.

(a) Related party transactions

Consultancy service fee paid to a related party by the Group:

	Year ended December 31,	
	2021	2020
Name of related party	RMB'000	RMB'000
Dr. Jingfan Huang (note)	–	1,035

Note: Dr. Jingfan Huang is the spouse of Dr. Zhi Hong, the Chief Executive Officer and executive director of the Company.

(b) Compensation of key management personnel

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Short term benefits	25,351	14,795
Discretionary bonus (note)	41,481	5,372
Post-employment benefits	374	315
Share-based payments	60,926	22,634
	128,132	43,116

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 and Preferred Shares (net of cash and cash equivalents), and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL	117,790	75,365
Equity instruments at FVTOCI	34,241	41,182
Cash equivalents at FVTPL	1,011,649	789,084
Amortised cost	2,352,176	272,816

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Financial liabilities		
Amortised cost	56,532	155,640
Designated as financial liabilities at FVTPL	–	2,403,022

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include other receivables and deposits, financial assets at FVTPL, equity instruments at FVTOCI, restricted bank deposits, time deposits with original maturity over three months, bank balances, other payables, lease liabilities and financial liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risks (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's 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 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 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,	
	2021	2020
	RMB'000	RMB'000
Assets		
US$	23,216	46,443
Liabilities		
US$	2,240	94,870

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in US$ against RMB5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in US$. A positive number below indicates a decrease in loss for the year where US$ strengthens 5% against RMB. For a 5% weakening of US$ against RMB, there would be an equal and opposite impact on the loss for the year.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Impact on profit or loss		
US$	(1,049)	2,421

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.

28. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities 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. 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.

(iii) Other price risk

The Group is exposed to other price risk arising from listed equity investments at FVTOCI and money market funds at FVTPL.

Sensitivity analysis

Listed equity investments at FVTOCI

The sensitivity analyses below have been determined based on the exposure to equity price risk at each reporting date for listed equity investments at FVTOCI.

If the equity value of the common shares of the investments at FVTOCI had been changed based on the 5% higher/lower, the other comprehensive income would increase/decrease by approximately RMB1,712,000 (2020: RMB2,059,000) as at December 31, 2021.

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	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit risk exposures of the Group's 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, 2021 RMB'000	2020 RMB'000
Financial assets at amortised cost						
Other receivables and deposits	19	N/A	Low risk	12m ECL	8,766	3,178
Restricted bank deposits	20	Aa3	N/A	12m ECL	319	3,757
Time deposits with original maturity over three months	20	Aaa	N/A	12m ECL	499,647	20,000
Bank balances	20	Aa3 to Aaa	N/A	12m ECL	1,843,444	245,881
					2,352,176	272,816

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 loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for these financial assets, the directors of the Company have taken into account the financial positions of the counterparties in estimating the probability of default of each of other receivables and deposits, occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the 12m ECL allowance is insignificant.

The credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances is limited because the counterparties are reputable banks and financial institutions with high credit ratings assigned by international credit rating agencies. The management is of the opinion that the loss rate is insignificant and no impairment was provided at the end of 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.

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.

28. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
As at December 31, 2021					
Other payables	–	56,532	–	56,532	56,532
Lease liabilities	4.75	9,897	13,132	23,029	21,616
Total		66,429	13,132	79,561	78,148
As at December 31, 2020					
Other payables	–	155,640	–	155,640	155,640
Lease liabilities	4.75	9,184	21,258	30,442	28,327
Total		164,824	21,258	186,082	183,967

28. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

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

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

Financial assets/ financial liabilities	Notes	Fair value as at 2021 RMB'000	Fair value as at 2020 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Listed equity investments at FVTOCI	Note 18	34,241	41,182	Level 1	Active market quoted transaction price	N/A
Unlisted equity investment	Note 17	53,522	19,575	Level 2	Recent transaction price	N/A
Unlisted equity investment	Note 17	3,509	3,591	Level 2	Recent transaction price	N/A
Unlisted equity investment	Note 17	60,759	52,199	2021: Level 3 (2020: Level 2)	2021: Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple 2020: Recent transaction price	2021: Discount Rate of 31% (note i) and P/R&D multiple of 1.69 (note ii) 2020: N/A
Money market funds	Note 20	1,011,649	789,084	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
Preferred Shares designated as financial liabilities at FVTPL	Note 23	–	2,403,022	Level 3	The fair values of preferred Shares estimated based on discounted cash flow and back-solve method, details of the valuation parameters and major assumptions used in the valuation are disclosed in Note 23	Volatility (note iii)

28. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

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

Notes:

(i) A slight increase in the discount rate used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment, and vice versa. If the discount rate was 0.5% higher/lower to 31.5%/30.5% while holding all other variables constant, the carrying amount of the unlisted equity investment would decrease or increase by RMB466,000 as at 31 December 2021.

(ii) A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment, and vice versa. If the P/R&D multiple was 5% higher/lower to 1.78/1.61 while all other variables constant, the carrying amount of the unlisted equity investment would increase or decrease by RMB3,213,000 as at 31 December 2021.

(iii) A 5% increase or decrease in the volatility and holding all other variables constant would increase or decrease the fair value of the Preferred Shares of the Group by RMB11,290,000 as at December 31, 2020.

(ii) Reconciliation of Level 3 fair value measurements

	Unlisted equity investment RMB'000
At December 31, 2019 and 2020	–
Transfer into Level 3 due to change of valuation technique (note)	52,199
Unrealised fair value difference credited to profit or loss	8,560
At 31 December 2021	60,759

Note: Due to the absence of the recent transactions of the investment, the valuation method has been changed and it involves the use of unobservable inputs. Fair value changes recognised during the year are due to the research and development progress of the investee.

Details of reconciliation of Level 3 fair value measurement for Preferred Shares are set out in Note 23 and the fair value gains or losses are included in "fair value loss on financial liabilities at FVTPL".

Fair value loss of RMB350,372,000 related to Preferred Shares designated as financial liabilities at FVTPL held at December 31, 2020, are recognised in the consolidated statements of profit or loss and other comprehensive income.

28. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the 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 RMB8,955,000 (2020: RMB1,512,000) for the years ended December 31, 2021.

30. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Principal country of operations and place and date of establishment/ incorporation	Issued and fully paid share/ registered capital	Equity interest attributable to the Group As at December 31, 2021	Equity interest attributable to the Group As at December 31, 2020	Principal activities
Directly held:					
Brii Biosciences Offshore Limited	Cayman Islands May 23, 2018	US$1	100%	100%	Investment holding
Indirectly held:					
Brii Biosciences, Inc.	USA December 5, 2017	US$1	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$103,470,000	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$5,000,000	100%	100%	Research and development on pharmaceutical products
TSB Therapeutics (Beijing) Co. Limited* 騰盛華創醫藥技術(北京)有限公司	PRC (note) May 26, 2020	RMB49,876,597	72.77%	72.77%	Research and pharmaceutical development on products
Brii Biosciences (Hong Kong) Co. Limited	Hong Kong December 18, 2017	US$1	100%	100%	Investment holding

* English name is for identification purpose only.

None of the subsidiaries has issued any debt securities as at December 31, 2021 and 2020.

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. 騰盛華創醫藥技術(北京)有限公司is a domestic owned limited liability company.

31. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTSD

The table below shows details of non-wholly-owned a 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 As at December 31,		Loss allocated to non-controlling interests As at December 31,		Accumulated non-controlling interests As at December 31,	
		2021	2020	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
TSB Therapeutics (Beijing) Co. Limited (TSB Therapeutics) 騰盛華創醫藥技術(北京)有限公司	PRC	27.23%	27.23%	(27,235)	(93,910)	(31,648)	(4,413)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

TSB Therapeutics (Beijing) Co. Limited	At December 31, 2021 RMB'000	2020 RMB'000
Current assets	55,745	117,495
Non-current assets	9,506	12,222
Current liabilities	(122,485)	(145,925)
Non-current liabilities	(58,991)	–
Equity attributable to owners of the Company	(84,577)	(11,795)
Non-controlling interests of TSB Therapeutics	(31,648)	(4,413)

