

Brii Biosciences

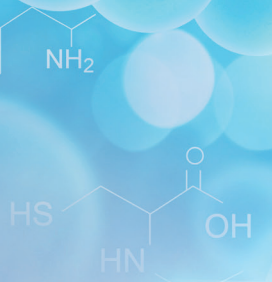
Breakthrough innovation & insight

Brii Biosciences Limited

腾盛博药生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2137



2024 Interim Report

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CORPORATE PROFILE

Brii Bio is a biotechnology company committed to developing therapies that address major public health challenges where patients experience high unmet medical needs, limited choice, and significant societal stigma. Since its inception in 2018, Brii Bio has been driven by its mission to tackle public health challenges through breakthrough scientific innovation and critical patient insights. The mission at Brii Bio is clear: to develop a functional cure treatment option for hepatitis B, where Brii Bio believes there is a substantial opportunity to create meaningful impacts for patients both in China and around the world.

Brii Bio is advancing a robust portfolio of HBV candidates in collaboration with its partners, strategically positioning itself as a leader in the HBV space. The portfolio includes three differentiated candidates: elebsiran (formerly known as BRIL-835), an investigational HBV-targeting siRNA, tobevibart (formerly known as BRIL-877), an investigational broadly neutralizing monoclonal antibody, and BRIL-179, a recombinant protein-based HBV therapeutic vaccine. These candidates are undergoing testing in various combination regimens, each potentially representing a best-in-class approach aimed at enhancing HBV functional cure rates.

Data acquired over the past few years provide strong assurance that achieving an HBV functional cure is possible for patients with low HBsAg levels. Brii Bio's combination strategy, which integrates surface antigen-lowering therapies with immune modulation therapies, is designed to enhance the effectiveness of HBV treatments and increase functional cure rates. Encouraged by the latest data readouts and insights, Brii Bio is advancing all three candidates with additional trials planned for late 2024.

In recognition of Brii Bio's innovative HBV portfolio, all three HBV candidates have received Breakthrough Therapy Designations from the Center of Drug Evaluation of the China National Medical Products Administration. Such designations acknowledge these candidates' potential to deliver substantial advancements over existing therapies and will expedite their clinical development and regulatory review.

While focusing its resources on maximizing the impact of its HBV clinical programs, Brii Bio is also actively seeking partners to further develop its non-HBV initiatives, including HIV, MDR/XDR, and CNS programs.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT AND RISK COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGY COMMITTEE

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

JOINT COMPANY SECRETARIES

Dr. Ankang LI
Ms. Wing Tsz Wendy HO

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)

Dr. Ankang LI
Ms. Wing Tsz Wendy HO

LEGAL ADVISERS

As to Hong Kong laws:

O'Melveny & Myers

As to PRC laws:

Global Law Office, Shanghai

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP

COMPLIANCE ADVISER

Somerley Capital Limited

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

REGISTERED OFFICE

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

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

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

COMPANY WEBSITE

www.briibio.com

STOCK CODE

2137

LISTING DATE

July 13, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Since our inception, we have diligently pursued breakthrough scientific innovations to tackle major public health challenges. Under the expert leadership of our seasoned executive team, we are guided by critical patient insights and a global perspective as we advance our robust portfolio of infectious disease candidates. By strategically leveraging our presence in both China and the U.S., we are actively advancing our programs through cross-border operations to accelerate commercialization opportunities, ultimately aiming to enhance the health of patients worldwide.

Our strategic emphasis is on our HBV functional curative therapy program, where we believe there is a substantial opportunity to create a meaningful therapeutic impact for patients both in China and globally. We possess considerable competitive advantages in the pursuit of an HBV cure, driven by our extensive portfolio of assets. In collaboration with our strategic partners, we are advancing multiple ongoing HBV studies towards late-stage development. These initiatives include evaluating combination therapies of BRIL-179 and PEG-IFN α , elebsiran and PEG-IFN α (including a cohort with BRIL-179-experienced patients), and elebsiran and tobevibart with or without PEG-IFN α . All three of our leading HBV candidates (elebsiran, tobevibart, and BRIL-179) have been granted Breakthrough Therapy Designation by the CDE of China's NMPA, recognizing their potential to deliver substantial advancements over existing therapies and to expedite the clinical development and regulatory review as we strive for a functional cure for HBV. We also plan to initiate additional combination studies in the second half of 2024 to investigate the additional combination regimens. Our goal is to improve the functional cure rate for broader patient populations through carefully designed combination treatment regimens in responsive or susceptible patients.

The recent updates relating to our partner VBI are not expected to affect the pace of our HBV cure programs. We have taken several critical steps in early 2024 to advance our potentially paradigm-shifting HBV program and maximize our future returns.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Pipeline Summary

We have developed an extensive pipeline of 10 innovative drug candidates targeting infectious diseases and central nervous system diseases. Our lead programs are centered on HBV functional cure, primarily in China, the world's largest HBV market.

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

Indication	Program	Pre-clinical	IND	Phase 1	Phase 2	Phase 3	NDA/BLA	Commercial	Our Rights	Partners
Infectious Disease Programs										
Hepatitis B	Treatment ⁽¹⁾									
	BR11-179								Global	VBI
	Elebsiran ⁽²⁾								Greater China*	VIR
	Tobevibart ⁽³⁾								Greater China*	VIR
	Prevention									
	PreHevbri ⁽⁴⁾								APAC ex-Japan	VBI
HIV										
	BR11-732								Global	Internally discovered
	BR11-753								Global	Internally discovered
MDR/XDR Gram-negative Bacterial Infections										
	BR11-693								Global	Monash University
NTM Lung Disease										
	Epetraborole ⁽⁵⁾								Greater China*	N2Therapeutics
Central Nervous System Disease Programs										
PPD										
	BR11-296								Global	Internally discovered
Anxiety & Depressive Disorders										
	BR11-297								Global	Internally discovered

Notes:

* Greater China – Mainland China, Macau, Hong Kong and Taiwan

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

- Elebsiran + BR11-179
- BR11-179 + PEG-IFN α
- ENSURE: elebsiran \pm PEG-IFN α (with PEG-IFN α controlled)

(2) Elebsiran was previously known as BR11-835 or VIR-2218.

(3) Tobevibart was previously known as BR11-877 or VIR-3434. The Phase 2 clinical trials have been conducted by Vir.

(4) VBI launched PreHevbrio/PreHevbri in the United States, Canada, the European Union, the European Economic Area, the United Kingdom, and Israel. Bii Bio acquired exclusive rights for APAC regions (ex-Japan) in July 2023.

(5) Epetraborole was also known as BR11-658. To this date, the development and clinical trials have been conducted by AN2.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

We successfully progressed multiple clinical trials and presented critical datasets at the European Association for the Study of the Liver Congress 2024 that showed direct evidence for the first time that immune responses induced by an HBV therapeutic vaccine are associated with HBsAg reduction and viral control in certain participants with chronic HBV infection. These findings offer valuable insights that support further clinical evaluation of BR11-179 in combination with other modalities, such as siRNA and PEG-IFN α , as essential components for achieving a functional cure for chronic HBV infection.

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

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

Core Clinical Pipeline Highlights and Upcoming Milestones

Hepatitis B Virus Program Development Updates

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

Elebsiran and Tobeivart Related Studies and Plans

Elebsiran (previously known as BR11-835 or VIR-2218) is an investigational subcutaneously administered HBV-targeting siRNA designed to degrade hepatitis B virus RNA transcripts and limit the production of hepatitis B surface antigen. It has the potential to have direct antiviral activity against HBV and HDV. It is the first siRNA in the clinic to include Enhanced Stabilization Chemistry Plus technology to enhance stability and minimize off-target activity, which potentially can result in an increased therapeutic index. We licensed exclusive rights to develop and commercialize elebsiran for Greater China territory from Vir in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Tobevibart (previously known as BRII-877 or VIR-3434) is an investigational subcutaneously administered HBV-neutralizing monoclonal antibody designed to block entry of HBV and HDV into hepatocytes and also to reduce the level of virions and subviral particles in the blood. Tobevibart, which incorporates Xencor's Xtend™ and other Fc technologies, has been engineered to potentially function as a T-cell vaccine against HBV and HDV, as well as to have an extended half-life. We licensed exclusive rights to develop and commercialize tobevibart for Greater China territory from Vir in 2022.

- Throughout 2024, we plan to initiate additional combination studies to evaluate the potency of different combination treatment regimens containing elebsiran, BRII-179 and PEG-IFN α .
- In May 2024, the CDE of China's NMPA granted Breakthrough Therapy Designation to both elebsiran and tobevibart.
- In an oral presentation at the EASL™ Congress 2024, our partner, Vir, reported initial Phase 2 SOLSTICE hepatitis delta trial data indicating that treatment with tobevibart alone or in combination with elebsiran was generally well tolerated. Participants demonstrated high rates of virologic response at weeks 12 and 24, sustained durable virologic response through 48 weeks, and high rates of ALT normalization. Additional 24-week treatment data for approximately 60 SOLSTICE participants are expected in the fourth quarter of 2024.
- End-of-treatment data from cohorts undergoing 48 weeks of treatment in the ongoing MARCH Part B study, which evaluates the addition of tobevibart to a regimen of elebsiran with or without PEG-IFN α , are expected in the fourth quarter of 2024.
- Early topline results from the ongoing Phase 2 ENSURE study of elebsiran in combination with PEG-IFN α in the APAC regions, including mainland China, are expected in the fourth quarter of 2024.
- A Phase 1 study of tobevibart has been completed in China, aiming at comparing human pharmacokinetics in mainland Chinese subjects with those from other APAC regions and Europe.

BRII-179 Related Studies and Plans

BRII-179 is a novel recombinant protein-based HBV immunotherapeutic candidate that expresses the Pre-S1, Pre-S2 and S HBV surface antigens and is designed to induce enhanced B-cell and T-cell immunity.

- In June 2024, the Company presented new data from two Phase 2 studies at the EASL™ Congress 2024, demonstrating that BRII-179, administered in combination with elebsiran, induced substantial HBV-specific B and T cell responses that correlate with an antiviral effect. Additionally, BRII-179, administered on top of PEG-IFN α , improved the overall HBsAg loss rate. These results contribute to a growing body of evidence supporting BRII-179's ability to enhance HBV functional cure rate in combination with other modalities.
- In February 2024, the Company entered into agreements with the VBI Parties to acquire BRII-179 intellectual property rights and related manufacturing facility, as well as a license to VBI-1901, a clinical stage glioblastoma program, for the development and commercialization in the Asia Pacific regions (excluding Japan). These transactions are subject to a number of closing conditions. Currently, the Company has secured clinical supply for all the planned clinical studies and continues to work on obtaining the relevant manufacturing capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Additional Clinical and Pre-Clinical Development Updates

In line with the Company's strategy to focus on its advanced HBV cure programs, the Company is pursuing partnership opportunities for the continued development of these programs.

