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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

FINANCIAL HIGHLIGHTS

- Other income was RMB46.3 million for the six months ended June 30, 2021, representing an increase of RMB23.4 million or 102.2%, compared with RMB22.9 million for the six months ended June 30, 2020. The increase was mainly attributable to the increased income recognized from government grants.

- R&D expenses were RMB157.6 million for the six months ended June 30, 2021, representing a decrease of RMB108.1 million or 40.7%, compared with RMB265.7 million for the six months ended June 30, 2020. The decrease was primarily due to the decrease of RMB134.2 million in licensing fees.

- Administrative expenses were RMB68.0 million for the six months ended June 30, 2021, representing an increase of RMB26.8 million or 65.0%, compared with RMB41.2 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase in employee headcount.

- Total comprehensive expense for the six months ended June 30, 2021 was RMB2,921.5 million, representing an increase of RMB2,628.0 million or 895.4%, compared with RMB293.5 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase in fair value loss on financial liabilities at FVTPL.

BUSINESS HIGHLIGHTS

On July 13, 2021, the Company was successfully listed on the Stock Exchange. During the six months ended June 30, 2021, we made steady progress against our operational and corporate goals, significantly advancing our robust pipeline.

At the end of the Reporting Period, our ongoing clinical trials comprised one ongoing Phase 3 trial, three ongoing Phase 2 trials and five Phase 1 trials in our infectious disease programs focused on Hepatitis-B Virus, Human Immunodeficiency Virus, and COVID-19, as well as our CNS program. In addition, the MDR/XDR gram negative infections & TB Mycobacteria programs are under clinical development by our partners QPEX and AN2 respectively.

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

Infectious Disease Programs

Hepatitis-B Virus – functional cure treatment with multiple combinations strategy

- ***Therapeutic vaccine candidate (BRII-179):***
  - In May 2021, we completed a Phase 1b/2a clinical study of BRII-179 in Mainland China, Hong Kong, New Zealand, Australia, Thailand, and South Korea with the final clinical study report issued in June 2021.
  - In June 2021, we presented positive final results from the Phase 1b/2a study of BRII-179, which demonstrated that BRII-179 induced both B cell (antibody) and T cell responses, and was well-tolerated with positive safety profiles, in non-cirrhotic chronic hepatitis B patients under nucleos(t)ide analog therapy.
  - In June 2021, we submitted an IND application to the CDE in Mainland China, for a Phase 2 study to assess therapeutic efficacy of BRII-179 in HBV patients receiving pegylated interferon alfa and NrtI treatment.
  - In August 2021, the IND application for a Phase 2 study to assess therapeutic efficacy of BRII-179 in HBV patients receiving pegylated interferon alfa and NrtI treatment was approved by the CDE.
- ***siRNA as backbone treatment for HBV functional cure (BRII-835):***
  - As of June 30, 2021, we had completed patient enrollment in the BRII-835 Phase 2 randomized, placebo-controlled study in Mainland China to evaluate the safety, tolerability, pharmacokinetics and antiviral activity. The final result report will be available by the end of 2021.
  - In May 2021, our partner Vir disclosed that it was progressing a Phase 2 study for VIR-2218 (BRII-835 – in-licensed from Vir) and PEG-IFN-α for the treatment of HBV.

- In July 2021, our partner Vir disclosed that it initiated a Phase 2 clinical trial evaluating the combination of VIR-2218 (BRII-835) and VIR-3434 (a monoclonal antibody targeting HBV) as a functional cure regimen for chronic Hepatitis B Virus infection. In addition to BRII-835, we have an option to obtain exclusive development and commercialization rights in Greater China to up to three additional products arising from other programs in Vir's pipeline including VIR-3434 that achieve certain defined conditions.

- ***BRII-179 and BRII-835 Combination for HBV Functional Cure:***

  - The Phase 2 BRII-179 and BRII-835 MRCT combination study has been initiated in New Zealand, Australia, Singapore, South Korea and Hong Kong.

  - In February 2021, we submitted an IND application to CDE in China.

COVID-19 – potentially first approved neutralizing antibody treatment in Greater China

- ***BRII-196 and BRII-198 combination therapy:***

  - In January 2021, we dosed the first patient in the ACTIV-2 Phase 2/3 clinical study sponsored by NIAID for testing BRII-196 and BRII-198 as a combination therapy in ambulatory patients. In April, the Data and Safety Monitoring Board recommended advancement to the Phase 3 portion of the study. In August, we announced the completion of enrollment in the Phase 3 trial, in which 846 participants were enrolled at sites in the United States, Brazil, South Africa, Mexico, Philippines and Argentina. Shortly after completing enrollment and following DSMB review, we reported positive results demonstrating statistically significant reduction of 78%, with a Risk Ratio of 0.22 (95% Confidence Interval: [0.05,0.86]), in the combined endpoint of hospitalization and death, compared with placebo, based on follow-up of 837 non-hospitalized COVID-19 patients at high risk of clinical progression. A reduction in both hospitalizations 12 (active) vs. 45 (placebo) and deaths 1 (active) vs. 9 (placebo) were also observed. We expect to report top-line results from this trial in the third quarter of 2021.

  - In February 2021, we submitted an IND application to, and obtained approval from, China's NMPA for a Phase 2 combination therapy study of BRII-196 and BRII-198 in COVID-19 patients in China. Following clearance, in June, we initiated the Phase 2 combination trial. The study is led by Professor. Nanshan Zhong, the Academician of the Chinese Academy of Engineering and Director of the National Clinical Medical Research Center for Respiratory Diseases at the First Affiliated Hospital of Guangzhou Medical University.

  - Since May 2021, the highly contagious COVID-19 delta variant was detected in multiple outbreaks in China. In response to the calling for immediate life-saving solutions, we quickly assisted the Chinese government in supplying our antibodies to infected individuals in Shenzhen, Guangzhou, Ruili, Nanjing, Yangzhou, Zhangjiajie and Zhengzhou. We continue to work closely with the authorities and regulatory bodies in China to determine next steps for use of our antibodies while our clinical trials are ongoing.

Human Immunodeficiency Virus – once weekly single tablet regimen (QW STR)

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

  - In March 2021, we dosed the first subject in a Phase 1 study for BRII-778 in the United States.

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

  - In March 2021, we submitted an IND application with the FDA for a Phase 1 study of BRII-732. We received FDA approval in April 2021 and began dosing subjects in the United States in May 2021.

