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Brii Biosciences Limited
騰盛博藥生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2137)

GRANT OF SHARE OPTIONS AND RESTRICTED SHARE UNITS

GRANT OF SHARE OPTIONS

Pursuant to Rule 17.06A of the Listing Rules, the Board announces that on September 21, 2022, the Company granted an aggregate of 20,329,500 Options to 81 Option Grantees in accordance with the terms of the Post-IPO Share Option Scheme, subject to acceptance by the Option Grantees. As at the date of this announcement, the total number of issued Shares is 723,675,683 Shares. Upon full exercise of the Options, the Shares to be allotted and issued thereunder represent approximately 2.81% of the total number of issued Shares as at the date of this announcement and approximately 2.73% of the enlarged total number of issued Shares (excluding the vesting of any of the RSUs granted to the RSU Grantees under the RSU Grants).

Details of the Option Grants

Details of the Options granted to the Option Grantees are set out below:

Grant Date	:	September 21, 2022
Number of Option Grantees	:	81
Number of Options granted	:	20,329,500 Options (each Option shall entitle the Option Grantee to subscribe for one Share)
Consideration for the Option Grants	:	HK\$1.00 to be paid by each of the Option Grantees upon acceptance of the Options granted
Exercise price of the Options	:	HK\$6.454 per Share (being equal to the highest of (i) the closing price per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date, being HK\$5.64; (ii) the average closing price per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Grant Date, being HK\$6.454; and (iii) US\$0.000005, being the nominal value of a Share)

Validity period of the Options : The validity period of the Options shall be subject to the relevant grant letter of each of the Option Grantees, which in any event must not be more than ten years from the Grant Date and the Options shall lapse at the expiry of such validity period

Vesting period : 19,255,000 of the Options granted to the Option Grantees shall vest in the Option Grantees as follows:

- 25% shall vest on the first anniversary of the Option Vesting Start Date of each Option Grantee;
- 25% shall vest on the second anniversary of the Option Vesting Start Date of each Option Grantee;
- 25% shall vest on the third anniversary of the Option Vesting Start Date of each Option Grantee; and
- 25% shall vest on the fourth anniversary of the Option Vesting Start Date of each Option Grantee,

where the “Option Vesting Start Date” for these grants refers to:

- the employment commencement date of each Option Grantee for new hire grants;
- the promotion date of each Option Grantee for promotion grants; or
- the Grant Date for annual grants.

1,074,500 of the Options granted to the Option Grantees shall vest over three years from the employment commencement date of the Option Grantees upon the achievements by the Group of certain program milestones determined by the Board which are specified in the grant letter of each of the Option Grantees.

Option Grants to Director

Among the 20,329,500 Options granted to the Option Grantees under the Option Grants, 2,562,000 Options were granted to a Director, details of which are as follows:

Name of Director	Position	Number of Options granted
Dr. Hong	Executive Director	<u>2,562,000</u>
Total		<u><u>2,562,000</u></u>

The grant of Options to Dr. Hong has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules.

Dr. Hong has a material interest in the grant of Options to himself under the Option Grants and has therefore abstained from voting on the relevant Board resolution approving the grant of Options to himself under the Option Grants. Save for the aforementioned, no other Director has a material interest in the Option Grants and therefore none of them abstained from voting on the relevant Board resolutions.

Save as disclosed above, none of the Option Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, or is otherwise a connected person of the Company.

Reasons for and benefits of the Option Grants

The Option Grants are part of the Company's remuneration policy. The purposes of the Option Grants are to (i) retain, incentivize and reward the employees of the Group (including directors, senior management and other employees) for their contribution to the Company, and (ii) encourage them to work towards enhancing the value of the Company and its Shares.

GRANT OF RESTRICTED SHARE UNITS

On a voluntary basis, the Board announces that on September 21, 2022, the Company granted an aggregate of 6,579,000 RSUs to 88 RSU Grantees, including (i) a total of 847,000 RSUs to six Connected RSU Grantees, in which 340,000 RSUs were granted to Dr. Hong, 45,000 RSUs were granted to Dr. Murphy Jr, 45,000 RSUs were granted to Ms. Tang, 45,000 RSUs were granted to Mr. Tsui, 45,000 RSUs were granted to Mr. Alton and 327,000 RSUs were granted to Dr. Yang (collectively, the "**RSU Grants to Directors**"); and (ii) a total of 5,732,000 RSUs to 82 Non-connected RSU Grantees (collectively, the "**RSU Grants to Employees**"), in accordance with the terms of the Post-IPO Share Award Scheme, subject to acceptance by the RSU Grantees.