PreHevbri™ is a differentiated 3-antigen adult HBV prophylactic vaccine. It is currently approved for adult use under the brand name PreHevbrio® in the United States and Canada, under the brand name PreHevbri™ in the European Union, European Economic Area, United Kingdom, and under the brand name Sci-B-Vac® in Israel.

- The Company is pursuing partnerships for the commercialization of PreHevbri™ in APAC regions.

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

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

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

- The Company is actively looking for partners for the development of BRII-693. In July 2024, the Company submitted an IND application for Phase 1 PK bridging studies in China to support a global Phase 3 registrational trial in patients with hospital-acquired bacterial pneumonia/ventilator-associated bacterial pneumonia.

HIV Infection Program

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

- We are actively looking for partners for BRII-753's development.

BRII-732 is a proprietary NCE prodrug that, upon oral administration, is rapidly metabolized into EFdA and is under evaluation as a potential HIV treatment or prevention option. EFdA is an NRTTI, acting as both a chain terminator and translocation inhibitor of HIV.

- BRII-732 has completed Phase 1 studies with the potential for development as part of an oral, once-weekly, long-acting combination treatment option for HIV patients. We are actively looking for partners for further development of BRII-732 in HIV patients.

MANAGEMENT DISCUSSION AND ANALYSIS

NTM Lung Disease Program

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

- In August 2024, our partner, AN2, reported topline results from its Phase 2/3 EBO-301 clinical trial of epetraborole for the treatment-refractory *Mycobacterium avium* complex lung disease. With the results, AN2 has decided to terminate the Phase 2 (80 patients) and Phase 3 parts of the EBO-301 trial. Further evaluation on the results from the EBO-301 study will be conducted for potential future development of epetraborole.

Postpartum Depression and Major Depressive Disorders Program

BRII-296 is our novel, long-acting and single-injection therapeutic candidate under development for the treatment of PPD. It acts as a gamma-aminobutyric acid A receptor-positive allosteric modulator. It is designed to provide a rapid, profound and sustained reduction in depressive symptoms of PPD with the potential to lead to greater adherence, convenience and fewer side effects compared to the current standard of care.

- A Phase 2 study evaluating BRII-296, a LAI therapy in development for the treatment of PPD, has been completed and the Company is actively looking for partners to continue the development of BRII-296.

BRII-297 is a new chemical entity discovered internally and under development as a long-acting injectable treatment for various anxiety and depressive disorders.

- A Phase 1 clinical trial for BRII-297 has been completed. The study aims to evaluate the safety, tolerability and pharmacokinetics of BRII-297 in healthy volunteers, with data expected in the fourth quarter of 2024. The Company is actively looking for partners to continue the development of BRII-297.

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

Research and Development

We are a biotech company primarily engaged in pharmaceutical R&D activities. We recognize that R&D is fundamental for shaping our therapeutic strategy and sustaining our competitiveness in the biopharmaceutical industry. We prioritize diseases based on patients' needs, aiming to provide viable solutions to prevalent infectious diseases and central nervous system diseases. With a dedicated team primarily based in China, and collaborative partnerships in the U.S., we accelerate clinical development processes in China and participate in late-stage global studies, all driven by our shared commitment to delivering world-class medicines.

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



MANAGEMENT DISCUSSION AND ANALYSIS

Our in-house R&D capabilities are led by industry veterans who impart us with their large pharma experience in drug discovery all the way through commercialization.

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

Our multi-pronged R&D strategies are designed with flexibility in mind, resulting in expenses that vary according to the number and scale of projects each year. Our R&D expenses amounted to RMB126.2 million for the six months ended June 30, 2024. We remain committed to leverage our technology and R&D capabilities to broaden our life sciences research and application capabilities and product candidate portfolio.

Commercialization

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

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

FUTURE DEVELOPMENT

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSEQUENT EVENTS

Save as disclosed in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2024 and up to the date of this report.

FINANCIAL REVIEW

1. Revenue

Our revenue was decreased by RMB0.6 million to nil for the six months ended June 30, 2024 due to the discontinuation of COVID-19 programs.

2. Other income

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Government grants	22,155	39,480
Bank interest income	48,724	46,383
Total	70,879	85,863

Our other income decreased by RMB15.0 million from RMB85.9 million for the six months ended June 30, 2023 to RMB70.9 million for the six months ended June 30, 2024. The decrease was primarily due to the decrease in the recognition of government grants income of RMB17.3 million. These grants mainly represent the incentive and other subsidies from government, and are recognized upon compliance with the attached conditions.

3. Other gains and losses

Our other gains and losses decreased by RMB138.7 million from gains of RMB23.3 million for the six months ended June 30, 2023 to losses of RMB115.4 million for the six months ended June 30, 2024. The decrease was primarily attributable to the fair value losses on financial assets.

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

Our fair value gain (loss) on equity instruments at FVTOCI increased by RMB5.5 million from loss of RMB4.5 million for the six months ended June 30, 2023 to gain of RMB1.0 million for the six months ended June 30, 2024. The amount represents the equity investment in a biopharmaceutical company listed in the USA. The fair value of the listed equity investment is measured based on quoted market price.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Research and development expenses

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Third-party contracting cost	72,081	108,720
Employee cost	52,902	89,295
Amortization	–	1,358
Others	1,186	2,802
Total	126,169	202,175

Our research and development expenses decreased by RMB76.0 million from RMB202.2 million for the six months ended June 30, 2023 to RMB126.2 million for the six months ended June 30, 2024. The decrease was primarily attributable to the decrease in third-party contracting cost of RMB36.6 million and the decrease in employee cost of RMB36.4 million as the Company prioritizes HBV functional cure program and has strategically optimized its organization.

6. Administrative expenses

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Employee cost	43,345	65,016
Professional fees	16,741	16,133
Depreciation and amortization	7,504	7,158
Office expenses	925	2,438
Others	10,114	12,078
Total	78,629	102,823

Our administrative expenses decreased by RMB24.2 million from RMB102.8 million for the six months ended June 30, 2023 to RMB78.6 million for the six months ended June 30, 2024. This was primarily attributable to the decrease in employee cost of RMB21.7 million from RMB65.0 million for the six months ended June 30, 2023 to RMB43.3 million for the six months ended June 30, 2024, which was primarily attributable to organizational optimization.

MANAGEMENT DISCUSSION AND ANALYSIS

7. Liquidity and capital resources

As of June 30, 2024, our bank and cash balances, including restricted bank balances, time deposits with original maturity over three months and cash and cash equivalents, decreased to RMB2,477.8 million from RMB2,661.4 million as of December 31, 2023. The decrease was primarily due to payout of daily operations and research and development activities.

8. Non-IFRS measures

To supplement the Group's condensed 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 share-based compensation expenses. The term adjusted loss for the period is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. The presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. However, we believe that this and other non-IFRS measures are reflections of our normal operating results by eliminating potential impacts of items that the management does not consider to be indicative of our operating performance, and thus facilitate comparisons of operating performance from period-to-period and company-to-company to the extent applicable.

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period	(283,238)	(196,826)
Added:		
Share-based compensation	3,139	33,126
Adjusted loss for the period	(280,099)	(163,700)

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Research and development expenses for the period	(126,169)	(202,175)
Added:		
Share-based compensation	(3,336)	16,324
Adjusted research and development expenses for the period	(129,505)	(185,851)

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

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Administrative expenses for the period	(78,629)	(102,823)
Added:		
Share-based compensation	6,475	19,356
Adjusted administrative expenses for the period	(72,154)	(83,467)

9. Key financial ratios

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

	As at June 30, 2024	At December 31, 2023
Current ratio ⁽¹⁾	3,781%	2,211%
Gearing ratio ⁽²⁾	NM	NM

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

10. Indebtedness

Borrowings

As at June 30, 2024, other than the note payables of RMB17.8 million, the Group did not have any unutilized bank facilities, material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured.

Contingent Liabilities

As at June 30, 2024, the Group did not have any contingent liabilities.

Lease liabilities

We lease our office places under operating lease arrangements. Leases for office places are negotiated for terms ranging mainly from one to two years. As at June 30, 2024, the Group had lease liabilities of RMB1.9 million recognized under IFRS 16.

11. Significant investments, material acquisitions and disposals

As at June 30, 2024, we did not hold any significant investments. For the six months ended June 30, 2024, we did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures.

12. Charge on the Group's assets

As at June 30, 2024, none of the Group's assets were charged with any parties or financial institutions (December 31, 2023: nil).

13. Foreign exchange exposure

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

As at June 30, 2024, the Group's restricted bank balances, time deposits with original maturity over three months and cash and cash equivalents were denominated as to 45.5% in US dollars, 38.0% in Hong Kong dollars, and 16.5% in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

14. Employees and remuneration

As at June 30, 2024, we had a total of 95 employees. The following table sets forth the total number of employees by function as of June 30, 2024:

Function	Number of employees	% of total
Research and development	63	66%
Administration	32	34%
Total	95	100%

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

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

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

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

The total remuneration cost incurred by the Group for the six months ended June 30, 2024 was RMB96.2 million, as compared to RMB155.0 million for the six months ended June 30, 2023.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

On July 13, 2021, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering (including the partial exercise of the over-allotment option) amounted to approximately HK\$2.614 billion (after deducting underwriting fee and relevant expenses).

Details of the planned applications of the net proceeds from the Global Offering were disclosed in the Prospectus and subsequently revised and disclosed in the annual results announcement of the Company dated March 24, 2023.

The table below sets out the planned applications of the net proceeds and the actual usage up to June 30, 2024:

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds (HK\$ million)	Unutilized amount as at December 31, 2023 (HK\$ million)	Utilized amount during the Reporting Period (HK\$ million)	Utilized amount up to June 30, 2024 (HK\$ million)	Unutilized amount as at June 30, 2024 (HK\$ million)
Used for our HBV functional cure programs	38%	994.1	494.8	90.3	589.6	404.5
To fund ongoing and planned clinical trials and preparation for regulatory filings for developing combination regimens containing BRIL-179, BRIL-835 or BRIL-877	32%	837.3	338.0	90.3	589.6	247.7
Used for regulatory milestone payments for BRIL-179	1%	26.1	26.1	-	-	26.1
Used for the launch and commercialization of HBV curative treatment regimens	5%	130.7	130.7	-	-	130.7
Used for our HIV programs, funding the ongoing and planned non-clinical studies, clinical trials and preparation for registration filings for BRIL-732 and BRIL-753	7%	176.0	29.6	4.0	150.4	25.6
Used for our MDR/XDR gram-negative infections programs	11%	294.0	241.1	7.9	60.8	233.2
To fund the ongoing and planned clinical trials and preparation for registration filings for BRIL-636, BRIL-672 and BRIL-693	9%	234.5	190.1	7.9	52.3	182.2
Used for regulatory milestone payments for BRIL-636, BRIL-672 and BRIL-693	2%	59.5	51.0	-	8.5	51.0
Used for our CNS programs, funding the ongoing and planned non-clinical studies, clinical trials and preparation for registration filings for BRIL-296, BRIL-297 and other pre-clinical/clinical candidates	19%	496.3	259.8	40.4	276.9	219.4
Used for discovery and business development activities for pipeline expansion	15%	392.0	318.0	9.2	83.2	308.8
Used for working capital and general corporate purposes	10%	261.4	-	-	261.4	-
Total	100%	2,613.8	1,343.3	151.8	1,422.3	1,191.5

CORPORATE GOVERNANCE AND OTHER INFORMATION

For the Company's planned usage of the proceeds as described above, the Company expects that the net proceeds will be used up by the end of 2027.