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

- ***Novel Synthetic Polymyxin: Disrupts both the outer and inner membranes of gram-negative bacteria; active in pulmonary surfactant (BRII-693):***

  - In March 2021, our partner Qpex submitted an IND application with the FDA for a Phase 1 study of BRII-693 (in-licensed from Qpex). Following FDA clearance for the Phase 1 trial, Qpex began dosing subjects in June 2021.

- ***Ultra-Broad-Spectrum Beta-lactamase Inhibitor: Restores activity of multiple IV carbapenems & cephalosporins; broadest-spectrum BLI (BRII-636):***

  - As of June 30, 2021, our partner Qpex continued to enroll subjects in its Phase 1 clinical study of BRII-636 (in-licensed from Qpex).

- ***Orally Delivered Beta-Lactamase Inhibitor: Restores activity of multiple oral cephalosporins & carbapenems; broadest-spectrum BLI (BRII-672):***

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

Central Nervous System Disease Programs

Post-Partum Depression/Major Depressive Disorder – novel treatment with, rapid relief and convenient administration

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

  - In February 2021, we submitted an IND application to the FDA and gained approval to proceed with our planned Phase 1 study for BRII-296. In April 2021, we began dosing subjects in a Phase 1 study of BRII-296 in the United States.

Others

In March 2021, we completed a Series C financing of US$155 million. The financing, in which existing and new investors participated, was led by the Invesco Developing Markets Fund. Additional funding was provided by GIC and SMALLCAP World Fund, Inc. ("**Capital**"), followed by Asia-based leading investment organizations, as well as three current investors.

Following the end of the Reporting Period we successfully completed our listing on the Stock Exchange on July 13, 2021. The listing of the Company raised a total of approximately HK$2.789 billion in gross proceeds with a partially exercised Over-allotment Option.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a biotechnology company committed to advancing therapies for significant infectious diseases and diseases of the central nervous system, with primary operations based in China and the United States. Our infectious disease programs are currently in clinical trials for the treatment of hepatitis B virus, human immunodeficiency virus, and multi-drug resistant or extensive drug resistant gram-negative infections. For our CNS program we are currently exploring treatments for postpartum depression and major depressive disorder, both of which pose significant public health burdens worldwide.

We strive to be the leading public health-inspired and infectious diseases/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.

Infectious diseases are a leading cause of death worldwide. The limited number of available therapeutics and companies dedicated to developing therapies for infectious diseases has resulted in significant unmet medical needs and major public health burdens. The prevalence of HBV-related diseases, the global HIV pandemic and the unprecedented outbreak of the COVID-19 pandemic each underscore the societal and economic threats posed by infectious diseases. The solution is to dedicate more resources to developing therapeutics that cure, prevent 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 CNS diseases, which are primarily in clinical stages.

We are currently developing a functional cure for chronic HBV infections, which have a disproportional health impact in China. This is one of our most advanced programs. In response to the global HIV pandemic, we discovered and are developing a long-acting, once-weekly single tablet regimen for HIV patients with an initial focus in the United States. 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 public health matters, we are developing a neutralizing antibody cocktail therapy for the treatment of COVID-19. In August 2021 we completed patient enrollment in a Phase 3 trial as part of the NIH's Accelerating COVID-19 Therapeutic Interventions and Vaccines study (ACTIV-2). Interim results were positive, demonstrating statistically significant reduction of 78% in the combined endpoint of hospitalization and death compared with placebo in 837 non-hospitalized high-risk COIVD-19 patients. In July of this year, we initiated a Phase 2 trial in China led by Professor Nanshan Zhong, the Academician of the Chinese Academy of Engineering and Director of the National Clinical Medical Research Center for Respiratory Diseases at the First Affiliated Hospital of Guangzhou Medical University.

In response to the recent emergence of new COVID-19 cases in China, including cases caused by the Delta variant, we began cooperating with governmental agencies and hospitals in China in June 2021 to supply BRII-196/BRII-198 for emergency use in Guangzhou, Shenzhen, Ruili, Kunming, Nanjing, Yangzhou, Zhangjiajie and Zhengzhou.

As another important arm of public health, we are also developing innovative therapies to address CNS disorders, such as PPD and MDD. 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 rapid relief and profound and sustained therapeutic effect against these disorders.

Pipeline Summary

We have built a pipeline of more than 10 innovative product candidates that focus on infectious diseases and CNS diseases. Our strategic product pipeline is derived from (i) utilizing our in-house research and development 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, leading the clinical development in China, and playing an integral role in the global development of such assets.

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

Indication	Program	Preclinical	IND Approval	Phase 1	Phase 2	Phase 3	Regulatory Authority	Brii Rights	Licensing Partners/Internally Discovered
Infectious Disease Programs									
HBV	BRII-179 (VBI-2601)						NMPA	Greater China	VBI
	BRII-835 (VIR-2218)						NMPA	Greater China	VIR
	BRII-179/BRII-835 Combination						NMPA	Greater China	VBI VIR
COVID-19	BRII-196						FDA/NMPA	Global	
	BRII-198						FDA/NMPA	Global	
HIV	BRII-778						FDA	Global	Internally discovered
	BRII-732						FDA	Global	Internally discovered
MDR/XDR gram-negative infections	BRII-636[1] (QPX-7728)						FDA	Greater China	Qpex
	BRII-672[1] (QPX-7831)						FDA	Greater China	Qpex
	BRII-693[1] (QPX-9003)						FDA	Greater China	Qpex
MDR/XDR TB Mycobacteria	BRII-658[1] (AN2-501971)						FDA	Greater China	AN2Therapeutics
Central Nervous System Disease Programs									
PPD	BRII-296						FDA	Global	Internally discovered
MDD	BRII-296						FDA	Global	Internally discovered

Source: Company information as of August 26, 2021

Notes:
1. To this date, the development and clinical trials have been conducted by Qpex and AN2, respectively.

As of the date of this announcement, we had more than 10 product candidates, presenting a mix of preclinical and clinical-stage candidates, and a mix of in-licensed and self-discovered candidates.

Our **internally discovered drug** candidates for which we hold global rights include:

- BRII-196 and BRII-198 for the treatment of COVID-19 (global rights are collectively held by Brii Biosciences and our partially owned subsidiary TSB); and
- BRII-778 and BRII-732 for the treatment of HIV;
- BRII-296 for the treatment of PPD and MDD.