	Year ended December 31, 2021 RMB'000	2020 RMB'000
Expenses	(100,017)	(235,686)
Loss and total comprehensive expense for the year	(100,017)	(235,686)
Loss and total comprehensive expense attributable to owners of the Company	(72,782)	(141,776)
Loss and total comprehensive expense attributable to the non-controlling interests of TSB Therapeutics	(27,235)	(93,910)
Loss and total comprehensive expense for the year	(100,017)	(235,686)
Net cash outflow from operating activities	(132,681)	(97,765)
Net cash inflow from investing activities	124	–
Net cash inflow from financing activities	58,000	205,898
Net cash (outflow) inflow	(74,557)	108,133

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	Financial liabilities at FVTPL RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2020	–	1,535,343	35,113	1,570,456
Financing cash flows	(3,073)	668,384	(8,454)	656,857
Interest expenses recognised	–	–	1,668	1,668
Fair value change	–	350,372	–	350,372
Issue costs accrued	5,017	–	–	5,017
Exchange adjustments	167	(151,077)	–	(150,910)
At December 31, 2020	2,111	2,403,022	28,327	2,433,460
Financing cash flows	(86,630)	1,002,455	(10,920)	904,905
Interest expenses recognised	–	–	1,175	1,175
Automatic conversion of Preferred Shares upon the Listing	–	(6,998,047)	–	(6,998,047)
Fair value change	–	3,598,847	–	3,598,847
Issue costs accrued	94,720	–	–	94,720
New leases entered	–	–	3,034	3,034
Exchange adjustments	–	(6,277)	–	(6,277)
At December 31, 2021	10,201	–	21,616	31,817

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At December 31,	
	2021	2020
	RMB'000	RMB'000
Non-current assets		
Investment in subsidiaries	1,290,986	615,862
Financial assets at FVTPL	117,790	23,166
Equity instruments at FVTOCI	34,241	41,182
Loan to a subsidiary	97,222	94,870
	1,540,239	775,080
Current assets		
Other receivables	6,533	7,722
Time deposits with original maturity over three months	499,647	–
Bank balances and cash	2,731,112	790,715
	3,237,292	798,437
Current liabilities		
Other payables	10,671	11,366
Amounts due to subsidiaries	17,558	16,590
	28,229	27,956
Net current assets	3,209,063	770,481
Total assets less current liability	4,749,302	1,545,561
Non-current liability		
Financial liabilities at FVTPL	–	2,403,022
Net assets (liabilities)	4,749,302	(857,461)
Capital and reserves		
Share capital	23	7
Share premium and reserves	4,749,279	(857,468)
Total equity (deficits)	4,749,302	(857,461)

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

The movements of the reserves of the Company are as follows:

	Share premium RMB'000	Investments revaluation reserve RMB'000	Translation reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2020	62,274	(3,168)	(4,585)	23,318	(506,760)	(428,921)
Profit (loss) and total comprehensive income (expense) for the year	–	21,697	54,013	–	(533,884)	(458,174)
Vesting of restricted ordinary shares	11,217	–	–	(11,217)	–	–
Recognition of equity-settled share-based payments (Note 25)	–	–	–	29,483	–	29,483
Exercise of share options	841	–	–	(697)	–	144
At December 31, 2020	74,332	18,529	49,428	40,887	(1,040,644)	(857,468)
Loss and total comprehensive expense for the year	–	(6,072)	(76,168)	–	(3,613,906)	(3,696,146)
Issue of new shares of the Company (Note 24)	2,325,084	–	–	–	–	2,325,084
Automatic conversion of preferred shares upon the Listing (Note 24)	6,998,035	–	–	–	–	6,998,035
Cost of issuing new shares	(99,737)	–	–	–	–	(99,737)
Vesting of restricted ordinary shares	19,091	–	–	(19,091)	–	–
Recognition of equity-settled share-based payments (Note 25)	–	–	–	79,370	–	79,370
Exercise of share options	261	–	–	(120)	–	141
At December 31, 2021	9,317,066	12,457	(26,740)	101,046	(4,654,550)	4,749,279