The unutilized net proceeds will be applied in a manner consistent with the above planned applications and remains subject to change based on the current and future development of market conditions and our actual business needs.

CORPORATE GOVERNANCE PRACTICE

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 adopted the CG Code as set out in Appendix C1 to the Listing Rules as its code of corporate governance. During the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code, save and except for the following deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Accordingly, the appointment of Dr. Zhi Hong as the chairman of the Board and the chief executive officer of the Company deviates from the relevant code provision. Dr. Zhi Hong, as the founder of the Group, has extensive experience in the biopharmaceutical industry and has served in the Company since its establishment. Dr. Zhi Hong is in charge of overall management, business, strategic development and scientific research and development of the Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer of the Company in the same person, Dr. Zhi Hong, is beneficial to the management of the Group. The Board also believes that the combined role of the chairman of the Board and the chief executive officer of the Company can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted its own code of conduct regarding securities transactions of the Directors (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code and the Company's Code during the Reporting Period. No incident of non-compliance of the Model Code or the Company's Code by the relevant employees who are likely to be in possession of unpublished inside information of the Company was noted by the Company.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended June 30, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT AND RISK COMMITTEE

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

The Audit and Risk Committee, together with the management and external auditor of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed the risk management, internal control system and financial reporting matters of the Group (including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2024), and is of the view that the interim results of the Group for the six months ended June 30, 2024 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

CHANGES TO DIRECTORS' INFORMATION

Subsequent to the date of 2023 annual report of the Company, the changes in Directors' information, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Details of Change
Mr. Robert Taylor Nelsen (resigned)	Mr. Robert Taylor Nelsen has ceased to be a non-executive Director and a member of the Strategy Committee effective from July 13, 2024.
Ms. Grace Hui Tang	Ms. Grace Hui Tang has ceased to be a director of Textainer Group Holdings Limited with effect from March 2024.
Mr. Gregg Huber Alton	Mr. Gregg Huber Alton has been serving as a director, a member of the audit committee and the chair of the nominating and corporate governance committee of Enochian Biosciences Inc. (which has changed its name to Renovaro, Inc.), a pharmaceuticals company listed on NASDAQ Stock Exchange in the United States (stock code: ENOB) since December 2019.
Dr. Zhi Hong	The Company has renewed the service contract with Dr. Zhi Hong as an executive Director for a term of three years commencing from July 13, 2024.
Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui and Mr. Gregg Huber Alton	The Company has renewed the letter of appointment with each of Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui and Mr. Gregg Huber Alton as independent non-executive Director for a term of three years commencing from July 13, 2024. Pursuant to the letter of appointments, the director's fee of each of Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui and Mr. Gregg Huber Alton is US\$100,000 per annum in cash.



CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, including sales of treasury shares (as defined in the Listing Rules). As at June 30, 2024, the Company did not hold any treasury shares (as defined in the Listing Rules).

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

As at June 30, 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name of Director/Chief executive	Capacity/Nature of Interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company ⁽¹⁾	Long position/ Short position/ Lending pool
Robert Taylor Nelsen ⁽²⁾	Interest in controlled corporation	90,410,418	12.39%	Long position
Zhi Hong ⁽³⁾	Beneficial owner	22,107,739	3.03%	Long position
	Trustee	16,400,000	2.25%	Long position
	Founder of discretionary trust	16,000,000	2.19%	Long position
Ankang Li ⁽⁴⁾	Beneficial owner	8,012,833	1.10%	Long position
Martin J Murphy Jr ⁽⁵⁾	Beneficial owner	87,000	0.01%	Long position
Grace Hui Tang ⁽⁶⁾	Beneficial owner	87,000	0.01%	Long position
Yiu Wa Alec Tsui ⁽⁷⁾	Beneficial owner	87,000	0.01%	Long position
Gregg Huber Alton ⁽⁸⁾	Beneficial owner	87,000	0.01%	Long position
Taiyin Yang ⁽⁹⁾	Beneficial owner	327,000	0.04%	Long position

Notes:

- The calculation is based on the total number of 729,989,776 Shares in issue as of June 30, 2024.
- ARCH Venture Fund IX, L.P. directly held 45,205,210 Shares. The general partner of ARCH Venture Fund IX, L.P. is ARCH Venture Partners IX, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (who has ceased to be our non-executive Director effective from July 13, 2024), Mr. Clinton Bybee and Mr. Keith Crandell. In addition, ARCH Venture Fund IX Overage, L.P. directly held 45,205,208 Shares. The general partner of ARCH Venture Fund IX Overage, L.P. is ARCH Venture Partners IX Overage, L.P., the general partner of which is ARCH Venture Partners IX, LLC. For the purpose of the SFO, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

3. Dr. Zhi Hong is interested or deemed to be interested in an aggregate of 54,507,739 Shares, including (i) 124,906 Shares directly held by him; (ii) his entitlements to receive up to 12,000,000 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Incentive Plan, subject to the vesting conditions; (iii) his entitlements to receive up to 8,787,333 Shares pursuant to the exercise of options granted to him under the Post-IPO Share Option Scheme, subject to the vesting conditions; (iv) 1,195,500 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions; (v) 16,400,000 Shares held by the Jingfan Huang 2020 Revocable Trust and the Zhi Hong 2020 Revocable Trust, of which he is the trustee; and (vi) 16,000,000 Shares held by the Hong Family 2020 Irrevocable Trust, of which he is the grantor.
4. Dr. Ankang Li is interested in an aggregate of 8,012,833 Shares, including (i) 1,152,207 Shares directly held by him; (ii) his entitlements to receive up to 3,066,668 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Incentive Plan, subject to the vesting conditions; (iii) his entitlements to receive up to 2,590,833 Shares pursuant to the exercise of options granted to him under the Post-IPO Share Option Scheme, subject to the vesting conditions; and (iv) 1,203,125 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.
5. Dr. Martin J Murphy Jr is interested in an aggregate of 87,000 Shares, including (i) 73,000 Shares directly held by him; and (ii) 14,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.
6. Ms. Grace Hui Tang is interested in an aggregate of 87,000 Shares, including (i) 73,000 Shares directly held by her; and (ii) 14,000 Shares underlying the RSUs granted to her under the Post-IPO Share Award Scheme, subject to the vesting conditions.
7. Mr. Yiu Wa Alec Tsui is interested in an aggregate of 87,000 Shares, including (i) 73,000 Shares directly held by him; and (ii) 14,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.
8. Mr. Gregg Huber Alton is interested in an aggregate of 87,000 Shares, including (i) 73,000 Shares directly held by him; and (ii) 14,000 Shares underlying the RSUs granted to him under the Post-IPO Share Award Scheme, subject to the vesting conditions.
9. Dr. Taiyin Yang is interested in an aggregate of 327,000 Shares, including (i) 109,000 Shares directly held by her; and (ii) 218,000 Shares underlying the RSUs granted to her under the Post-IPO Share Award Scheme, subject to the vesting conditions.

Save as disclosed above, as at June 30, 2024, to the best knowledge of the Directors, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company ⁽¹⁾ (%)	Long position/ Short position/ Lending pool
ARCH Venture Fund IX, L.P. ⁽²⁾	Beneficial interest	45,205,210	6.19%	Long position
ARCH Venture Fund IX Overage, L.P. ⁽²⁾	Beneficial interest	45,205,208	6.19%	Long position
ARCH Venture Partners IX, L.P. ⁽²⁾	Interest of controlled corporation	45,205,210	6.19%	Long position
ARCH Venture Partners IX Overage, L.P. ⁽²⁾	Interest of controlled corporation	45,205,208	6.19%	Long position
ARCH Venture Partners IX, LLC ⁽²⁾	Interest of controlled corporation	90,410,418	12.39%	Long position
Clinton Bybee ⁽²⁾	Interest of controlled corporation	90,410,418	12.39%	Long position
Keith Crandell ⁽²⁾	Interest of controlled corporation	90,410,418	12.39%	Long position
Booming Passion Limited ⁽³⁾	Beneficial interest	72,019,612	9.87%	Long position
Boyu Capital Fund III, L.P. ⁽³⁾	Interest of controlled corporation	72,019,612	9.87%	Long position
Boyu Capital General Partner III, L.P. ⁽³⁾	Interest of controlled corporation	72,019,612	9.87%	Long position
Boyu Capital General Partner III, Ltd. ⁽³⁾	Interest of controlled corporation	72,019,612	9.87%	Long position
Boyu Capital Group Holdings Ltd. ⁽³⁾	Interest of controlled corporation	72,019,612	9.87%	Long position
Boyu Group, LLC ⁽³⁾	Interest of controlled corporation	72,019,612	9.87%	Long position
XXXY Holdings Ltd. ⁽³⁾	Interest of controlled corporation	72,019,612	9.87%	Long position
Xiaomeng Tong ⁽³⁾	Interest of controlled corporation	72,019,612	9.87%	Long position

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The calculation is based on the total number of 729,989,776 Shares in issue as of June 30, 2024.
2. ARCH Venture Fund IX, L.P. directly held 45,205,210 Shares. The general partner of ARCH Venture Fund IX, L.P. is ARCH Venture Partners IX, L.P., the general partner of which is ARCH Venture Partners IX, LLC. ARCH Venture Partners IX, LLC is owned by several individuals, but its voting power is controlled as to one-third by each of Mr. Robert Taylor Nelsen (who has ceased to be our non-executive Director effective from July 13, 2024), Mr. Clinton Bybee and Mr. Keith Crandell. In addition, ARCH Venture Fund IX Overage, L.P. directly held 45,205,208 Shares. The general partner of ARCH Venture Fund IX Overage, L.P. is ARCH Venture Partners IX Overage, L.P., the general partner of which is ARCH Venture Partners IX, LLC.

For the purpose of the SFO, each of ARCH Venture Partners IX, LLC, Mr. Robert Taylor Nelsen (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.

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

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

Save as disclosed above, as at June 30, 2024, 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 SCHEMES

Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan was approved and adopted by the Shareholders on October 30, 2018 and subsequently amended on August 27, 2020 and February 26, 2021. The Pre-IPO Share Incentive Plan shall be valid and effective for a period of 10 years from the date of adoption of the plan on October 30, 2018. For details of the principal terms of the Pre-IPO Share Incentive Plan, please refer to Appendix IV to the Prospectus.