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

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

BUSINESS REVIEW

During the first half of 2021, we continued to advance our product pipeline and business operations, including the following milestone and achievements:

Our Product Candidates

Infectious Disease Programs

HBV (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 therapeutic vaccine, and BRII-835, an HBV-targeting siRNA, which is a highly innovative and emerging class of therapy designed to reduce HBV antigens. We hold exclusive rights to develop and commercialize BRII-179 and BRII-835 in Greater China. As a potential HBV functional cure regimen, we are developing BRII-179 and BRII-835 as a combination therapy.

BRII-179: As one of our most advanced therapeutics candidates, BRII-179 is a novel recombinant protein-based HBV immunotherapeutic candidate. We in-licensed rights for Greater China for BRII-179 from VBI in December 2018. This therapeutic vaccine candidate builds upon the 3-antigen conformation of VBI's prophylactic 3-antigen HBV vaccine candidate and is designed to target enhanced B-cell and T-cell immunity.

Clinical Development Milestones and Achievements During Reporting Period

- In May, we completed and reported positive results from our Phase 1b/2a study in Mainland China, Hong Kong, New Zealand, Australia, Thailand and South Korea.

- In June, we released the final results from the study, which demonstrated:

  - Notable restimulation of cell immune response and antibody response to HBV surface antigens in a proportion of subjects with chronic HBV infection who received four monthly injections of 20 μg or 40 μg of BRII-179 admixed with or without IFN-α.

  - BRII-179 induced both B cell (antibody) and T cell responses in chronically infected hepatitis B patients and was well-tolerated with positive safety profiles.

  - Anti-HBs T cell immune responses to surface antigens were observed in all treatment groups. Anti-PreS1 and anti-PreS2 antibody responses were only detected in subjects who received BRII-179 admixed with IFN-α, whereas anti-HBs antibody responses were detected in the presence and absence of IFN-α.

  - Safety profile and vaccine-induced adaptive immune responses support continued development of BRII-179, with or without IFN-α, as a potential functional cure for chronic HBV infection.

- In June, we presented Phase 1b/2a data at the European Association for the Study of the Liver International Liver Congress 2021, where our abstract was selected for inclusion in the "Best of ILC" slide deck at EASL 2021, which highlights the most noteworthy contributions to the year's scientific program.

- In June 2021, we submitted an IND application to the CDE in Mainland China, for a Phase 2 study with BRII-179 in combination with PEG-IFN-α and Nrtl treatment.

Post-Reporting Period Achievements and Upcoming Milestones

- In August 2021, we received IND clearance from the China's NMPA to conduct a Phase 2 study with BRII-179 in HBV patients receiving PEG-IFN-α and NrtI treatment.

- We plan to initial the patient enrollment and patient dose before Q1 2022.

BRII-835 (VIR-2218): BRII-835 is an investigational subcutaneously administered HBV-targeting siRNA that has the potential to stimulate an effective immune response and have 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. It is the first asset in Vir's collaboration with Alnylam Pharmaceuticals, Inc. to enter clinical trials. We licensed exclusive rights to develop and commercialize VIR-2218 for the greater China territory from Vir.

Clinical Development Milestones and Achievements During Reporting Period

- In May 2021, we completed patient enrollment in the Phase 2 randomized, placebo-controlled monotherapy study of BRII-835 in Mainland China to evaluate the safety, tolerability, pharmacokinetics, and antiviral activity.

- In June, Vir presented clinical data from its ongoing Phase 2 trial evaluating VIR-2218 (BRII-835) in combination with PEG-IFN-α for 12 weeks from Day 1, a more rapid and substantial decline in hepatitis B surface antigen was observed compared to VIR-2218 alone. The treatment regimen resulted in no new safety signals.

Post-Reporting Period Achievements and Upcoming Milestones

- The final result report of BRII-835 will be available by the end of 2021.

- Our partner Vir initiated a phase 2 trial to evaluate the combination of VIR-2218 and VIR-3434 (a monoclonal antibody targeting HBV) as a functional cure regimen for chronic HBV infection. Initial data are expected in the first half of 2022.

- In addition to our BRII-835 license, we have an exclusive option to obtain exclusive development and commercialization rights in Greater China to three additional products arising from designated other programs in Vir's pipeline including (VIR-3434) that achieve certain defined conditions.

Combination of BRII-179 and BRII-835 for HBV Functional Cure

Our BRII-179 and BRII-835 combination therapy may represent a novel HBV functional cure regimen that encompasses dual mechanisms of 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 During Reporting Period

- The Phase 2 BRII-179/BRII-835 MRCT combination study, the first to evaluate the combination of these two HBV mechanisms of action, has been initiated in New Zealand, Australia, Singapore, and Hong Kong.

- In February 2021, we submitted an IND application for the Phase 2 BRII-179/BRII-835 MRCT combination study with the CDE in China.

Post-Reporting Period Achievements and Upcoming Milestones

- In Aug, we initial the trial in South Korea and start to patient dosing.

- We expect to begin Phase 2 BRII-179/BRII 835 patient dosing in Taiwan and Thailand by the end of 2021.

- The top-line interim clinical data for the Phase 2 combination study for BRII-179/BRII-835 is expected in the second half of 2022.

- If positive results are achieved in the combination study, we plan to submit a registration filing for a BRII-179/BRII-835 combination in China as early as 2024.

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

The COVID-19 pandemic is an ongoing public health crisis caused by the severe acute respiratory syndrome coronavirus 2, or SARS-CoV-2. To address the COVID-19 pandemic, we are leveraging our expertise in infectious diseases to develop BRII-196 and BRII-198, two neutralizing antibodies (nAbs) identified by our subsidiary TSB for the treatment of patients suffering from COVID-19 and providing potentially more than six months protection from infection for those exposed, or likely to be exposed, to SARS-CoV-2. If approved, this cocktail therapy will be administered by intravenous infusion ("**IV**") in two sequential doses. To date, the bulk of our development efforts for BRII-196 and BRII-198 have been conducted through cost-sharing partnerships with governments, with a goal of delivering an effective therapy to benefit people around the world.

BRII-196 and BRII-198: BRII-196 and BRII-198 are being studied in the clinical studies for BRII-196 and BRII-198. The U.S. National Institutes of Health has developed master trial protocols as part of the Accelerating COVID-19 Therapeutic Interventions and Vaccines program, a public private partnership to speed the development of the most promising COVID-19 vaccines and treatments.

