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Brii Biosciences Limited
騰盛博药生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2137)

**CANCELLATION OF SHARE OPTIONS AND RESTRICTED SHARE UNITS
AND GRANT OF SHARE OPTIONS AND RESTRICTED SHARE UNITS**

CANCELLATION OF SHARE OPTIONS AND RESTRICTED SHARE UNITS

Reference is made to the Previous Announcements (dated September 19, 2021, December 3, 2021, January 20, 2022 and March 29, 2022) in relation to, among others, (i) the grant of an aggregate of 11,426,000 milestone-based Options to subscribe for a total of 11,426,000 Shares to certain Existing Option Grantees (including the Existing Connected Grantees) in accordance with the terms of the Post-IPO Share Option Scheme; and (ii) the grant of an aggregate of 2,283,000 milestone-based RSUs to certain Existing RSU Grantees (including the Existing Connected Grantees) in accordance with the terms of the Post-IPO Share Award Scheme. As of the date hereof, none of the aforesaid Options have vested or have been exercised, and none of the aforesaid RSUs have vested.

The milestone-based Options and RSUs are granted under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme with vesting conditions in relation to pre-determined R&D activities and commercial milestones relating to certain pipeline programs of the Company. As part of the compensation evaluation, the Board conducted an overall assessment of the pipeline programs of the Company recently and considers that certain of the aforesaid pre-determined R&D activities and commercial milestones under the Milestone Grants cannot or can no longer be fulfilled. Therefore, the Board decided to cancel, with effect from the date of this announcement, (i) a total of 3,260,084 Options granted to 8 Existing Option Grantees under the Milestone Grants in accordance with the terms of the Post-IPO Share Option Scheme and the relevant grant letters, which were all granted to the senior management members of the Company, including 1,296,667 Options granted to Dr. Zhi Hong and 432,167 Options granted to Dr. Ankang Li under the Milestone Grants being cancelled; and (ii) a total of 739,483 RSUs granted to 8 Existing RSUs Grantees under the Milestone Grants in accordance with the terms of the Post-IPO Share Award Scheme and the relevant grant letters, which were all granted to the senior management members of the Company, including 243,000 RSUs granted to Dr. Zhi Hong and 81,000 RSUs granted to Dr. Ankang Li under the Milestone Grants being cancelled.

As each of Dr. Zhi Hong and Dr. Ankang Li is an executive Director, each of Dr. Zhi Hong and Dr. Ankang Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. Each of the cancellation of 243,000 RSUs granted to Dr. Zhi Hong under the Milestone Grants and the cancellation of 81,000 RSUs granted to Dr. Ankang Li under the Milestone Grants constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, as all of the applicable percentage ratios in respect of each of the abovementioned cancellation of RSUs granted to Dr. Zhi Hong and Dr. Ankang Li are less than 0.1%, it constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

As part of the company-wide compensation plan approved and administered by the Remuneration Committee, the Company usually makes annual grants of Options and RSUs to its employees (including Directors, senior management and other employees) under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme to align the interests and benefits of the Company with its employees in order to maximize their motivation. Every employee of the Group will receive an annual grant of Options and RSUs based on his/her employment commencement date, either in the first half or second half of the year.

GRANT OF SHARE OPTIONS AND RESTRICTED SHARE UNITS

Pursuant to Rules 17.06A, 17.06B and 17.06C of the Listing Rules, the Board announces that on April 12, 2023, the Company granted an aggregate of 3,281,000 Options to 56 Option Grantees in accordance with the terms of the Post-IPO Share Option Scheme, and an aggregate of 870,500 RSUs to 56 RSU Grantees in accordance with the terms of the Post-IPO Share Award Scheme.

GRANT OF SHARE OPTIONS

On April 12, 2023, the Company granted an aggregate of 3,281,000 Options to 56 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 727,510,437 Shares. Upon full exercise of the Options granted under the Option Grants, the Shares to be allotted and issued thereunder represent approximately 0.45% of the total number of issued Shares as at the date of this announcement and approximately 0.45% 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	:	April 12, 2023
Number of Option Grantees	:	56 employees of the Group, who are employee participants of the Company
Number of Options granted	:	3,281,000 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\$4.54 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\$4.54; (ii) the average closing price per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Grant Date, being HK\$4.25; and (iii) US\$0.000005, being the nominal value of a Share)

Closing price of the Shares on the Grant Date : HK\$4.54 per Share

Exercise period of the Options : The exercise period of the Options shall commence on a date after the date upon which the offer for the grant of Options is accepted or deemed to be accepted in accordance with the relevant grant letter of each of the Option Grantees and the terms of the Post-IPO Share Option Scheme and in any event must not be more than ten years from the Grant Date, subject to the provisions for early termination contained in the Post-IPO Share Option Scheme or the relevant grant letter or other notification issued by the Board, and the Options shall lapse at the expiry of such period

Vesting period : All 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 (the earliest vesting date under this first tranche is January 1, 2024);
- 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,

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

The vesting period of the grant of 241,125 Options to the Option Grantees who are employees of the Group but not Directors or senior managers of the Company in the above first tranche is shorter than 12 months because (i) they should have been granted earlier but had to wait for a subsequent batch during the year for administrative and compliance reasons, hence the shorter vesting period reflects the time from which the Options would have been granted; and (ii) they will be granted in a mixed vesting schedule in tranches over a period of four years from the Option Vesting Start Date, which is more than 12 months.