Purpose

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Eligible Participants

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

Maximum Number of Shares Available for Issue

The overall limit on the number of underlying Shares which may be delivered pursuant to awards granted under the Pre-IPO Share Incentive Plan is 35,816,502 Shares, representing approximately 4.9% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at June 30, 2024. The total number of Shares available for issue under the Pre-IPO Share Incentive Plan was 19,127,468 Shares, representing approximately 2.6% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this report.

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

Consideration

Nil consideration is required to be paid by the grantees for the grant of awards under the Pre-IPO Share Incentive Plan. There is no specific exercise period of the options granted under the Pre-IPO Share Incentive Plan, which shall be exercisable when they become vested, but each option shall expire not more than 10 years after the date of grant. The Pre-IPO Share Incentive Plan does not require a minimum period for which an award must be held or a performance target which must be achieved before an award can be vested. The Administrator will determine the vesting and/or exercisability provisions of each award (which may be based on performance criteria, passage of time or other factors or any combination thereof), which will be set forth in the applicable award agreement.

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

Determination of Exercise Price

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

Life of the Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan commenced on October 30, 2018 (the “Effective Date”) and will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of the Pre-IPO Share Incentive Plan either upon such stated expiration date or its earlier termination by the Board, no additional awards may be granted under the Pre-IPO Share Incentive Plan, but previously granted awards (and the authority of the Administrator with respect thereto, including the authority to amend such awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Pre-IPO Share Incentive Plan. The remaining life of the Pre-IPO Share Incentive Plan is approximately 4.2 years.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Incentive Plan as of June 30, 2024. No options were granted since the Listing Date and up to June 30, 2024. For further details on the movement of the options during the Reporting Period, please see note 18 to the consolidated financial statements.

In connection with the listing of the Shares on the Stock Exchange on the Listing Date, the Board has approved that upon listing, the Company will not grant any additional share options or share awards under the Pre-IPO Share Incentive Plan, so the total number of share options or share awards available for grant under the scheme mandate of the Pre-IPO Share Incentive Plan as at January 1, 2024 and June 30, 2024 is nil and nil, respectively.

As at June 30, 2024, pursuant to the Pre-IPO Share Incentive Plan, the Company had granted to directors, employees and consultants of the Group outstanding options to subscribe for 19,127,468 Shares, representing approximately 2.6% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at June 30, 2024. There are no participants with options granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules, no service providers (as defined in Chapter 17 of the Listing Rules) with options granted in any 12-month period exceeding 0.1% of the Shares in issue (excluding treasury shares (as defined in the Listing Rules)) for the time being, and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules).

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

Name or category of grantee	Exercise price	Date of grant	Vesting commencement date	Outstanding as at January 1, 2024	Granted during the Reporting Period	Number of options				Outstanding as at June 30, 2024	Notes
						Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024		
1. Directors											
Dr. Zhi Hong	US\$0.68	September 18, 2020	October 31, 2020	5,000,000	-	-	-	-	-	5,000,000	1
<i>Chairman, chief executive officer and executive Director</i>	US\$0.68	September 18, 2020	October 31, 2020	3,000,000	-	-	-	-	-	3,000,000	2
	US\$0.68	September 18, 2020	September 18, 2020	4,000,000	-	-	-	-	-	4,000,000	3
Dr. Ankang Li	US\$0.13	September 18, 2020	August 31, 2021	1,866,668	-	-	-	-	-	1,866,668	4
<i>Executive Director</i>	US\$0.13	September 18, 2020	July 13, 2022	1,200,000	-	-	-	-	-	1,200,000	5
2. Other employee participants											
Other employees (in aggregate)	From US\$0.035 to US\$1.33	From October 30, 2018 to June 4, 2021	From July 1, 2018 to June 7, 2022	4,410,585	-	(121,500) ⁽⁷⁾	-	(803,900)	-	3,485,185	1, 4, 5, 6
3. Service providers											
Service providers (in aggregate)	From US\$0.035 to US\$1.33	From October 30, 2018 to May 14, 2021	From July 1, 2018 to May 14, 2022	575,615	-	-	-	-	-	575,615	1, 6
Total:										19,127,468	

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. In accordance with a vesting schedule, the options granted on the relevant date of grant will be vested in 24 substantially equal monthly installments with the first installment vesting on the vesting commencement date occurs. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.
2. In accordance with a vesting schedule, the options granted on the date of grant will be vested in 48 substantially equal monthly installments with the first installment vesting on the vesting commencement date occurs. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.
3. In accordance with a vesting schedule, the first 1,333,334 options granted on the date of grant will be vested upon the achievements by the Group of one of the four milestones as specified in the relevant award agreement, the second 1,333,334 options granted on the date of grant will be vested upon the achievements by the Group of one of the remaining three milestones, and the remaining 1,333,332 options granted on the date of grant will be vested upon the achievements by the Group of one of the remaining two milestones, in each case the satisfaction of any milestones will be determined by the Board in its sole discretion. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.
4. In accordance with a vesting schedule, 25% of the options granted on the relevant date of grant will be vested on the vesting commencement date, and the remaining 75% of the options granted on the relevant date of grant will be vested in 36 substantially equal monthly installments with the first installment vesting on the last day of the month following the month in which the vesting commencement date occurs. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.
5. In accordance with a vesting schedule and subject to the satisfaction of certain IPO vesting conditions as specified in the relevant award agreement, 25% of the options granted on the relevant date of grant will be vested on the first anniversary of the completion of the IPO, and 75% of the options granted on the relevant date of grant will be vested in a series of 36 successive equal monthly installments for each monthly period of the relevant grantee's continuous full-time employment with the Company thereafter. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.
6. In accordance with a vesting schedule, 100% of the options granted on the relevant date of grant will be vested on the vesting commencement date. The options shall be exercisable upon vesting and the exercise period commences on the date when they are vested and ends on the expiry of 10 years from the date of grant.
7. The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was HK\$2.05.
8. Closing price of the Shares is not applicable as the Shares of the Company were not listed at the date of grant.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Post-IPO Share Option Scheme

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

Purpose

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

Eligible Participants

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

Maximum Number of Shares Available for Issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Group shall not in aggregate exceed 10% of the Shares in issue on the Listing Date, such 10% limit represents 70,620,092 Shares, representing approximately 9.7% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at June 30, 2024. The total number of Shares available for issue under the Post-IPO Share Option Scheme (including the options granted but not yet exercised) was 32,559,808 Shares, representing approximately 4.5% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Maximum Entitlement of Each Participant

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

Exercise of Option

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

Exercise Price

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

Consideration

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

As at June 30, 2024, pursuant to the Post-IPO Share Option Scheme, the Company had granted to directors and employees of the Group outstanding options to subscribe for 34,120,333 Shares, representing approximately 4.7% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at June 30, 2024. There are no participants with options granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). Following the termination of the Post-IPO Share Option Scheme, no further options will be offered or granted under the Post-IPO Share Option Scheme. The total number of options available for grant under the scheme mandate of the Post-IPO Share Option Scheme as at January 1, 2024 and June 30, 2024 is nil and nil, respectively.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Name or category of grantee	Date of grant	Exercise price	Number of options					Outstanding as at June 30, 2024	Closing price of the Shares immediately before the date of grant	Notes
			Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period			
1. Directors										
Dr. Zhi Hong	September 17, 2021	HK\$47.6	2,855,833	-	-	-	-	2,855,833	HK\$48.5	2, 3, 4
<i>Chairman, chief executive officer and executive Director</i>	September 21, 2022	HK\$6.45	2,562,000	-	-	-	-	2,562,000	HK\$5.91	3, 5
	August 23, 2023	HK\$3.01	3,369,500	-	-	-	-	3,369,500	HK\$2.77	3
Dr. Ankang Li	September 17, 2021	HK\$47.6	980,833	-	-	-	-	980,833	HK\$48.5	2, 3, 4
<i>Executive Director</i>	September 21, 2022	HK\$6.45	1,065,000	-	-	-	-	1,065,000	HK\$5.91	3, 5
	August 23, 2023	HK\$3.01	545,000	-	-	-	-	545,000	HK\$2.77	3
2. Other employee participants										
Other employees (in aggregate)	September 17, 2021	HK\$47.6	1,604,775	-	-	-	(144,025)	1,460,750	HK\$48.5	2, 3, 4
	December 3, 2021	HK\$43.41	500,500	-	-	-	(291,000)	209,500	HK\$40.8	3
	March 29, 2022	HK\$10.33	3,830,917	-	-	-	(576,250)	3,254,667	HK\$9.15	3, 4, 5
	June 24, 2022	HK\$9.16	1,973,000	-	-	-	(824,875)	1,148,125	HK\$8.57	3
	September 21, 2022	HK\$6.45	12,800,500	-	-	-	(3,851,500)	8,949,000	HK\$5.91	3, 5
	December 15, 2022	HK\$8.64	1,319,000	-	-	-	(364,625)	954,375	HK\$8.33	3
	April 12, 2023	HK\$4.54	2,450,000	-	-	-	(878,750)	1,571,250	HK\$4.48	3
	June 30, 2023	HK\$3.35	1,325,000	-	-	-	(427,500)	897,500	HK\$3.13	3
	August 23, 2023	HK\$3.01	5,758,500	-	-	-	(1,461,500)	4,297,000	HK\$2.77	3
Total:								34,120,333		

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The options granted shall be exercisable upon vesting in accordance with the relevant vesting schedule and the exercise period of the options granted commences on the date on which they are vested in accordance with the relevant vesting schedule and ends on the expiry of 10 years from the relevant date of grant.
2. For the options granted on the date of grant, the options shall be vested over three years from the employment commencement date of each grantee or the date of grant subject to the fulfilment of certain performance targets relating to the Company determined by the Board which are specified in the relevant grant letter of the grantees.
3. For the options granted on the date of grant, the options shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the “Vesting Start Date” refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.
4. For the options granted on the date of grant, the options shall be vested in four tranches as follows: 5% shall vest on the first anniversary of the date of grant; 10% shall vest on the second anniversary of the date of grant; 40% shall vest on the third anniversary of the date of grant; and 45% shall vest on the fourth anniversary of the date of grant.
5. For the options granted on the date of grant, the options shall be vested over three years from the employment commencement date of each grantee upon the achievements by the Group of certain program milestones and/or market capitalization milestones determined by the Board which are specified in the relevant grant letter of the grantees.

Post-IPO Share Award Scheme

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

Purpose

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Eligible Participants

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

Share Awards

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

Maximum Number of Shares Available for Issue

Shares which may be issued pursuant to all share awards to be granted under the Post-IPO Share Award Scheme must not in aggregate exceed 5% of the Shares in issue on the Listing Date, such 5% limit represents 35,310,046 Shares, representing approximately 4.8% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at June 30, 2024. The total number of Shares available for issue under the Post-IPO Share Award Scheme (including the share awards granted but unvested) was 6,132,642 Shares, representing approximately 0.8% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this report.