Clinical Development Milestones and Achievements During Reporting Period

- **ACTIV-2 Trial:** Phase 2/3 clinical study for testing BRII-196 and BRII-198 as a combination therapy in ambulatory patients with COVID-19.
    - In January 2021, we dosed the first patient in the ACTIV-2 Phase 2 portion of the trial.
    - In April 2021, the DSMB determined we met the pre-specified safety and efficacy data screening to advance to the Phase 3 portion of the ACTIV-2 study.
- **Phase 2 trial in China (NCT04787211):** Phase 2 clinical study of a single dose IV infusion of BRII-196 and BRII-198 used as a combination therapy.
    - The Phase 2 BRII-196 and BRII-198 combination study was approved based on the CDE's review of the available clinical data with respect to BRII-196 and BRII-198, which had no indication of safety concerns.
    - In February 2021, we submitted an IND application to, and obtained approval from, the NMPA to initiate a Phase 2 study. In June 2021, we commenced the Phase 2 study in China. The leading PI is Professor. Nanshan Zhong.

Post-Reporting Period Achievements and Upcoming Milestones

- In July 2021, following the resurgence of COVID-19 caused by the delta variant, we responded to requests from government agencies and hospitals in China for the emergency use of our antigens antibodies in COVID-19 patients in Guangzhou, Shenzhen, Ruili, Kunming, Nanjing, Yangzhou, Zhangjiajie and Zhengzhou.

- In August 2021, we completed enrollment in the Phase 3 ACTIV-2 trial. Shortly there after following review by DSMB, 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. In this interim analysis based on partial follow-up of the 837 participants, a reduction in both hospitalizations 12 (active) vs 45 (placebo) and deaths 1 (active) vs.9 (placebo), was observed. Additional subgroup analysis may further delineate the clinical benefits of early (≤5 days) versus late (6-10 days) treatment with BRII-196/BRII-198 following symptom onset, providing unique insight to inform real-world treatment decisions. In total 846 participants were treated at sites in the United States, Brazil, South Africa, Mexico, and Argentina. Data on the clinical efficacy of the combination BRII-196/BRII-198 by variant type will be evaluated as part of the study analysis. Current *in vitro* pseudovirus testing data suggests that combination BRII-196/BRII-198 retains activity against major SARS-CoV-2 variants of concern, including the following commonly identified variants, B.1.1.7 (Alpha), B.1.351 (Beta), P.1 (Gamma), B.1.429 (Epsilon), B.1.617.2 (Delta) and C.37 (Lambda).

- We expect to report more comprehensive top-line results from the ACTIV-2 trial later in the third quarter of 2021 and plan to submit an EUA in the second half of this year.

- We are continuing working with government agencies and hospitals in China to provide our antigens antibodies to COVID-19 patients on an emergency-use basis.

HIV (internally discovered)

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

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

Clinical Development Milestones and Achievements During Reporting Period

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

Post-Reporting Period Achievements and Upcoming Milestones

- Top-line Phase 1 results are expected in the fourth quarter of 2021.

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 functions 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 During Reporting Period

- In March 2021, we submitted an IND application with the FDA to initiate a Phase 1 study with BRII-732 in the United States. In April 2021, we received clearance from the FDA, and in May 2021 we began dosing subjects.

Post-Reporting Period Achievements and Upcoming Milestones

- Top-line Phase 1 results are expected in the first quarter of 2022.

MDR/XDR Gram-negative Infections (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 Greater China, while Qpex is responsible for all development and regulatory activities outside Greater China. Qpex is progressing BRII-636, BRII-672 and BRII-693 in parallel with a goal of moving each directly from Phase 1 studies to Phase 3 studies. We are collaborating with Qpex to progress OMNIvance® (BRII-636, a broad spectrum BLI, in combination with an IV β-lactamase antibiotic), ORAvance® (BRII-672, a broad spectrum BLI in combination with an oral β-lactamase antibiotic) as IV and oral formulation antibiotics, respectively, and BRII-693 (a next generation polymyxin) for the treatment of bacterial infections for which there are critical needs for new antibiotics.

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

Clinical Development Milestones and Achievements During Reporting Period

- Qpex progressed its ongoing Phase 1 clinical trial in Australia under its U.S. IND.

Post-Reporting Period Achievements and Upcoming Milestones

- Qpex will continue to enroll subjects for a Phase 1 study of single and multiple ascending doses of BRII-636 alone, and in combination with a beta-lactamase, in Australia and the United States, which in the second half of 2021 will include a cohort of first- or second-generation Chinese subjects.

- Phase 1 top-line results are expected in the first half of 2022.

- We plans to file an IND application with China's NMPA as early as the first quarter of 2022 with a goal of participating in Qpex's global Phase 3 study.

BRII-672: BRII-672 is a form of BRII-636 that can be administered orally. These agents were discovered by Qpex as part of their expertise in BLIs using the boron atom as a part of pharmacophore.

Clinical Development Milestones and Achievements During Reporting Period

- In February 2021, Qpex submitted an IND application with the FDA for BRII-672 (ORAvance™) to initiate Phase 1 studies. The filing was approved by the FDA and in April 2021 Qpex initiated the trial in Australia.

Post-Reporting Period Achievements and Upcoming Milestones

- Phase I top-line results are expected in the first half of 2023.

- We plans to file an IND application with China's NMPA as early as the first quarter of 2023, with a goal of participating in Qpex's global Phase 3 study.

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

Clinical Development Milestones and Achievements During Reporting Period

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

Post-Reporting Period Achievements and Upcoming Milestones

- Phase 1 top-line results from the Phase 1 study expected in 2022.

- We plans to file an IND application with China's NMPA as early as the fourth quarter of 2022 with a goal of participating in Qpex's global Phase 3 study.

MDR TB (licensed from AN2): BRII-658

BRII-658 is a novel antibiotic for MDR and XDR (TB) and has potent and broad-spectrum activity against mycobacteria and other pathogens of high unmet need. BRII-658 has a novel mechanism of action, oral and intravenous routes of administration, and an attractive safety and tolerability profile for addition to standard-of-care combinations. We believe BRII-658 has promise to be an effective therapy for TB. In addition to its novel mechanism of action, it is active against MDR and XDR TB isolates, and exhibits efficacy in preclinical models and has the potential to meet the target product profile for new TB drugs.

- We have exclusive rights to develop and commercialize BRII-658 against MDR/XDR TB in Greater China once BRII-658 meets the pre-defined clinical criteria against its targeted mycobacterial infections such as MDR and XDR TB.

Central Nervous System Programs

PPD/MDD (internally discovered): We are developing BRII-296 to address the challenges associated with current treatments for PPD and MDD. We are leveraging insight gained from, and applying drug formulation know-how utilized in, developing long-acting therapies for HIV where convenience of drug administration and patient compliance are critical to potential treatment success. Chronic illnesses, including infectious diseases are documented to cause depression.