In accordance with the terms of the Post-IPO Share Award Scheme and the relevant award agreements, the RSU Grants are made under the following terms:

- (i) each RSU is granted for nil consideration;
- (ii) each RSU granted represents the right to receive one Share on the date it vests;
- (iii) the vesting schedule of 6,579,000 RSUs to the RSU Grantees will be as follows:
 - (a) in relation to 5,801,000 RSUs: 25%, 25%, 25% and 25% of the grant will vest on each of the first, second, third and fourth anniversaries of the RSU Vesting Start Date of each RSU Grantee, respectively,

where the “RSU Vesting Start Date” for these grants refers to:

- the employment commencement date of each RSU Grantee for new hire grants;
 - the promotion date of each RSU Grantee for promotion grants; or
 - the Grant Date for annual grants;
- (b) in relation to 327,000 RSUs: one-third, one-third and one-third of the grant will vest on each of the first, second and third anniversaries of the effective date of appointment of the relevant RSU Grantee, respectively;
 - (c) in relation to 180,000 RSUs: the grant will vest on the first anniversary of the Grant Date; and
 - (d) in relation to 271,000 RSUs: the grant shall vest over three years from the employment commencement date of the RSU Grantees upon the achievements by the Group of certain program milestones determined by the Board which are specified in the relevant award agreement entered into between the Company and the RSU Grantees,

subject to their continuous employment with the Company throughout the whole vesting period.

As at the date of this announcement, the total number of issued Shares is 723,675,683 Shares. The 6,579,000 RSUs granted to the RSU Grantees under the RSU Grants represent 6,579,000 underlying Shares, representing approximately 0.91% of the total number of issued Shares as at the date of this announcement and approximately 0.90% of the enlarged total number of issued Shares (excluding the exercise of any of the Options granted to the Option Grantees under the Option Grants).

The RSUs granted under the RSU Grants to Directors would be satisfied by way of purchase of existing Shares on the secondary market by the Trustee using the Company's internal resources. The RSUs granted under the RSU Grants to Employees would be satisfied by new Shares to be issued by the Company under its available general mandate, subject to the obtaining of listing approval from the Stock Exchange and compliance with all applicable Listing Rules, and/or existing Shares to be purchased from the secondary market by the Trustee using the Company's internal resources. The new Shares to be allotted and issued by the Company under the RSU Grants to Employees will rank *pari passu* in all respects among themselves and with all the Shares in issue from time to time.

The Company has appointed Kastle Limited as the Trustee to assist with the administration and vesting of RSUs, to purchase from the secondary market such number of Shares underlying the RSUs to be granted under the Post-IPO Share Award Scheme, to hold such Shares underlying the RSUs on behalf of the relevant selected participants of the Post-IPO Share Award Scheme on trust, until such RSUs are vested with the relevant selected participants of the Post-IPO Share Award Scheme, and to hold and manage any other funds and properties of the trust for the benefit of the selected participants of the Post-IPO Share Award Scheme, in accordance with the Post-IPO Share Award Scheme and the relevant trust deed.

Market Value

Based on the closing price of HK\$5.64 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date, (i) the market value of the RSUs granted to the Connected RSU Grantees under the RSU Grants to Directors amounts to HK\$4,777,080; and (ii) the market value of the RSUs granted to the Non-connected RSU Grantees under the RSU Grants to Employees amounts to HK\$32,328,480.

Reasons for and benefits of the RSU Grants

The RSU Grants are part of the Company's remuneration policy. The purpose of such grants is to (i) recognize the contribution made by the employees of the Group (including directors, senior management and other employees) to the success and growth of the Company; (ii) encourage, retain and motivate them for the continual operation and development of the Group; (iii) closely align the interests and benefits of the Company and its employees in order to maximize the motivation of them to strive for the future development and expansion of the Group; and/or (iv) foster a closer relationship between them and the Group with aligned interests, thereby incentivizing their efforts and contribution to the Group's continued success and strengthening their sense of belonging.

Furthermore, as the RSUs granted under the RSU Grants to Directors would be satisfied by way of purchase of existing Shares on the secondary market, such grants will not result in any dilution effect on the shareholdings of the existing Shareholders, and the dilution effect of the RSU Grants to Employees on the interests of the existing public Shareholders is insignificant.