Maximum Entitlement of each Participant

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Grant of Share Award

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

Acceptance of Share Award

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

As at June 30, 2024, pursuant to the Post-IPO Share Award Scheme, the Company had granted to directors and employees of the Group outstanding RSUs representing 8,048,817 Shares, accounting for approximately 1.1% of the total issued share capital of the Company (excluding treasury shares (as defined in the Listing Rules)) as at June 30, 2024. There are no participants with share awards granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). Following the termination of the Post-IPO Share Award Scheme, no further share awards will be offered or granted under the Post-IPO Share Award Scheme. The total number of awards available for grant under the scheme mandate of the Post-IPO Share Award Scheme as at January 1, 2024 and June 30, 2024 is nil and nil, respectively.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Name or category of grantee	Date of grant	Number of RSUs					Outstanding as at June 30, 2024	Closing price of the Shares immediately before the date of grant	Notes
		Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period			
1. Directors									
Dr. Zhi Hong	January 20, 2022	577,000	-	-	-	-	577,000	HK\$22.65	2, 6
<i>Chairman, chief executive officer and executive Director</i>	September 21, 2022	255,000	-	-	-	-	255,000	HK\$5.91	4, 10
	August 23, 2023	363,500	-	-	-	-	363,500	HK\$2.77	4, 10
Dr. Ankang Li	January 20, 2022	202,500	-	-	-	-	202,500	HK\$22.65	2, 6
<i>Executive Director</i>	September 21, 2022	856,125	-	-	-	-	856,125	HK\$5.91	4
	August 23, 2023	144,500	-	-	-	-	144,500	HK\$2.77	4, 10
Dr. Martin J Murphy Jr	January 20, 2022	14,000	-	-	-	-	14,000	HK\$22.65	3, 10
<i>Independent non-executive Director</i>									
Ms. Grace Hui Tang	January 20, 2022	14,000	-	-	-	-	14,000	HK\$22.65	3, 10
<i>Independent non-executive Director</i>									
Mr. Yiu Wa Alec Tsui	January 20, 2022	14,000	-	-	-	-	14,000	HK\$22.65	3, 10
<i>Independent non-executive Director</i>									
Mr. Gregg Huber Alton	January 20, 2022	14,000	-	-	-	-	14,000	HK\$22.65	3, 10
<i>Independent non-executive Director</i>									
Dr. Taiyin Yang	September 21, 2022	218,000	-	-	-	-	218,000	HK\$5.91	9, 10
<i>Independent non-executive Director</i>									
2. Other employee participants									
Other employees (in aggregate)	January 20, 2022	840,526	-	(52,068)	(19,182)	(152,076)	617,200	HK\$22.65	2, 4, 5, 6, 11, 12
	March 29, 2022	1,041,267	-	(174,719)	(50,481)	(121,075)	694,992	HK\$9.15	4, 7, 8, 11, 13
	June 24, 2022	604,875	-	(109,992)	(6,008)	(256,875)	232,000	HK\$8.57	4, 11, 14
	September 21, 2022	2,973,625	-	-	-	(995,000)	1,978,625	HK\$5.91	4, 8
	December 15, 2022	262,125	-	-	-	(75,000)	187,125	HK\$8.33	4
	April 12, 2023	650,500	-	(89,024)	(27,976)	(221,125)	312,375	HK\$4.48	4, 11, 15
	June 30, 2023	402,000	-	(57,027)	(15,098)	(113,500)	216,375	HK\$3.13	4, 11, 16
	August 23, 2023	1,526,000	-	-	-	(388,500)	1,137,500	HK\$2.77	4
Total:							8,048,817		

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. All the RSUs were granted to the grantees at nil consideration. Once the RSUs are vested in accordance with the relevant vesting schedule, the underlying Shares will be transferred to the grantees at nil consideration.
2. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 25% shall vest on September 17, 2022; 25% shall vest on September 17, 2023; 25% shall vest on September 17, 2024; and 25% shall vest on September 17, 2025.
3. For the RSUs granted on the date of grant, the RSUs shall be vested in three tranches as follows: one-third of the grant shall vest on July 13, 2022, one-third of the grant shall vest on July 13, 2023 and the remaining one-third of the grant shall vest on July 13, 2024.
4. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the "Vesting Start Date" refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.
5. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 5% shall vest on the first anniversary of September 17, 2021; 10% shall vest on the second anniversary of September 17, 2021; 40% shall vest on the third anniversary of September 17, 2021; and 45% shall vest on the fourth anniversary of September 17, 2021.
6. For the RSUs granted on the date of grant, the RSUs shall be vested upon the achievements by the Group of certain milestones determined by the Board which are specified in the relevant award agreement of the grantees.
7. For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 5% shall vest on the first anniversary of the date of grant; 10% shall vest on the second anniversary of the date of grant; 40% shall vest on the third anniversary of the date of grant; and 45% shall vest on the fourth anniversary of the date of grant.
8. For the RSUs granted on the date of grant, the RSUs shall be vested over three years from the employment commencement date of each grantee upon the achievements by the Group of certain program milestones and/or market capitalization milestones determined by the Board which are specified in the relevant award agreement of the grantees.
9. For the RSUs granted on the date of grant, the RSUs shall be vested in three tranches as follows: one-third of the grant shall vest on September 1, 2023, one-third of the grant shall vest on September 1, 2024 and the remaining one-third of the grant shall vest on September 1, 2025.
10. The RSUs granted would be satisfied by way of purchase of existing Shares on the secondary market using the Company's internal resources.
11. During the Reporting Period, the purchase price of the vested RSUs or the cancelled RSUs is nil.
12. The weighted average closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK\$1.26.
13. The weighted average closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK\$1.70.
14. The weighted average closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK\$1.17.
15. The weighted average closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK\$1.32.
16. The weighted average closing price of the Shares immediately before the date on which the RSUs were vested during the Reporting Period is HK\$1.17.
17. Any unvested Shares held by the trustee of the Post-IPO Share Award Scheme appointed by the Company, Kastle Limited, will abstain from voting on matters that require Shareholders' approval under the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2023 Share Option Scheme

The 2023 Share Option Scheme was adopted by the Shareholders on September 1, 2023. The 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption of the scheme on September 1, 2023. The remaining life of the 2023 Share Option Scheme is approximately 9.0 years. For details of the principal terms of the 2023 Share Option Scheme, please refer to the circular of the Company dated August 4, 2023.

Purpose

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

Eligible Participants

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

Scheme Mandate Limit and Service Provider Sublimit

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

The scheme mandate limit is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company, and shall not in aggregate exceed 10% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 72,813,078 Shares). The service provider sublimit, being a sublimit under the scheme mandate limit, is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company to the service providers, and shall not in aggregate exceed 1% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 7,281,307 Shares). The total number of Shares available for issue under the 2023 Share Option Scheme (including the options granted but not yet exercised and the options available for future grants) was 71,501,578 Shares, representing approximately 9.8% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this report.

Maximum Entitlement of Each Participant

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Exercise of Option

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

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

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

Consideration

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

Exercise Price

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

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

As at June 30, 2024, pursuant to the 2023 Share Option Scheme, the Company had granted to employees of the Group outstanding options to subscribe for 5,752,500 Shares, representing approximately 0.8% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at June 30, 2024. There are no grants to any Director or chief executive of the Company. There are no participants with options granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). The total number of options available for grant under the scheme mandate of the 2023 Share Option Scheme as at January 1, 2024 and June 30, 2024 is 72,813,078 and 66,239,078, respectively, and the total number of options available for grant under the service provider sublimit of the 2023 Share Option Scheme as at January 1, 2024 and June 30, 2024 is 7,281,307 and 7,281,307, respectively.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Name or category of grantee	Date of grant	Exercise price	Number of options					Outstanding as at June 30, 2024	Closing price of the Shares immediately before the date of grant	Fair value of options as at the date of grant ⁽⁴⁾	Notes
			Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period				
1. Employee participants											
Employees (in aggregate)	March 28, 2024	HK\$0.964	-	5,752,500	-	-	-	5,752,500	HK\$0.93	HK\$0.48 – HK\$0.54	2
Total:								5,752,500			

Notes:

- The options granted shall be exercisable upon vesting in accordance with the relevant vesting schedule and the exercise period of the options granted commences on the date on which they are vested in accordance with the relevant vesting schedule and ends on the expiry of 10 years from the relevant date of grant.
- For the options granted on the date of grant, the options shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the “Vesting Start Date” refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.
- None of the above options granted under the 2023 Share Option Scheme was subject to any performance target.
- Details of the fair value of the options granted during the Reporting Period under the 2023 Share Option Scheme at the date of grant and the accounting standard and policy adopted are set out in note 18 to the consolidated financial statements.

2023 Share Award Scheme

The 2023 Share Award Scheme was adopted by the Shareholders on September 1, 2023. The 2023 Share Award Scheme shall be valid and effective for a period of 10 years commencing on the adoption of the scheme on September 1, 2023. The remaining life of the 2023 Share Award Scheme is approximately 9.0 years. For details of the principal terms of the 2023 Share Award Scheme, please refer to the circular of the Company dated August 4, 2023.

Purpose

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Eligible Participants

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

Scheme Mandate Limit and Service Provider Sublimit

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

The scheme mandate limit is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company, and shall not in aggregate exceed 10% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 72,813,078 Shares). The service provider sublimit, being a sublimit under the scheme mandate limit, is the total number of Shares which may be issued or transferred in respect of all options and awards involving issue of new Shares that may be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other share scheme(s) of the Company to the service providers, and shall not in aggregate exceed 1% of the total number of issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the adoption date of the above schemes (i.e. 7,281,307 Shares). The total number of Shares available for issue under the 2023 Share Award Scheme (including the share awards granted but unvested and the share awards available for future grants) was 67,060,578 Shares, representing approximately 9.2% of the issued Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this report.