BRII-296: BRII-296 is our novel, proprietary approach to address the challenges associated with current treatments for PPD. We are currently developing this therapy for the treatment of PPD.

Clinical Development Milestones and Achievements During Reporting Period

- In February 2021, we submitted an IND application to the FDA and received approval to proceed with our planned Phase 1 study for BRII-296. We began dosing subjects in the United States in April.

Post-Reporting Period Achievements and Upcoming Milestones

- Top-line results are expected in the fourth quarter of 2021.

Other Corporate Developments

- In March 2021, we completed a Series C financing of US$155 million. The financing, which included participation from both existing and new investors, was led by Invesco Developing Markets Fund. Additional funding was provided by GIC and SMALLCAP World Fund, Inc. ("**Capital**"), followed by Asia-based leading investment organization, as well as three current investors.

Research and Development

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

Our in-house R&D capabilities are led by Chief Executive Officer Dr. Zhi Hong, Dr. Li Yan (Chief Medical Officer), Dr. Lianhong Xu (Senior Vice President, Head of Medicinal Chemistry), Dr. Jean-Luc Girardet (Senior Vice President, Head of Pharmaceutical Sciences) and Dr. Qing Zhu (Senior Vice President, Head of Pharmaceutical Research).

With more than 25 years of experience in the biopharmaceutical industry, Dr. 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 and success in HIV and other infectious diseases medicine discovery and development. Dr. Zhu's experience includes spearheading the antiviral R&D programs at MedImmune. Dr. Xu is a co-inventor of several successful antiviral therapies at Gilead Sciences and led the discovery efforts there in many therapeutic areas against HIV, HCV, HBV and cancers resulting in numerous clinical candidates. Dr. Girardet was the vice president of research operations at Ardea Biosciences, responsible for the chemistry and manufacturing controls function and expand our translational sciences.

As of June 30, 2021, we had 67 employees in China and the United States focusing on R&D activities. More than half of our employees hold advanced degrees such as M.D. or Ph.D.

Our R&D collaborations and in-house R&D capabilities facilitate our global sourcing of innovative therapies for the China and global markets. We have built our product candidate pipeline leveraging our in-house R&D capabilities, R&D collaborations and support from our strong scientific advisory board and veteran investors. Additionally, we have R&D collaborations with global pharmaceutical and biotech companies, leading CROs, CMOs, CDMOs, research institutions and other strategic partners.

With a widely respected Board of Directors who are well regarded in the industry, our R&D process and 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.

In light of our R&D strategies, the amount of R&D expenses varies with the number and scale of projects each year. Our R&D expenses were RMB157.6 million for the six months ended June 30, 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.

Other Important Events After the Reporting Period

- On July 13, 2021, we successfully completed our listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Date**"). We issued in total 125,333,000 shares globally (including 13,753,000 shares issued upon partial exercise of the over-allotment option) at HK$22.25 per share, raising in total approximately HK$2.789 billion in gross proceeds.

- To assist the Chinese government in managing the rampant spread of COVID-19, particularly upon the detection of the delta variant in aggressive containment regions, we quickly delivered our antibodies for emergency use to treat COVID-19 infected persons in certain cities in China. While our clinical trials are ongoing, we continue to serve governments requesting assistance and hope to find viable treatment option soon to help treat and stop the spread of COVID-19.

Financial Review

1. Other income

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants	**45,660**	21,105
Bank interest income	**620**	1,750
Total	**46,280**	22,855

Our other income increased by RMB23.4 million from RMB22.9 million for the six months ended June 30, 2020 to RMB46.3 million for the six months ended June 30, 2021. This was primarily attributable to the increase in the recognition of government grants income of RMB24.6 million. These grants mainly represent the incentive and other subsidies from the PRC government, which are specifically for R&D activities, and are recognized upon compliance with the attached conditions.

2. Other gains and losses, net

Our other gains and losses decreased by RMB4.4 million from gains of RMB4.4 million for the six months ended June 30, 2020 to losses of RMB9 thousand for the six months ended June 30, 2021. The decrease was primarily attributable to the differences resulting from the decrease 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 RMB2,723.9 million from RMB27.7 million for the six months ended June 30, 2020 to RMB2,751.6 million for the six months ended June 30, 2021. Fair value loss on financial liabilities measured at FVTPL consists of the issues of our Series A, Series B, and Series C Preferred Shares issued or outstanding during the period. The amount of loss represents the increase in fair value of the Preferred Shares.

All Preferred Shares were automatically converted into ordinary shares on July 13, 2021 in connection with our initial public offering ("**IPO**") and Listing on the Stock Exchange. We will incur an additional FVTPL charge for the period from July 1, 2021 to July 13, 2021 with no additional FVTPL charge thereafter.

4. Research and development expenses

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Third-party contracting cost	**99,678**	100,475
Employee cost	**49,673**	24,483
Licensing fees	**6,476**	140,643
Amortization	**1,358**	–
Others	**426**	141
Total	**157,611**	265,742

Our R&D expenses decreased by RMB108.1 million from RMB265.7 million for the six months ended June 30, 2020 to RMB157.6 million for the six months ended June 30, 2021. The decrease was primarily due to license fees for our BRII-835 program incurred during the six months ended June 30, 2020, partially offset by a RMB25.2 million increase in our employee cost due to an increase in our R&D headcount since June 30, 2020.

5. Administrative expenses

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Employee cost	**44,910**	16,946
Professional fees	**6,833**	5,014
Depreciation and amortization	**6,637**	6,425
Office expenses	**1,295**	928
Others	**8,315**	11,853
Total	**67,990**	41,166

Our administrative expenses increased by RMB26.8 million from RMB41.2 million for the six months ended June 30, 2020 to RMB68.0 million for the six months ended June 30, 2021. This was primarily attributable to an increase of RMB28.0 million in employee costs from RMB16.9 million for the six months ended June 30, 2020 to RMB44.9 million for the six months ended June 30, 2021. Such increase was primarily attributable to the increase in employee headcount, as well as the increase in stock compensation expense for employees.

6. Liquidity and Capital resources

As of June 30, 2021, our bank and cash balances, including restricted bank deposits and time deposits, increased to RMB1,445.1 million from RMB1,058.7 million as of December 31, 2020. The increase is primarily attributable to the proceeds received from the issuance of the Series C Preferred Shares.