Performance targets : The Options are time-vesting with no performance targets attached.

The purposes of the Post-IPO Share Option Scheme are to (i) retain, incentivize and reward the employees of the Group for their contribution to the Company, and (ii) encourage them to work towards enhancing the value of the Company and its Shares.

Having considered that (i) the Option Grantees are employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the vesting of the Option Grants is recognition for the past contributions of the Option Grantees to the Group; and (iii) the Options will be vested in tranches over a period of four years from the Option Vesting Start Date, the Remuneration Committee is of the view that the Option Grants without performance targets are market competitive, consistent with the Company's remuneration policy and customary practice, and will align the interests of the Option Grantees with those of the Company and the Shareholders, motivate them to work towards successes of the Group and reinforce their commitment to the long-term service of the Group, which is in line with the purposes of the Post-IPO Share Option Scheme.

Clawback mechanism : The Options granted were subject to the clawback mechanism set out in the Post-IPO Share Option Scheme. In particular, any Options (to the extent not already exercised) shall lapse automatically and not be exercisable:

(a) on the date or the expiry of any of the periods for exercising the Options in the event the Option Grantee ceases to be a participant of the Post-IPO Share Option Scheme for reason of his death, ill-health or retirement in accordance with his contract of employment;

- (b) on the date or the expiry of any of the periods for exercising the Options in the event the Option Grantee ceases to be a participant of the Post-IPO Share Option Scheme for any reason other than (i) his death, ill-health or retirement in accordance with his contract of employment or (ii) on one or more of the grounds of termination of employment or engagement specified in (d) below;
- (c) on the date on which the Option Grantee commits a breach of the Post-IPO Share Option Scheme that he shall not 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 any Option;
- (d) on the date on which the Option Grantee ceases to be a participant of the Post-IPO Share Option Scheme by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which the employer would be entitled to terminate his employment summarily;
- (e) on the date on which the Option Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company.; and
- (f) unless the Board otherwise determines, on the date the Option Grantee ceases to be a participant of the Post-IPO Share Option Scheme (as determined by a Board resolution) for any other reason.

No financial assistance : The Group has not provided any financial assistance to the Option Grantees to facilitate the purchase of Shares under the Post-IPO Share Option Scheme.

The Options granted under the Option Grants are subject to the terms and conditions of the Post-IPO Share Option Scheme and the relevant grant letter covering the Option Grants.

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 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 April 12, 2023, the Company granted an aggregate of 870,500 RSUs to 56 RSU Grantees in accordance with the terms of the Post-IPO Share Award Scheme, subject to acceptance by the RSU Grantees. As at the date of this announcement, the total number of issued Shares is 727,510,437 Shares. The 870,500 RSUs granted to the RSU Grantees under the RSU Grants represent 870,500 underlying Shares, representing approximately 0.12% of the total number of issued Shares as at the date of this announcement and approximately 0.12% 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).

Details of the RSU Grants

Details of the RSUs granted to the RSU Grantees are set out below:

Grant Date	:	April 12, 2023
Number of RSU Grantees	:	56 employees of the Group, who are employee participants of the Company
Number of RSUs granted	:	870,500 RSUs (each RSU granted represents the right to receive one Share on the date it vests)
Purchase price of RSUs granted	:	Nil
Closing price of the Shares on the Grant Date	:	HK\$4.54 per Share
Vesting period	:	All RSUs granted to the RSU Grantees shall vest in the RSU Grantees as follows: <ul style="list-style-type: none">• 25% shall vest on the first anniversary of the RSU Vesting Start Date of each RSU Grantee (the earliest vesting date under this first tranche is January 1, 2024);• 25% shall vest on the second anniversary of the RSU Vesting Start Date of each RSU Grantee;• 25% shall vest on the third anniversary of the RSU Vesting Start Date of each RSU Grantee e; and• 25% shall vest on the fourth anniversary of the RSU Vesting Start Date of each RSU Grantee,

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,

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

The vesting period of the grant of 63,875 RSUs to the RSU Grantees who are employees of the Group but not Directors or senior managers of the Company in the above first tranche is shorter than 12 months because (i) they should have been granted earlier but had to wait for a subsequent batch during the year for administrative and compliance reasons, hence the shorter vesting period reflects the time from which the RSUs would have been granted; and (ii) they will be granted in a mixed vesting schedule in tranches over a period of four years from the RSU Vesting Start Date, which is more than 12 months.