Maximum Entitlement of Each Participant

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

Share Awards

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Consideration

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

Purchase Price

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

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

As at June 30, 2024, pursuant to the 2023 Share Award Scheme, the Company had granted to employees of the Group outstanding RSUs representing 821,500 Shares, accounting for approximately 0.1% of the total issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company as at June 30, 2024. There are no grants to any Director or chief executive of the Company. There are no participants with share awards granted and to be granted in excess of the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules and no grants to related entity participant (as defined in Chapter 17 of the Listing Rules) or service provider (as defined in Chapter 17 of the Listing Rules). The total number of awards available for grant under the scheme mandate of the 2023 Share Award Scheme as at January 1, 2024 and June 30, 2024 is 72,813,078 and 66,239,078, respectively, and the total number of awards available for grant under the service provider sublimit of the 2023 Share Award Scheme as at January 1, 2024 and June 30, 2024 is 7,281,307 and 7,281,307, respectively.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Name or category of grantee	Date of grant	Number of RSUs					Outstanding as at June 30, 2024	Closing price of the Shares immediately before the date of grant	Fair value of RSUs as at the date of grant ⁽⁴⁾	Notes
		Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period				
1. Employee participants										
Employees (in aggregate)	March 28, 2024	-	821,500	-	-	-	821,500	HK\$0.93	HK\$0.91	2
Total:							821,500			

Notes:

- All the RSUs were granted to the grantees at nil consideration. Once the RSUs are vested in accordance with the relevant vesting schedule, the underlying Shares will be transferred to the grantees at nil consideration.
- For the RSUs granted on the date of grant, the RSUs shall be vested in four tranches as follows: 25% shall vest on the first anniversary of the Vesting Start Date of each grantee; 25% shall vest on the second anniversary of the Vesting Start Date of each grantee; 25% shall vest on the third anniversary of the Vesting Start Date of each grantee; and 25% shall vest on the fourth anniversary of the Vesting Start Date of each grantee, where the "Vesting Start Date" refers to the employment commencement date of each grantee, or the promotion date of each grantee, or the date of grant.
- None of the above RSUs granted under the 2023 Share Award Scheme was subject to any performance target.
- Details of the fair value of the awards granted during the Reporting Period under the 2023 Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in note 18 to the consolidated financial statements.
- Any unvested Shares held by the trustee of the 2023 Share Award Scheme appointed by the Company, Kastle Limited, will abstain from voting on matters that require Shareholders' approval under the Listing Rules.

Additional Information

The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of the Shares in issue (excluding treasury shares (as defined in the Listing Rules)) for the Reporting Period is 0.83%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF BRII BIOSCIENCES LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Brii Biosciences Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 43 to 66, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 19, 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue		–	617
Other income	4	70,879	85,863
Other gains and losses, net	5	(115,374)	23,326
Net impairment losses under expected credit loss (“ECL”) model	19	(32,956)	–
Research and development expenses		(126,169)	(202,175)
Administrative expenses		(78,629)	(102,823)
Selling and marketing expenses		–	(1,380)
Finance costs	6	(989)	(254)
Loss before tax	7	(283,238)	(196,826)
Income tax expense	8	–	–
Loss for the period		(283,238)	(196,826)
Other comprehensive income (expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		17,710	102,567
Fair value gain (loss) on equity instrument at fair value through other comprehensive income (“FVTOCI”)		976	(4,484)
		18,686	98,083
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(719)	(5,244)
Other comprehensive income for the period		17,967	92,839
Total comprehensive expense for the period		(265,271)	(103,987)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(280,535)	(189,917)
Non-controlling interests		(2,703)	(6,909)
		(283,238)	(196,826)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(262,568)	(97,078)
Non-controlling interests		(2,703)	(6,909)
		(265,271)	(103,987)
Loss per share			
– Basic and diluted (RMB)	9	(0.38)	(0.26)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2024

	NOTES	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	127	2,117
Right-of-use assets	11	1,988	3,492
Intangible assets	11	268,882	267,420
Financial assets at fair value through profit or loss ("FVTPL")	12	14,207	134,560
Equity instrument at FVTOCI	13	8,912	7,884
Deposits and other receivables	14	25,206	–
Restricted bank balances	15	17,933	–
		337,255	415,473
Current assets			
Deposits, prepayments and other receivables	14	99,487	121,388
Restricted bank balances	15	73,090	729
Time deposits with original maturity over three months	15	1,730,517	2,171,011
Cash and cash equivalents	15	656,256	489,650
		2,559,350	2,782,778
Current liabilities			
Other payables	16	37,771	72,081
Lease liabilities		1,099	3,156
Deferred income		28,825	50,632
		67,695	125,869
Net current assets		2,491,655	2,656,909
Total assets less current liabilities		2,828,910	3,072,382

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2024

	NOTES	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		800	–
Note payables	16	17,817	–
		18,617	–
Net assets			
		2,810,293	3,072,382
Capital and reserves			
Share capital	17	24	24
Share premium and reserves		2,859,630	3,119,016
Equity attributable to owners of the Company			
		2,859,654	3,119,040
Non-controlling interests			
		(49,361)	(46,658)
Total equity			
		2,810,293	3,072,382

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Attributable to owners of the Company										
	Share capital	Shares held in trust	Share premium	Investments revaluation reserve	Translation reserve	Other reserve	Share-based payment reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023 (audited)	24	-	9,352,113	(17,653)	307,562	(75,917)	150,695	(6,522,210)	3,194,614	(37,117)	3,157,497
Loss for the period	-	-	-	-	-	-	-	(189,917)	(189,917)	(6,909)	(196,826)
Other comprehensive (expense) income for the period	-	-	-	(4,484)	97,323	-	-	-	92,839	-	92,839
Total comprehensive (expense) income for the period	-	-	-	(4,484)	97,323	-	-	(189,917)	(97,078)	(6,909)	(103,987)
Vesting of restricted ordinary shares and restricted share units	-*	-	2,898	-	-	-	(2,898)	-	-	-	-
Exercising of share options	-*	-	354	-	-	-	(224)	-	130	-	130
Recognition of equity-settled share-based payments	-	-	-	-	-	-	33,126	-	33,126	-	33,126
At June 30, 2023 (unaudited)	24	-	9,355,365	(22,137)	404,885	(75,917)	180,699	(6,712,127)	3,130,792	(44,026)	3,086,766
At January 1, 2024 (audited)	24	(67)	9,376,845	(37,262)	351,854	(75,917)	200,602	(6,697,039)	3,119,040	(46,658)	3,072,382
Loss for the period	-	-	-	-	-	-	-	(280,535)	(280,535)	(2,703)	(283,238)
Other comprehensive income for the period	-	-	-	976	16,991	-	-	-	17,967	-	17,967
Total comprehensive income (expense) for the period	-	-	-	976	16,991	-	-	(280,535)	(262,568)	(2,703)	(265,271)
Vesting of restricted ordinary shares and restricted share units	-*	-	4,023	-	-	-	(4,023)	-	-	-	-
Exercising of share options	-*	-	266	-	-	-	(223)	-	43	-	43
Recognition of equity-settled share-based payments	-	-	-	-	-	-	3,139	-	3,139	-	3,139
At June 30, 2024 (unaudited)	24	(67)	9,381,134	(36,286)	368,845	(75,917)	199,495	(6,977,574)	2,859,654	(49,361)	2,810,293

* Amount less than RMB1,000

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(225,788)	(353,761)
INVESTING ACTIVITIES		
Interest received	26,282	23,292
Receipt of return from money market funds	6,467	3,644
Placement of time deposits with original maturity over three months	(12,302)	(1,269,380)
Withdrawal of time deposits with original maturity over three months	464,520	888,812
Placement of restricted bank balances	(90,294)	–
Purchase of property, plant and equipment	(765)	–
Proceeds from disposal of financial assets at FVTPL	–	223
NET CASH FROM (USED IN) INVESTING ACTIVITIES	393,908	(353,409)
FINANCING ACTIVITIES		
Proceeds from exercise of share options	43	130
Payments of lease liabilities	(3,476)	(4,658)
Interest paid	(989)	(254)
NET CASH USED IN FINANCING ACTIVITIES	(4,422)	(4,782)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163,698	(711,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	489,650	1,190,572
Effects of foreign exchange rate changes	2,908	8,874
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	656,256	487,494

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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 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”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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 values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2023.

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 Group’s annual period beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

3. SEGMENT INFORMATION

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

Geographical information

At June 30, 2024, the Group has total non-current assets (excluding financial instruments, restricted bank balances and deposits and other receivables) of RMB271.0 million (December 31, 2023: RMB273.0 million), among which, RMB192.4 million (December 31, 2023: RMB191.2 million), RMB76.3 million (December 31, 2023: RMB75.8 million) and RMB2.3 million (December 31, 2023: RMB6.0 million) are located in the Cayman Islands, the United States of America (the “USA”) and the People’s Republic of China (the “PRC”), respectively.

During the six months ended June 30 2023, all of the Group’s revenue from external customers were located in the PRC.

4. OTHER INCOME

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Government grants (Note)	22,155	39,480
Bank interest income	48,724	46,383
	70,879	85,863

Note: Government grants including the incentive and other subsidies from government which are specifically for operating activities are recognised upon compliance with the attached conditions. In the current interim period, the Group did not receive any government grant (for the six months ended June 30, 2023: nil). At June 30, 2024, government grants of RMB28.8 million (December 31, 2023: RMB50.6 million) are recorded as deferred income and will be amortised upon compliance with the relevant conditions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

5. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net foreign exchange loss	(1,040)	(16,789)
Fair value gain of money market funds	6,467	3,644
Fair value (loss) gain on financial assets at FVTPL	(120,801)	41,903
Impairment loss recognised on intangible assets	–	(5,432)
	(115,374)	23,326

6. FINANCE COSTS

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest on lease liabilities	47	254
Interest on note payables	942	–
	989	254

7. LOSS BEFORE TAX

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Loss before tax for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	2,118	2,614
Depreciation of right-of-use assets	3,723	4,342
Amortisation of intangible assets	201	1,559
Impairment loss recognised on intangible assets (included in other gains and losses, net)	–	5,432

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

8. INCOME TAX EXPENSE

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

9. LOSS PER SHARE

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

	Six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share (RMB'000)	(280,535)	(189,917)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	729,713	727,488

For the six months ended June 30, 2023 and 2024, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share excluded the shares held in trust and unvested restricted share units of the Company, details of which are set out in Note 18.

The computation of diluted loss per share for the six months ended June 30, 2023 and 2024 did not assume the exercise of share options and the vesting of unvested restricted share units since their assumed exercise and vesting would be anti-dilutive.

10. DIVIDENDS

No dividend was paid, declared or proposed during the interim periods.

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

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

During the current interim period, the Group purchased property, plant and equipment of RMB128,000 (six months ended June 30, 2023: nil) and had no disposal of property, plant and equipment (six months ended June 30, 2023: nil).

During the current interim period, the Group had no additions nor disposal of intangible assets (six months ended June 30, 2023: nil).

During the current interim period, the Group recognised right-of-use assets of RMB2,219,000 (six months ended June 30, 2023: nil) and had no early termination of lease arrangements (six months ended June 30, 2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

12. FINANCIAL ASSETS AT FVTPL

At June 30, 2024, financial assets at FVTPL represents investment in a listed entity (December 31, 2023: a listed entity) in the USA focusing on infectious diseases. During the six months ended June 30, 2024, the Group has no additions of equity investment (six months ended June 30, 2023: nil) and no disposal of equity investment (six months ended June 30, 2023: US\$31,000 (equivalent to RMB223,000)). The fair value of the listed equity investment is measured based on quoted market price.