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

7. Non-IFRS measures

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

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

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period	**(2,953,579)**	(308,228)
Add:		
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	**2,751,575**	27,701
Share-based compensation expenses	**27,391**	6,953
Listing expenses	**21,781**	–
Adjusted loss for the period	**(152,832)**	(273,574)

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Research and development expenses for the period	**(157,611)**	(265,742)
Add:		
Share-based compensation expenses	**5,252**	1,823
Adjusted research and development expenses for the period	**(152,359)**	(263,919)

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Administrative expenses for the period	**(67,990)**	(41,166)
Add:		
Share-based compensation expenses	**22,139**	5,130
Adjusted administrative expenses for the period	**(45,851)**	(36,036)

8. Current ratio

Current ratio is calculated using current assets divided by current liabilities as of the same date. Current ratio as of June 30, 2021 was 972%, an increase from 190% as of December 31, 2020, mainly due to the increase in cash balances from our Series C Preferred Shares financing.

FUTURE DEVELOPMENT

Our mission is to develop and bring transformative therapies to underserved markets addressing critical public health needs, becoming a leader in infectious diseases and central nervous system disease solutions. To bring us closer to our goal, following are our strategic priorities:

- Advance BRII-179 and BRII-179/BRII-835, our therapeutic vaccine and siRNA combination therapy designed to provide a functional cure for HBV infection in Greater China.
- Target EUA for BRII-196/BRII-198 for the treatment of COVID-19 in the United States and ensure sufficient antibody supply in China for emergency clinical use.
- Advance our HIV, PPD and other therapies for diseases with considerable unmet needs.
- Expand our pipeline of infectious disease programs through in-house discovery.
- Continue to scale our organization in China and the United States to support our developing business.

Commercialization

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

To date, our efforts have focused on building our drug candidate pipeline. Most of our programs are in clinical development at varying levels, with one pre-clinical candidate. As most of our candidates are engaged in ongoing clinical trials, we do not anticipate sales generation or commercialization in the immediate near term.

Our latest stage program is for our COVID-19 antibody cocktail therapy BRII-196 and BRII-198, which are in Phase 3 trials. Although we do not plan to commercialize our COVID-19 antibody cocktail therapy BRII-196 and BRII-198 for some time, depending on interim and other clinical study results, we may make government stockpile sales to a limited number of governmental agencies pursuant to the U.S. FDA's Emergency Use Authorizations (EUAs) or similar authorizations prior to registrational approval. Any such stockpile sales would require limited personnel additions.

Our most advanced product candidate BRII-179, is currently undergoing Phase 2 trials. One year before the expected launch of BRII-179, we plan to recruit commercialization personnel and establish sales channels.

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

RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2021, together with the comparative figures for the previous year as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2021

	Notes	Six months ended June 30, 2021 RMB'000 (unaudited)	Six months ended June 30, 2020 RMB'000 (unaudited)
Other income	4	**46,280**	22,855
Other gains and losses, net		**(9)**	4,360
Research and development expenses		**(157,611)**	(265,742)
Administrative expenses		**(67,990)**	(41,166)
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	11	**(2,751,575)**	(27,701)
Finance costs		**(893)**	(834)
Listing expenses		**(21,781)**	–
Loss before tax	5	**(2,953,579)**	(308,228)
Income tax expense	6	**–**	–
Loss for the period		**(2,953,579)**	(308,228)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**25,158**	(1,481)
Fair value gain on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**8,918**	27,760
		34,076	26,279
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,953)**	(11,534)
Other comprehensive income for the period		**32,123**	14,745
Total comprehensive expense for the period		**(2,921,456)**	(293,483)
(Loss) profit for the period attributable to:			
Owners of the Company		**(2,953,177)**	(308,229)
Non-controlling interests		**(402)**	1
		(2,953,579)	(308,228)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(2,921,054)**	(293,484)
Non-controlling interests		**(402)**	1
		(2,921,456)	(293,483)
Loss per share			
Basic and diluted (RMB)	7	**(14.86)**	(1.63)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2021

	Notes	**As at June 30, 2021** ***RMB'000*** **(unaudited)**	As at December 31, 2020 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**15,862**	16,506
Right-of-use assets		**26,224**	27,413
Intangible assets		**10,864**	12,222
Financial assets at FVTPL		**74,617**	75,365
Equity instruments at FVTOCI		**49,669**	41,182
Rental deposits	*9*	**3,030**	2,414
		180,266	175,102
Current assets			
Deposits, prepayments and other receivables	*9*	**43,989**	34,120
Restricted bank deposits		**323**	3,757
Time deposits with original maturity over three months		**–**	20,000
Cash and cash equivalents		**1,444,816**	1,034,965
		1,489,128	1,092,842
Current liabilities			
Other payables	*10*	**117,191**	497,390
Lease liabilities		**9,247**	8,021
Deferred income		**26,799**	69,824
		153,237	575,235
Net current assets		**1,335,891**	517,607
Total assets less current liabilities		**1,516,157**	692,709
Non-current liabilities			
Lease liabilities		**18,165**	20,306
Financial liabilities at FVTPL	*11*	**6,125,176**	2,403,022
Deferred income		**9,583**	12,083
		6,152,924	2,435,411
Net liabilities		**(4,636,767)**	(1,742,702)
Capital and reserves			
Share capital		**7**	7
Share premium and reserves		**(4,631,959)**	(1,738,296)
Equity attributable to owners of the Company		**(4,631,952)**	(1,738,289)
Non-controlling interests		**(4,815)**	(4,413)
Total deficits		**(4,636,767)**	(1,742,702)

1. GENERAL INFORMATION

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 on July 13, 2021. 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 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 condensed consolidated financial statements is RMB as it best suits the needs of the shareholders and investors.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those followed in the preparation of the financial information of the Group for the year ended December 31, 2020 reported in the accountants' report as included in the prospectus of the Company dated June 30, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2021 for the preparation of the Group's condensed consolidated financial statements:

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

3. SEGMENT INFORMATION

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

Geographical information

The Group's information about its non-current assets by location of the assets are detailed below:

	As at June 30, 2021 ***RMB'000*** **(unaudited)**	As at December 31, 2020 *RMB'000* (audited)
The PRC	**52,950**	56,141

Non-current assets excluded financial instruments.

4. OTHER INCOME

	Six months ended June 30,	
	2021 ***RMB'000*** **(unaudited)**	2020 *RMB'000* (unaudited)
Government grants (Note)	**45,660**	21,105
Bank interest income	**620**	1,750
Total	**46,280**	22,855

Note: Government grants include the incentive and other subsidies from the PRC government which are specifically for R&D activities and are recognized upon compliance with the attached conditions. No government grant was received during the six months ended June 30, 2021 (for the six months ended June 30, 2020: RMB25.0 million). Government grants of approximately RMB36.4 million (December 31, 2020: RMB81.9 million) have not fully reached the relevant conditions as at June 30, 2021 and December 31, 2020, respectively, and therefore these government grants were deferred and recorded as deferred income.