In this regard, the Directors (including independent non-executive Directors but excluding the relevant interested Directors) consider that the terms of each of the RSU Grants to Directors and the RSU Grants to Employees are on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Listing Rules implications

The Post-IPO Share Award Scheme does not involve the grant of options in respect of new shares or other new securities of the Company or any of its subsidiaries, and is therefore not within the scope of, and subject to, Chapter 17 of the Listing Rules.

As Dr. Hong is an executive Director and each of Dr. Murphy Jr, Ms. Tang, Mr. Tsui, Mr. Alton and Dr. Yang is an independent non-executive Director, each of Dr. Hong, Dr. Murphy Jr, Ms. Tang, Mr. Tsui, Mr. Alton and Dr. Yang is a connected person of the Company under Rule 14A.07 of the Listing Rules. The grants of RSUs to the Connected RSU Grantees under the RSU Grants to Directors would constitute connected transactions of the Company under Chapter 14A of the Listing Rules. However, as the grants of RSUs to the Connected RSU Grantees under the RSU Grants to Directors would be satisfied by way of purchase of existing Shares on the secondary market and form part of the remuneration package under their service contract or letters of appointment with the Company, such grants are exempted from the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.73(6) and Rule 14A.95 of the Listing Rules.

Each of the Directors who is also a RSU Grantee, namely Dr. Hong, Dr. Murphy Jr, Ms. Tang, Mr. Tsui, Mr. Alton and Dr. Yang, has a material interest in the respective grant of RSUs to himself or herself under the RSU Grants and has therefore abstained from voting on the relevant Board resolutions approving the respective grant of RSUs to himself or herself under the RSU Grants. Save for the aforementioned, no other Director has a material interest in the RSU Grants and therefore none of them abstained from voting on the relevant Board resolutions.

Save as disclosed above, none of the RSU Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, or is otherwise a connected person of the Company.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as set forth below:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Brii Biosciences Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Connected RSU Grantees”	collectively, Dr. Hong, Dr. Murphy Jr, Ms. Tang, Mr. Tsui, Mr. Alton and Dr. Yang

“Director(s)”	the director(s) of the Company from time to time
“Dr. Hong”	Dr. Zhi Hong, an executive Director, the chairman of the Board and the chief executive officer of the Company
“Dr. Murphy Jr”	Dr. Martin J Murphy Jr, an independent non-executive Director
“Dr. Yang”	Dr. Taiyin Yang, an independent non-executive Director
“Grant Date”	September 21, 2022
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Alton”	Mr. Gregg Huber Alton, an independent non-executive Director
“Mr. Tsui”	Mr. Yiu Wa Alec Tsui, an independent non-executive Director
“Ms. Tang”	Ms. Grace Hui Tang, an independent non-executive Director
“Non-connected RSU Grantees”	the eligible participants of the Group who were granted RSUs in accordance with the Post-IPO Share Award Scheme on the Grant Date, excluding the Connected RSU Grantees
“Option(s)”	option(s) to subscribe for or acquire Shares which is/are granted under the Post-IPO Share Option Scheme
“Option Grantees”	the employees of the Group (including one executive Director) who were granted Options in accordance with the Post-IPO Share Option Scheme on the Grant Date
“Option Grants”	the grant of an aggregate of 20,329,500 Options to 81 Option Grantees in accordance with the terms of the Post-IPO Share Option Scheme
“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
“RSU(s)”	restricted share unit(s) which is/are granted under the Post-IPO Share Award Scheme

“RSU Grantees”	collectively, the Connected RSU Grantees and the Non-connected RSU Grantees
“RSU Grants”	collectively, the RSU Grants to Directors and the RSU Grants to Employees
“RSU Grants to Directors”	the grants of an aggregate of 847,000 RSUs to six Connected RSU Grantees in accordance with the terms of the Post-IPO Share Award Scheme
“RSU Grants to Employees”	the grants of an aggregate of 5,732,000 RSUs to 82 Non-connected RSU Grantees in accordance with the terms of the Post-IPO Share Award Scheme
“Share(s)”	the ordinary share(s) of par value US\$0.000005 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Trustee”	Kastle Limited, the trustee of the Post-IPO Share Award Scheme appointed by the Company, which is independent of and not connected with the Company and its connected persons
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, September 21, 2022

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