13. EQUITY INSTRUMENT AT FVTOCI

The amount represents listed equity investment in a biopharmaceutical company listed on the NASDAQ Global Market. During the six months ended June 30, 2024, the Group has no additions nor disposal of the equity investment (six months ended June 30, 2023: nil). The fair value of the listed equity investment is measured based on quoted market price.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Prepayments	6,580	47,685
Receivables for prepayments (Note 19)	32,956	–
Rental and other deposits	2,513	2,613
Value-added tax recoverable	57,483	53,607
Interests receivable	32,292	9,850
Deposits paid for intangible assets and property, plant and equipment (Note 19)	18,582	–
Other receivables	7,243	7,633
	157,649	121,388
Less: Impairment loss allowance for other receivables	(32,956)	–
	124,693	121,388
Analysed as:		
Non-current	25,206	–
Current	99,487	121,388
	124,693	121,388

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

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

At June 30, 2024, restricted bank balances represent bank deposits which are mainly restricted for transactions with VBI (as defined in note 19) and carry fixed rate interest ranging from 0.01% to 4.00% (December 31, 2023: 0.01%) per annum.

At June 30, 2024, time deposits with original maturity over three months from the date of placement carry fixed rate interest ranging from 2.10% to 5.60% (December 31, 2023: from 2.10% to 5.35%) per annum. These time deposits will mature within 12 months.

Cash and cash equivalents comprise cash held by the Group, short-term bank deposits with an original maturity of three months or less and low volatility net asset value money market funds. At June 30, 2024, the short-term bank deposits and bank balances carry interests at market rates ranging from 0.01% to 5.45% (December 31, 2023: from 0.01% to 0.20%) per annum.

At June 30, 2024, the low volatility net asset value money market funds are measured at fair value of RMB204,597,000 (December 31, 2023: RMB369,424,000).

16. NOTE AND OTHER PAYABLES

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
Note payables (Note 19)	17,817	–
Payables for research and development expenses	13,481	20,539
Other payables for		
– legal and professional fee	920	1,901
– others	1,108	1,436
Other tax payables	1,620	2,011
Payroll payables	17,473	34,696
Accrued research and development expenses	3,169	11,498
	37,771	72,081
	55,588	72,081
Analysed as:		
Current	37,771	72,081
Non-current	17,817	–
	55,588	72,081

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

16. NOTE AND OTHER PAYABLES (Continued)

Ageing analysis of the Group's payables for research and development expenses based on the invoice dates at the end of the reporting period is as follows:

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
0-30 days	13,101	15,186
31-60 days	241	4,059
61-90 days	–	1,125
Over 90 days	139	169
	13,481	20,539

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

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
0-180 days	17,817	–

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

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
2-3 years	17,817	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

17. SHARE CAPITAL

	Number of Ordinary shares	Share capital US\$	
Ordinary shares			
Ordinary shares of US\$0.000005 each			
Authorised			
At January 1, 2023 (audited), June 30, 2023 (unaudited), January 1, 2024 (audited) and June 30, 2024 (unaudited)	1,200,000,000	6,000	
	Ordinary Shares Number of shares	Amount US\$	Equivalent amount of ordinary shares RMB'000
Issued and fully paid			
At January 1, 2023 (audited)	727,202,947	3,636	24
Issuance of ordinary shares in relation to exercise of share options (Note 18)	132,949	–**	–*
Issuance of ordinary shares in relation to vesting of restricted share units (Note 18)	480,949	2	–*
At June 30, 2023 (unaudited)	727,816,845	3,638	24
At January 1, 2024 (audited)	729,385,446	3,647	24
Issuance of ordinary shares in relation to exercise of share options (Note 18)	121,500	–**	–*
Issuance of ordinary shares in relation to vesting of restricted share units (Note 18)	482,830	2	–*
At June 30, 2024 (unaudited)	729,989,776	3,649	24

* Less than RMB1,000.

** Less than US\$1.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

18. SHARE-BASED PAYMENT TRANSACTIONS

Post-IPO Share Award Scheme

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

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

- (i) One fourth (25%) of the RSUs shall vest each time on the first, second, third and fourth anniversary of the vesting commencement date.
- (ii) Five percent (5%), ten percent (10%), forty percent (40%) and forty-five percent (45%) of the RSUs shall vest each time on the first, second, third and fourth anniversary of the vesting commencement date.
- (iii) One third (33.3%) of the RSUs shall vest each time on the first, second and third anniversary of the vesting commencement date.
- (iv) All of the RSUs shall vest on the first anniversary of the vesting commencement date.

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

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

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

In the current interim period, the Group issued 821,500 (for the six months ended June 30, 2023: 1,404,500) Post-IPO RSUs to employees of the Group on March 28, 2024 under the Post-IPO Share Award Scheme. The fair values of the Post-IPO RSUs determined at the dates of grant are measured on the basis of an observable market price (i.e. the Company’s closing share price) of HK\$0.91 per Post-IPO RSU.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Post-IPO Share Award Scheme (Continued)

At April 12, 2023, the directors of the Company conducted an overall assessment of the Group's pipeline programs and considered that certain of the pre-determined research and development activities and commercial milestones cannot or can no longer be fulfilled. Therefore, the directors of the Company decided to cancel a total of 3,260,084 Post-IPO share options and 739,483 RSUs granted to certain senior management members of the Company in accordance with the terms of the Post-IPO Share Award Scheme and the relevant grant letters. In view that the management of the Group considers that these milestones cannot or can no longer be fulfilled, these cancelled Post-IPO Share Options and RSUs are considered as lapsed.

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

	Number of Post-IPO RSUs
At January 1, 2023 (audited)	13,291,613
Granted	1,404,500
Vested	(480,949)
Lapsed	(739,483)
Forfeited	(1,485,601)
At June 30, 2023 (unaudited)	11,990,080
At January 1, 2024 (audited)	10,973,543
Granted	–
Vested	(482,830)
Forfeited	(2,441,896)
At June 30, 2024 (unaudited)	8,048,817

The following table summarised the Group's RSUs movement under 2023 Share Award Scheme (as defined in note18 (iii)) during the period.

	Number of 2023 Share Award Scheme RSUs
At January 1, 2024 (audited)	–
Granted	821,500
Vested	–
Forfeited	–
At June 30, 2024 (unaudited)	821,500

For the six months ended June 30, 2024, the Group's total share-based payment expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive income in relation to RSUs granted by the Company is RMB1,728,000 (six months ended June 30, 2023: RMB11,740,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company

(i) *Incentive Plan*

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

(ii) *Post-IPO Share Option Scheme*

On June 22, 2021, a Post-IPO share option scheme (the "Post-IPO Share Option Scheme") was approved and adopted pursuant to a board resolution passed. The purpose of the Post-IPO Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(iii) *2023 Share Award Scheme and Share Option Scheme*

On September 1, 2023, 2023 share award scheme (the "2023 Share Award Scheme") and 2023 share option scheme (the "2023 Share Option Scheme") were approved and adopted pursuant to a board resolution passed. The primary purpose of both incentive plans is to attract and retain eligible persons whose contributions are important to the long-term growth and success of the Company, to recognise and reward eligible persons for their past contribution to the Company, to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage eligible persons to further contribute to the Company and work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Set out below are details of the movements of the outstanding options granted under the Incentive Plan, the Post-IPO Share Option Scheme and 2023 Share Option Scheme during the reporting period:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

For the six months ended June 30, 2024

Option	Type of grantee	Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 1.1.2024	Granted during the period	Exercised during the period	Lapsed during the period	Forfeited during the period	Outstanding at 30.6.2024
Time-based											
Option A	Consultants and employees	30.10.2018	Note i	Note iii	US\$0.035	985,000	-	-	-	-	985,000
Option B	Consultants and employees	3.4.2019 – 16.9.2019	Note i	Note iii	US\$0.05	574,000	-	(121,500)	-	(12,500)	440,000
Option C	Employees	4.2.2020 – 11.12.2020	Note i	Note iii	US\$0.13 – US\$0.68	12,151,068	-	-	-	(267,400)	11,883,668
Option D	Consultants and employees	18.2.2021 – 3.12.2021	Note i	Note iii	US\$0.68 – US\$1.33 HK\$43.41 – HK\$47.60	3,458,325	-	-	-	(959,025)	2,499,300
Option E	Employees	29.3.2022 – 15.12.2022	Note i	Note iii	HK\$6.454 – HK\$10.33	22,294,250	-	-	-	(5,360,750)	16,933,500
Option I	Employees	12.4.2023 – 23.8.2023	Note i	Note iii	HK\$3.01 – HK\$4.54	13,448,000	-	-	-	(2,767,750)	10,680,250
Option J	Employees	28.3.2024	Note i	Note iii	HK\$0.964	-	5,752,500	-	-	-	5,752,500
Sub-total						52,910,643	5,752,500	(121,500)	-	(9,367,425)	49,174,218
Milestone-based											
Option F	Employees	18.9.2020	Note ii	Note iii	US\$0.13 – US\$0.68	5,200,000	-	-	-	-	5,200,000
Option G	Employees	4.6.2021 – 3.12.2021	Note ii	Note iii	US\$1.06 HK\$43.41 – HK\$47.60	3,626,416	-	-	-	-	3,626,416
Option H	Employees	29.3.2022 – 21.9.2022	Note ii	Note iii	HK\$6.454 – HK\$10.33	1,256,167	-	-	-	(256,500)	999,667
Sub-total						10,082,583	-	-	-	(256,500)	9,826,083
Total						62,993,226	5,752,500	(121,500)	-	(9,623,925)	59,000,301
Weighted average exercise price						US\$1.28	US\$0.12	US\$0.05	-	US\$1.00	US\$1.12

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

For the six months ended June 30, 2023

Option	Type of grantee	Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 1.1.2023	Granted during the period	Exercised during the period	Lapsed during the period	Forfeited during the period	Outstanding at 30.6.2023
Time-based											
Option A	Consultants and employees	30.10.2018	Note i	Note iii	US\$0.035	1,274,000	-	(90,000)	-	-	1,184,000
Option B	Consultants and employees	3.4.2019 – 16.9.2019	Note i	Note iii	US\$0.05	594,676	-	(19,831)	-	(845)	574,000
Option C	Employees	4.2.2020 – 11.12.2020	Note i	Note iii	US\$0.13 – US\$0.68	12,685,146	-	(23,118)	-	(108,474)	12,553,554
Option D	Consultants and employees	18.2.2021 – 3.12.2021	Note i	Note iii	US\$0.68 – US\$1.33	4,152,141	-	-	-	(313,642)	3,838,499
Option E	Employees	29.3.2022 – 15.12.2022	Note i	Note iii	HK\$6.454 – HK\$10.33	27,905,500	-	-	-	(3,124,600)	24,780,900
Option I	Employees	12.4.2023 – 30.6.2023	Note i	Note iii	HK\$3.35 – HK\$4.54	-	5,103,000	-	-	(84,500)	5,018,500
Sub-total						46,611,463	5,103,000	(132,949)	-	(3,632,061)	47,949,453
Milestone-based											
Option F	Employees	18.9.2020	Note ii	Note iii	US\$0.13 – US\$0.68	5,200,000	-	-	-	-	5,200,000
Option G	Employees	4.6.2021 – 3.12.2021	Note ii	Note iii	US\$1.06 HK\$43.41 – HK\$47.60	7,870,000	-	-	(3,169,251)	(864,333)	3,836,416
Option H	Employees	29.3.2022 – 21.9.2022	Note ii	Note iii	HK\$6.454 – HK\$10.33	1,347,000	-	-	(90,833)	-	1,256,167
Sub-total						14,417,000	-	-	(3,260,084)	(864,333)	10,292,583
Total						61,028,463	5,103,000	(132,949)	(3,260,084)	(4,496,394)	58,242,036
Weighted average exercise price						US\$1.70	US\$0.53	US\$0.14	US\$5.91	US\$2.27	US\$1.32

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

Notes:

- (i) The share options were granted to employees of the Group or consultants who are in contractual agreements with the Group in providing services similar to those rendered by the Group's employees. The vesting is based on the vesting schedules within the vesting period of 1 – 4 years.
- (ii) The milestone-based share options are vested conditionally upon the achievement of the specified performance target milestones. The expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.
- (iii) Each vested option is exercisable during a period from and including the vesting date of the relevant option to the tenth anniversary of grant date of the option.