5. LOSS BEFORE TAX

	Six months ended June 30,	
	2021 ***RMB'000*** **(unaudited)**	2020 *RMB'000* (unaudited)
Loss before tax for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**2,415**	2,413
Depreciation of right-of-use assets	**4,222**	4,012
Amortization of intangible assets (included in R&D expenses)	**1,358**	–

6. INCOME TAX EXPENSE

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

The USA subsidiary is subject to federal tax rate at 21% and state income tax at rates range from 2.5% to 9.9% for both periods.

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

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

7. LOSS PER SHARE

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(2,953,177)**	(308,229)

Number of shares

	Six months ended June 30,	
	2021	2020
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation	**198,736,792**	188,717,746

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 the share subdivision in July 2021 has been effective on January 1, 2020.

The computation of basic and diluted loss per share for the six months ended June 30, 2021 and 2020 excluded the unvested restricted ordinary shares of the Company.

The computation of diluted loss per share for the six months ended June 30, 2021 and 2020 did not assume conversion of the preferred shares, the exercise of share options and the vesting of restricted ordinary shares since their assumed conversion, exercise and vesting would result in a decrease in loss per share.

8. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended June 30, 2021 and 2020, nor has any dividend been proposed subsequent to the end of the reporting period.

9. RENTAL DEPOSITS/DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at June 30, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Value-added tax recoverable	**32,736**	24,034
Deferred issue costs	**5,376**	5,017
Prepayments	**4,327**	2,945
Rental and other deposits	**3,030**	2,416
Prepaid listing expenses	**–**	1,360
Others	**1,550**	762
	47,019	36,534
Analyzed as:		
Non-current	**3,030**	2,414
Current	**43,989**	34,120
	47,019	36,534

10. OTHER PAYABLES

	As at June 30, 2021 *RMB'000* (unaudited)	As at December 31, 2020 *RMB'000* (audited)
Payables for research and development expenses	**71,919**	142,463
Accrued listing expenses	**14,719**	6,334
Payroll payables	**12,627**	15,269
Accrued research and development expenses	**11,163**	325,462
Other payables for		
– legal and professional fee	**2,511**	3,474
– others	**1,196**	1,258
Accrued issue costs	**1,881**	2,111
Other tax payables	**1,175**	1,019
	117,191	497,390

11. FINANCIAL LIABILITIES AT FVTPL

Preferred Shares

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

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

On August 21, 2020, the Company issued 38,756,890 Series B Preferred Shares at a price of US$2.5138 per share to a group of investors for a total consideration of US$97,427,000 (approximately equivalent to RMB668,384,000).

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

The series of Preferred Shares were issued as follows:

	Date of grant	Total number of shares subscribed	Subscription price per share	Total consideration *US$'000*	Equivalent to RMB *RMB'000*
Series A					
Tranche 1	June 22, 2018	30,300,002	US$1	30,300	196,675
Tranche 2	December 20, 2018	56,213,190	US$1	56,213	387,369
		86,513,192		86,513	584,044

	Date of grant	Total number of shares subscribed	Subscription price per share	Total consideration *US$'000*	Equivalent to RMB *RMB'000*
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

The Preferred Shares are financial liabilities measured at FVTPL. The directors of the Company considered that the changes in the fair value of the financial liabilities attributable to the change in credit risk of the Group is minimal.

Changes in fair value of the Preferred Shares are charged to profit or loss and presented as "fair value loss on financial liabilities at FVTPL".

The Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer which has appropriate qualifications and experience in valuation of similar instruments. The Company used the back-solve method to determine the underlying share value of the Company and performed an equity allocation based on a hybrid method of Binomial Option Pricing model ("OPM model") and Probability Weighted Expected Return method ("PWERM method") to arrive the fair value of the Preferred Shares at the end of the 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 are as follows:

	As at June 30, 2021 (unaudited)	As at June 30, 2020 (unaudited)
Time to IPO	**0.03 year**	1 year
Time to liquidation	**1.7 year**	2.5 year
Risk-free interest rate under liquidation scenario	**0.19%**	0.17%
Volatility under liquidation scenario	**70.9%**	80.2%
Dividend yield	**0%**	0%
Possibilities under liquidation scenario	**10%**	70%
Possibilities under redemption scenario	**0%**	0%
Possibilities under Qualified Public Offering scenario	**90%**	30%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

The movements of the Preferred Shares were as follows:

	Series A Preferred Shares *RMB'000*	**Series B Preferred Shares** *RMB'000*	**Series C Preferred Shares** *RMB'000*	**Total** *RMB'000*
At January 1, 2020 (audited)	1,012,128	523,215	–	1,535,343
Changes in fair value	22,204	5,497	–	27,701
Exchange realignment	15,330	7,883	–	23,213
At June 30, 2020 (unaudited)	1,049,662	536,595	–	1,586,257
Issuance of Series B Preferred Shares	–	668,384	–	668,384
Changes in fair value	262,258	60,413	–	322,671
Exchange realignment	(96,289)	(78,001)	–	(174,290)
At December 31, 2020 (audited)	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	1,561,227	1,033,682	156,666	2,751,575
Exchange realignment	(15,972)	(14,373)	(1,531)	(31,876)
At June 30, 2021 (unaudited)	2,760,886	2,206,700	1,157,590	6,125,176

OTHER INFORMATION

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 IPO and the partial exercise of the Over-allotment Option (after deducting underwriting fee and relevant expenses) amounted to approximately HK$2,613.8 million. As at the date of this announcement, none of the net proceeds had been utilised. Such amounts are proposed to be used in the manner as set out in the Prospectus.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2021.

CORPORATE GOVERNANCE PRACTICES

As the shares of the Company were not listed on the Stock Exchange as at June 30, 2021, the principles and code provisions as set out in the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") had not been applicable to the Company during the six months ended June 30, 2021.

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "**Shareholders**") and to enhance corporate value and accountability.