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

"ACTIV"	Accelerating COVID-19 Therapeutic Interventions and Vaccines program
"ACTIV-2"	The clinical trials of outpatient monoclonal antibodies and other therapies under the ACTIV program
"AGM"	the forthcoming annual general meeting of the Company to be held on June 22, 2022
"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. and an Independent Third Party
"APAC"	the geographical term, refer to the acronym for Asia and Pacific coastal areas
"Articles of Association"	the amended and restated articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
"Audit Committee"	the audit committee of the Company
"BLA"	biologics license application
"BLI"	β-lactamase inhibitor
"Board"	the board of directors of the Company
"Brii Beijing"	Brii Biosciences (Beijing) Co. Limited* (騰盛博藥醫藥技術(北京)有限公司), a limited liability company incorporated under the laws of the PRC on August 21, 2018, being an indirect wholly-owned subsidiary of the Company
"CD4"	cluster of differentiation antigen 4, an important immune cell in the body's immune system
"CDE"	the Center for Drug Evaluation of the NMPA of China
"CDMO"	Contract development and manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing

DEFINITIONS

"CG Code"	the Corporate Governance Code (version up to December 31, 2021) contained in Appendix 14 to the Listing Rules
"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
"CIC"	Corporate Investment Committee
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CMO"	Contract manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide drug manufacturing services
"CNS"	central nervous system, part of the nervous system consisting of the brain and spinal cord
"Company", "Our Company", "we", "us" or "Brii Bio"	Brii Biosciences Limited (騰盛博藥生物科技有限公司) (formerly known as BiiG Therapeutics Limited and B.I.G. Therapeutics Limited), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 8, 2017, the Shares of which are listed on the Main Board of the Stock Exchange
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules
"COVID-19"	Coronavirus Disease 2019, a disease caused by the novel virus 2 SARS-CoV-2 and designated as severe acute respiratory syndrome
"CRO"	Contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"Director(s)"	director(s) of the Company
"DSMB"	Data and Safety Monitoring Board
"DNA"	deoxyribonucleic acid
"ECCMID"	European Society of Clinical Microbiology and Infectious Diseases
"EFdA" or "Islatravir"	An NRTTI and an investigational drug for the treatment of HIV infection
"ESG"	Environmental, Social and Governance

"EUA"	emergency use authorization
"FVTPL"	fair value through profit or loss
"GA"	Government affairs
"GCP"	the Good Clinical Practice
"GHG"	greenhouse gas
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GLP"	the Good Laboratory Practice
"GMP"	the Good Manufacturing Practice
"GPvP"	the China Good Pharmacovigilance Practice
"Greater China"	China, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Group"	Our Company and all of its subsidiaries at the relevant time, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"GSK"	GlaxoSmithKline plc., a company listed on the New York Stock Exchange in the United States (stock code: GSK)
"Guidelines"	the COVID-19 Diagnosis and Treatment Guidelines (9th Edition)
"GxP"	a general abbreviation for good practice guidelines and regulations in the life sciences industry, including good clinical, laboratory, manufacturing, and other practices
"HBeAg"	hepatitis B e antigen
"HBsAg"	hepatitis B surface antigen
"HBV"	hepatitis B virus
"HIV"	human immunodeficiency virus
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic China

DEFINITIONS

"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HR"	human resources
"HSI"	Hang Seng Index
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standard
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"IP"	intellectual property
"IPO"	initial public offering
"IR"	investor relations
"KOL"	key opinion leader
"KPI"	key performance indicator
"LED"	light-emitting diode
"Listing Date"	July 13, 2021, 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
"LLP"	limited liability partnership
"LMS"	Learning Management System
"MAC"	mycobacterium avium complex, an infection caused by two types of bacteria "MBLs" metallo-β-lactamases
"MARCH"	Monoclonal Antibody siRNA Combination against Hepatitis B
"MBL"	Metallo-Beta-lactamases, a subclass of lactamases that use one of two Zinc ions in their active site