The closing price of the Company's shares immediately before March 28, 2024 was HK\$0.93. The fair value of the option granted during the reporting period was determined using the Binominal Tree model. These fair values and corresponding inputs into the model were as follows:

For the six months ended June 30, 2024

Option Granted	Grant date option fair value per share	Exercise price	Volatility	Expected life	Risk-free interest rate	Dividend yield
Option J	HK\$0.48 – HK\$0.54	HK\$0.964	67%	10 years	3.76%	0%

The variables and assumptions used in computing the fair value of the share options are based on the directors of the Company's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

For the six months ended June 30, 2024, the Group's total share-based payment expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive income in relation to share option granted by the Company is RMB1,411,000 (six months ended June 30, 2023: RMB21,386,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

19. SIGNIFICANT TRANSACTIONS

Transactions with VBI Vaccines, Inc. (“VBI”)

In 2023 and during the six months ended June 30, 2024, the Group entered into the following significant transactions with VBI Parties (together with the below capitalised terms as defined in the Company’s announcements) which at June 30, 2024 and up to date of issuance of these condensed consolidated financial statements are yet to complete:

- During the year ended December 31, 2023, the Group entered into a supply agreement with VBI, pursuant to which and subject to the terms and conditions thereof, VBI will manufacture and supply BR11-179 (VBI-2601) or PreHevbri® to the Group and the Group will make an advance payment of US\$5 million (equivalent to RMB35 million) to VBI. During the year ended December 31, 2023, the Group has fully paid the advance payment of US\$5 million (equivalent to RMB35 million) and recognised as prepayments at December 31, 2023;
- During the six months ended June 30, 2024, the Group entered into the BR11-179 Acquisition, pursuant to which VBI and VBI Cda agree to sell, and the Company agrees to purchase, all the rights, title and interest, throughout the world in perpetuity, in and to any intellectual property related to BR11-179 (VBI-2601);
- During the six months ended June 30, 2024, the Group entered into the Technology Transfer, pursuant to which VBI will use commercially reasonable efforts to (i) complete the essential activities in relation to the delivery of certain clinical materials of BR11-179 (VBI-2601) and the transfer of certain materials and manufacturing responsibility for BR11-179 (VBI-2601) and PreHevbri® as applicable, by VBI to the Company or its designee; (ii) complete the priority activities in relation to delivery of certain drug products of BR11-179 to the Company; and (iii) obtain consent under the Ferring License in the form as set out in the Technology Transfer Side Letter (the “Ferring Consent Letter”);
- During the six months ended June 30, 2024, the Group entered into the VBI-1901 License, pursuant to which, subject to the completion of the Essential Activities by VBI set forth in the Technology Transfer Side Letter and the receipt of the executed Ferring Consent Letter by the Company, VBI Cda will grant Brie HK an exclusive, sublicensable, royalty-free, fully paid up, perpetual, and irrevocable license to VBI-1901 (the “VBI-1901 License”) for development and commercialisation in the territories of the Asia-Pacific countries (excluding Japan) as set out in the VBI-1901 License Agreement; and

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

19. SIGNIFICANT TRANSACTIONS (Continued)

Transactions with VBI Vaccines, Inc. (“VBI”) (Continued)

- During the six months ended June 30, 2024, the Group entered into the Rehovot Assets Acquisition, pursuant to which, subject to the conditions set out in the Rehovot Assets Purchase Agreement, the Group will (A) acquire from SciVac and its affiliates: (i) all rights in the material contracts for the operation of the Rehovot Facility; (ii) permits required for the operation of the Rehovot Facility; (iii) certain tangible property located at the Rehovot Facility; (iv) inventory, raw materials, reagents, samples, vials and other inventories related to the Rehovot Facility; (v) all BR11-179 (VBI-2601) products; (vi) subject to applicable law, copies of all personnel records of certain employees; (vii) the know-how and goodwill related to the operation of the Rehovot Facility; and (viii) all rights, claims, credits, guaranties, warranties, indemnities, causes of action or rights of setoff, and other similar rights against third parties to the extent relating to or arising from the acquired assets or the assumed liabilities, and (B) assume all liabilities relating to the acquired assets of the Rehovot Facility, certain employees’ compensation, operation or use of the Rehovot Facility by the Company and any undertaking towards third party service providers to pay retention payment arising on or after the Closing, excluding the excluded assets and excluded liabilities as set out in the Rehovot Assets Purchase Agreement.

During the six months ended June 30, 2024, the Group has issued the Promissory Notes of US\$2,500,000 (equivalent to RMB17,817,000) which are secured by the Collateral pursuant to the Collateral Agreements and has deposited total of US\$12,500,000 (equivalent to RMB89,085,000) into the escrow account for the abovementioned transactions with VBI.

On July 30, 2024, VBI initiated its restructuring proceedings and details are set out in the Company’s announcement. On August 8, 2024, VBI delisted from NASDAQ Global Market. Up to the date of issuance of these condensed consolidated financial statements, the directors of the Company are closely monitoring VBI’s restructuring status and continuously assess the financial impact to the Group in relation to the abovementioned transactions with VBI. In view of the financial performance of VBI, during the six months ended June 30, 2024, the directors of the Company assessed that the recoverability of the US\$4.6 million (equivalent to RMB33.0 million) receivables for prepayments are in doubt and thus full provision of ECL impairment is recognised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

20. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Short term benefits	16,189	23,816
Discretionary bonus	5,376	7,572
Post-employment benefits	478	880
Share-based payments	6,677	12,561
	28,720	44,829

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

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Chief Strategy and Financial Officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value, the Group uses market observable data to the extent it is available.

The fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets	Notes	Fair value at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
		June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited)			
Listed equity investment at FVTOCI	13	8,912	7,884	Level 1	Active market quoted transaction price	N/A
Listed equity investment at FVTPL	12	14,207	134,560	Level 1	Active market quoted transaction price	N/A
Money market funds	15	204,597	369,424	Level 2	Based on the net asset value of the funds, which are determined with reference to observable and quoted prices of underlying investment portfolio	N/A

(ii) Fair value of the financial assets and liabilities that are not measured at fair value

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

DEFINITIONS

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

“2023 Share Award Scheme”	the 2023 share award scheme adopted by the Company on September 1, 2023, as amended from time to time
“2023 Share Option Scheme”	the 2023 share option scheme adopted by the Company on September 1, 2023, as amended from time to time
“ALT”	alanine transaminase
“AN2”	AN2 Therapeutics, Inc., a corporation incorporated in Delaware, U.S., whose stocks are listed on the NASDAQ Global Select Market (NASDAQ: ANTX)
“APAC”	Asia Pacific
“Audit and Risk Committee”	the audit and risk committee of the Board
“BLA”	biologics license application
“Board”	the board of directors of the Company
“CDE”	the Center for Drug Evaluation
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“China” or “the PRC”	the People’s Republic of China excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“CNS”	central nervous system, part of the nervous system consisting of the brain and spinal cord
“Company”, “we”, “us” or “Brii Bio”	Brii Biosciences Limited (腾盛博药生物科技有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EASL”	European Association for the Study of the Liver

DEFINITIONS

“EFdA”	an NRTTI and an investigational drug for the treatment of HIV infection
“ENSURE study”	a Phase 2 study in China and certain Asia Pacific regions of elebsiran in combination with PEG-IFN α , with PEG-IFN α controlled
“Global Offering”	the Hong Kong initial public offering and the international offering of the Company
“Greater China”	Mainland China, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Group”	the Company and its subsidiaries
“HBsAg”	hepatitis B surface antigen
“HBV”	hepatitis B virus
“HDV”	hepatitis D virus
“HIV”	human immunodeficiency virus
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
“LAI”	long acting injection
“Listing Date”	July 13, 2021, the date on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MARCH”	Monoclonal Antibody siRNA Combination against hepatitis B
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix C3 to the Listing Rules
“MDR/XDR”	multi-drug resistant/extensive drug resistant

DEFINITIONS

“NCE”	new chemical entity
“NDA”	new drug application
“NMPA”	the National Medical Products Administration
“NRTTI”	nucleoside analogue reverse transcriptase translocation inhibitor
“NTM”	nontuberculous mycobacteria
“PEG-IFN α ”	pegylated interferon alfa
“PK”	Pharmacokinetics
“Post-IPO Share Award Scheme”	the post-IPO Share Award scheme adopted by the Company on June 22, 2021
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on June 22, 2021
“PPD”	postpartum depression
“Pre-IPO Share Incentive Plan”	the pre-IPO share incentive plan approved and adopted by the Company on October 30, 2018
“Prospectus”	the prospectus of the Company dated June 30, 2021
“QIDP”	Qualified Infectious Disease Product
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“RNA”	ribonucleic acid
“RSU(s)”	restricted stock unit(s)
“R&D”	research and development

DEFINITIONS

“SciVac”	SciVac Ltd., a company incorporated under the laws of Israel, being a wholly-owned subsidiary of VBI
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of US\$0.00001 each
“Shareholder(s)”	the holder(s) of the Share(s)
“siRNA”	small interfering RNA, sometimes known as short interfering RNA or silencing RNA, a class of double stranded non-coding RNA molecules
“Strategy Committee”	the strategy committee of the Board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States” or “U.S.” or “USA”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. FDA”	the U.S. Food and Drug Administration
“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)
“VBI Cda”	Variation Biotechnologies Inc., a company incorporated under the laws of Canada, being an indirectly wholly-owned subsidiary of VBI
“VBI Parties”	VBI, VBI Cda and SciVac, individually or together
“Vir”	Vir Biotechnology, Inc., a corporation incorporated in San Francisco, the United States, whose stocks are listed on the NASDAQ Global Market (NASDAQ: VIR)
“%”	per cent.