The Company has adopted the CG Code as its own code of corporate governance since the Listing Date. During the period from the Listing Date to the date of this announcement, the Company has complied with all the 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. Dr. Zhi Hong ("**Dr. Hong**") is the chairman of the Board and the chief executive officer of the Company. Dr. Hong, as the founder of the Group, has extensive experience in the biopharmaceutical industry and has served in the Company since its establishment. Dr. Hong is in charge of overall management, business, strategic development and scientific R&D of the Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer of the Company in the same person, Dr. Hong is beneficial to the management of the Group. The Board also believes that the combined role of the chairman of the Board and the chief executive officer of the Company can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises two executive Directors, two non-executive Directors and four independent non-executive Directors, and therefore has a strong independent element in its composition. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and the chief executive officer is necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding securities transactions of the Directors (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules since the Listing Date. 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 up to the date of this announcement. No incident of non-compliance of the Model Code or the Company's Code by the employees who are likely to be in possession of unpublished inside information of the Company was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYMENT AND COMPENSATION RELATED MATTERS

The Company is committed to attracting and retaining its management and employees and is in the process of setting standard cash and share-based incentives at various levels in the Company's organization.

In addition, the Company's Chief Executive Officer, Chairman of the Board and co-founder, Dr. Hong, will receive a bonus of US$5 million payable from our the Group's June 30, 2021 cash balances. This previously contingent bonus was subject to successful completion of our listing and meeting certain other post-listing conditions (deemed satisfied by the Board). The bonus amount rewards Dr. Hong for helping create significant company value and leading a successful IPO and was also designed to compensate Dr. Hong for his substantial long-term incentive compensation forfeited by him when he left his former long-term employer approximately 3 months prior to his retirement eligibility to found our company.

REVIEW OF INTERIM RESULTS AND AUDIT COMMITTEE

The external auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2021 in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2021) of the Group, and is of the view that the interim results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.briibio.com). The interim report of the Company for the six months ended June 30, 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

In this interim results announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

"ACTIV"	Accelerating COVID-19 Therapeutic Interventions and Vaccines program
"AIDS"	Acquired immunodeficiency syndrome, defined as an HIV infection with either a CD4+ T-cell count below 200 cells per μL or the occurrence of specific diseases associated with HIV infection
"AN2"	AN2 Therapeutics, Inc., a corporation incorporated in Delaware, U.S. and an Independent Third Party
"AN2 License Agreement"	The license agreement dated as of November 20, 2019 between AN2 and the Company
"BLI"	Beta-Lactamase Inhibitor
"Capital"	Capital is an open-end, diversified investment company registered under the U.S. Investment Company Act of 1940 managed and advised by Capital Research and Management Company, an experienced investment management organization serving as the investment adviser to Capital and a wholly-owned subsidiary of The Capital Group Companies, Inc.
"CDE"	Center for Drug Evaluation of the NMPA, a division of the NMPA mainly responsible for review and approval of IND and NDA
"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

"CG Code"	Corporate Governance Code
"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
"CODM"	Chief operating decision maker
"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
"CRS"	Common Reporting Standard
"DNA"	Deoxyribonucleic acid
"DSMB"	Data and Safety Monitoring Board
"EASL"	the European Association for the Study of the Liver
"EFdA or Islatravir"	A NRTTI and an investigational drug for the treatment of HIV infection
"EFdA-TP"	EFdA-triphosphate, the active metabolite (a substance formed in or necessary for metabolism) in EFdA
"EIT"	Enterprise Income Tax
"ER"	Extended Release
"ESC+"	Enhanced Stabilization Chemistry Plus, platform developed by Alnylam to improve the therapeutic index of GalNAc-siRNA conjugates
"EUA"	Emergency Use Authorization
"FDA"	U.S. Food and Drug Administration
"FVTOCI"	Fair value gain on equity instruments at fair value through other comprehensive income
"FVTPL"	Fair value loss on financial liabilities at fair value through profit or loss

"GIC"	GIC Private Limited, a global investment management company investing in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity.
"GSK"	GlaxoSmithKline
"HBV"	Hepatitis B virus
"HIV"	Human immunodeficiency virus
"IASB"	International Accounting Standards Board
"IFN-α"	A type of interferon which is produced in the leukocytes infected with virus
"IFRS"	International Financial Reporting Standard
"ILC"	International Liver Congress
"IND"	Investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"IPO"	Initial Public Offering
"MBL"	Metallo-Beta-lactamases, a subclass of β-lactamases that use one of two Zinc ions in their active site
"MDD"	Major depressive disorder
"MDR"	Multi-drug resistant
"MRCT"	Multi-regional clinical trial
"NCE"	New chemical entity
"NIAID"	The U.S. 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
"NRTI"	Nucleotide/nucleoside reverse transcriptase inhibitors, a form of ART used to treat HIV infection or AIDS

"NRTTI"	Reverse transcriptase translocation inhibitor, a form of ART used to treat HIV infection or AIDS
"NUC"	Nucleos(t)ide analog
"PEG-IFN-α"	Pegylated interferon alfa
"POC"	Proof of concept
"PPD"	Postpartum depression
"PRC"	People's Republic of China
"PWERM method"	Probability Weighted Expected Return method
"Qpex"	Qpex Biopharma Inc., a corporation incorporated in Delaware, United States and an Independent Third Party
"QW STR"	Once-weekly single tablet regimen
"R&D"	Research and Development
"Reporting Period"	The six months ended June 30, 2021
"SARS-CoV-2"	Severe acute respiratory syndrome coronavirus 2
"SBL"	Serine β-lactamases, a diverse set of enzymes sharing several highly conserved amino acid sequences with PBPs that act as a catalyst to break down a broad range of β-lactam drugs, including carbapenems
"siRNA"	Small interfering RNA, sometimes known as short interfering RNA or silencing RNA, a class of doublestranded noncoding RNA molecules
"TB"	Tuberculosis
"TSB"	TSB Therapeutics Ltd (Beijing) Co. Limited* (騰盛華創醫藥技術(北京)有限公司), a limited liability company incorporated under the laws of the PRC on May 26, 2020, being an indirect non-wholly owned subsidiary of our company, in which Brii Beijing holds a 72.77% equity interest and the remaining 27.23% equity interest is held by Shenzhen National Infectious Disease Clinical Medicine Research Center* (深圳國家感染性疾病臨床醫學研究中心) (13.34%), Linqi Zhang (張林琦) (6.81%), Tsinghua Holding Technology Transfer Co., Ltd.* (華控技術轉移有限公司) (4.17%), Qi Zhang (張綺) (1.94%) and Xuanling Shi (史宣玲) (0.97%)

"USA"	The United States of America
"XDR"	Extensive drug resistant

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

Hong Kong, August 26, 2021

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