Performance targets : The RSUs are time-vesting with no performance targets attached.

The purposes of the Post-IPO Share Award Scheme are to (i) recognize the contribution made by the employees of the Group 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.

Having considered that (i) the RSU Grantees are employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the vesting of the RSU Grants is recognition for the past contributions of the RSU Grantees to the Group; and (iii) the RSU will be vested in tranches over a period of four years from the RSU Vesting Start Date, the Remuneration Committee is of the view that the RSU Grants without performance targets are market competitive, consistent with the Company's remuneration policy and customary practice, and will align the interests of the RSU Grantees with those of the Company and the Shareholders, motivate them to work towards successes of the Group and reinforce their commitment to the long-term service of the Group, which is in line with the purposes of the Post-IPO Share Award Scheme.

- Clawback mechanism : The RSUs granted were subject to the clawback mechanism set out in the Post-IPO Share Award Scheme. In particular, any RSUs (to the extent not already vested) shall terminate automatically and not be vested:
- (a) on the date on which the RSU Grantee commits a breach of the Post-IPO Share Award Scheme that he shall not 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 any RSU;
 - (b) on the date on which the RSU Grantee ceases to be a participant of the Post-IPO Share Award Scheme by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which the employer would be entitled to terminate his employment summarily;
 - (c) on the date on which the RSU Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company; and
 - (d) unless the Board otherwise determines, on the date the RSU Grantee ceases to be a participant of the Post-IPO Share Award Scheme (as determined by a Board resolution) for any other reason
- No financial assistance : The Group has not provided any financial assistance to the RSU Grantees to facilitate the purchase of Shares under the Post-IPO Share Award Scheme.

The RSUs granted under the RSU Grants are subject to the terms and conditions of the Post-IPO Share Award Scheme and the relevant award agreement covering the RSU Grants.

The RSUs granted under the RSU Grants would be satisfied by new Shares to be issued by the Company under its available general mandate granted by the Shareholders at the annual general meeting of the Company held on June 22, 2022, subject to the obtaining of listing approval from the Stock Exchange and compliance with all applicable Listing Rules. The new Shares to be allotted and issued by the Company under the RSU Grants will rank *pari passu* in all respects among themselves and with all the Shares in issue from time to time.

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 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.

OPTION GRANTEES AND RSU GRANTEES

The Option Grantees and RSU Grantees are employees of the Group, who are employee participants of the Company. None of them is (i) 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; (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules; or (iii) a related entity participant or a service provider of the Company with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

After the Options Grants and the RSU Grants, 28,698,567 Shares underlying the Options will be available for future grant pursuant to the Post-IPO Share Option Scheme, and 21,792,246 Shares underlying the RSUs will be available for future grant pursuant to the Post-IPO Share Award Scheme.

DEFINITIONS

“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
“Director(s)”	the director(s) of the Company from time to time
“employee participant”	has the meaning ascribed to it under the Listing Rules
“Existing Connected Grantees”	collectively, Dr. Zhi Hong and Dr. Ankang Li, each of them is an executive Director
“Existing Option Grantees”	the grantees who were granted milestone-based Options in accordance with the Post-IPO Share Option Scheme as disclosed in the Previous Announcements, which included but no limited to (i) the Existing Connected Grantees and (ii) the senior management of the Group

“Existing RSU Grantees”	the grantees who were granted milestone-based RSUs in accordance with the Post-IPO Share Award Scheme as disclosed in the Previous Announcements, which included but not limited (i) the Existing Connected Grantees and (ii) the senior management of the Group
“Grant Date”	April 12, 2023
“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
“Milestone Grants”	the grant of milestone-based Options and/or RSUs as disclosed in the Previous Announcements
“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 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 3,281,000 Options to 56 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
“Previous Announcements”	the announcements of the Company dated September 19, 2021, December 3, 2021, January 20, 2022 and March 29, 2022
“Remuneration Committee”	the remuneration committee of the Board
“related entity participant”	has the meaning ascribed to it under the Listing Rules
“RSU(s)”	restricted share unit(s) which is/are granted under the Post-IPO Share Award Scheme
“RSU Grantees”	the employees of the Group who were granted RSUs in accordance with the Post-IPO Share Award Scheme on the Grant Date

“RSU Grants”	the grants of an aggregate of 870,500 RSUs to 56 RSU Grantees in accordance with the terms of the Post-IPO Share Award Scheme
“service provider”	has the meaning ascribed to it under the Listing Rules
“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 Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“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, April 12, 2023

As at the date of this announcement, the Board comprises Dr. Zhi Hong and Dr. Ankang Li as executive Directors; Mr. Robert Taylor Nelsen as non-executive Director; 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.