"Memorandum and Articles of Association"	collectively the amended and restated memorandum of association of the Company and the amended and restated articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
"Merck"	Merck & Co., Inc. (known as MSD outside of the U.S. and Canada)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules
"MDD"	major depressive disorders
"MDR/XDR"	multi-drug resistant/extensive drug resistant
"MRCT"	the multi-regional clinical trials
"NIAID"	National Institute of Allergy and Infectious Diseases
"NIH"	the U.S. National Institutes of Health
"NMPA"	the National Medical Products Administration
"NNRTI"	Non-nucleoside reverse transcriptase inhibitor, a form of ART used to treat HIV infection or AIDS
"Nomination Committee"	the nomination committee of the Company
"Novartis"	Beijing Novartis Pharma Co., Ltd. a limited liability company incorporated under the laws of the PRC
"NRTI"	Nucleotide/nucleoside reverse transcriptase inhibitors, a form of ART used to treat HIV infection or AIDS
"NTM"	non-tuberculosis mycobacteria
"OKR"	objectives and key results, a goal setting framework
"PEG-IFN-α"	pegylated interferon alfa
"PK"	pharmacokinetics
"POC"	Proof of Concept
"Post-IPO Share Award Scheme"	the post-IPO Share Award scheme conditionally adopted by our Company on June 22, 2021

DEFINITIONS

"Post-IPO Share Option Scheme"	the post-IPO share option scheme conditionally adopted by our Company on June 22, 2021
"PPD"	postpartum depression
"PR"	public relations
"Pre-IPO Share Incentive Plan"	the pre-IPO share incentive plan approved and adopted by our Company on October 30, 2018
"Prospectus"	the prospectus of the Company dated June 30, 2021
"PWERM method"	Probability Weighted Expected Return method
"QA"	quality assurance
"QIDP"	Qualified Infectious Disease Product
"Qpex"	Qpex Biopharma Inc., a corporation incorporated in Delaware, United States and an Independent Third Party
"QRM"	Quality Risk Management
"RDRC"	R&D Review Committee
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended December 31, 2021
"RFP"	Request for Proposal
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RNA"	ribonucleic acid
"RSU"	restricted stock unit
"R&D"	research and development
"SAD/MAD"	single ascending dose and multiple ascending dose
"SARS-CoV-2"	severe acute respiratory syndrome coronavirus 2

"SBL"	Serine-lactamases, a diverse set of enzymes sharing several highly conserved amino acid sequences with PBPs that act as a catalyst to break down a broad range of -lactam drugs, including carbapenems
"SBLs"	the serine β-lactamases
"SDGs"	the United Nations Sustainable Development Goals
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share Incentive Schemes"	collectively, the Pre-IPO Share Incentive Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of US$0.00001 each
"Shareholder(s)"	the holder(s) of the Share(s)
"Sinopharm Group"	Sinopharm Group Co. Ltd., a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Stock Exchange with stock code 1099
"siRNA"	Small interfering RNA, sometimes known as short interfering RNA or silencing RNA, a class of double stranded non-coding RNA molecules
"Strategy Committee"	the strategy committee of the Company
"Stock Exchange" or "HKEx"	the Stock Exchange of Hong Kong Limited
"TB"	tuberculosis, a contagious infection caused by bacteria
"TSB Therapeutics"	TSB Therapeutics Ltd (Beijing) Co. Limited, a limited liability company incorporated under the laws of the PRC on May 26, 2020, being an indirect non-wholly owned subsidiary of our Company
"United States" or "U.S." or "USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"US FDA"	the U.S. Food and Drug Administration

DEFINITIONS

"VBI"	VBI Vaccines Inc., a corporation with corporate headquarters in Cambridge, the United States, whose stocks are listed on the NASDAQ Global Market (NASDAQ: VBIV) and an Independent Third Party
"Vir"	Vir Biotechnology, Inc., a corporation incorporated in San Francisco, the United States, whose stocks are listed on the NASDAQ Global Market (NASDAQ: VIR) and an Independent Third Party
"Wuxi Apptec"	WuXi AppTec Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Stock Exchange with stock code 2359 and the Shanghai stock exchange with stock code 603259
"WuXi Biologics"	WuXi Biologics (Cayman) Inc., a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange with stock code 2269
"%"	per cent.

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

* *For identification purposes only*