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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)**

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

### **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 August 23, 2023, the Company granted an aggregate of 10,152,500 Options to 74 Option Grantees in accordance with the terms of the Post-IPO Share Option Scheme, and an aggregate of 2,161,500 RSUs to 74 RSU Grantees in accordance with the terms of the Post-IPO Share Award Scheme.

### **GRANT OF SHARE OPTIONS**

On August 23, 2023, the Company granted an aggregate of 10,152,500 Options to 74 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 728,038,793 Shares. Upon full exercise of the Options granted under the Option Grants, the Shares to be allotted and issued thereunder represent approximately 1.39% of the total number of issued Shares as at the date of this announcement and approximately 1.38% 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 : August 23, 2023

Number of Option Grantees : 74 employees of the Group (including 2 executive Directors and 72 other employees of the Group), who are employee participants of the Company, details of which are as follows:

<b>Name or category of the Option Grantees</b>	<b>Position held with the Group</b>	<b>Number of Options granted</b>
Dr. Hong	Executive Director, the chairman of the Board and the chief executive officer of the Company	3,369,500
Dr. Li	Executive Director	545,000
72 other employees of the Group		6,238,000
<b>Total:</b>		<b><u>10,152,500</u></b>

Number of Options granted : 10,152,500 Options (each Option shall entitle the Option Grantee to subscribe for one new 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\$3.01 per Share (which is higher than (i) the closing price per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date, being HK\$2.79; (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\$3.002; and (iii) US\$0.000005, being the nominal value of a Share)

- Closing price of the Shares on the Grant Date : HK\$2.79 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;
  - 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.

There is no specific requirement on the length of the vesting period under the Post-IPO Share Option Scheme. The vesting period of the grant of 206,000 Options to the Option Grantees 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. Having considered the above, and taking into account the grant of Options to the Option Grantees serves as a recognition of their past contribution to the Group and the expected significant contribution they will make to the Group, the Remuneration Committee is of the view that a vesting period shorter than 12 months in the above first tranche for the grant of Options to the Option Grantees is appropriate for retaining, incentivizing and rewarding the Option Grantees, as well as encouraging the Option Grantees to continuously contribute to the operation, development and long-term success and growth of the Group, which is in line with the purpose of the Post-IPO Share Option Scheme.

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

The purpose of the Post-IPO Share Option Scheme is 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 long-term value of the Company and its Shares instead of providing immediate financial returns.

Having considered that (i) the Option Grantees are Directors and other 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 purpose of the Post-IPO Share Option Scheme.

- Clawback mechanism : The Options granted are subject to the clawback mechanism as 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 purpose of the Option Grants is 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 long-term value of the Company and its Shares instead of providing immediate financial returns. In particular, the Options granted to Dr. Hong reflected the Board's appreciation for his significant contribution to the Group and the strong desire to retain and incentivize him as the chief executive officer of the Company. His scientific insights in BR11-179 guided the Company's HBV strategy for improving the functional cure rate. He also played a critical role in the recent transactions with Qpex Biopharma Inc. and VBI Vaccines Inc., reshaping the Company's next 5-year pipeline ambition as well as leading to significant financial return from these transactions.

### **GRANT OF RESTRICTED SHARE UNITS**

On August 23, 2023, the Company granted an aggregate of 2,161,500 RSUs to 74 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 728,038,793 Shares. The 2,161,500 RSUs granted to the RSU Grantees under the RSU Grants represent 2,161,500 underlying Shares, representing approximately 0.30% of the total number of issued Shares as at the date of this announcement and approximately 0.30% 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 : August 23, 2023

Number of RSU Grantees : 74 employees of the Group (including 2 executive Directors and 72 other employees of the Group), who are employee participants of the Company, details of which are as follows:

<b>Name or category of the RSU Grantees</b>	<b>Position held with the Group</b>	<b>Number of RSUs granted</b>
Dr. Hong	Executive Director, the chairman of the Board and the chief executive officer of the Company	363,500

Dr. Li	Executive Director	144,500
72 other employees of the Group		1,653,500
<b>Total:</b>		<b>2,161,500</b>

Number of RSUs granted	:	2,161,500 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\$2.79 per Share
Vesting period	:	All RSUs granted to the RSU Grantees shall vest in the RSU Grantees as follows:

- 25% shall vest on the first anniversary of the RSU Vesting Start Date of each RSU Grantee;
- 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; 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.

There is no specific requirement on the length of the vesting period under the Post-IPO Share Award Scheme. The vesting period of the grant of 54,500 RSUs to the RSU Grantees 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. Having considered the above, and taking into account the grant of RSUs to the RSU Grantees serves as a recognition of their past contribution to the Group and the expected significant contribution they will make to the Group, the Remuneration Committee is of the view that a vesting period shorter than 12 months in the above first tranche for the grant of RSUs to the RSU Grantees is appropriate for retaining, incentivizing and rewarding the RSU Grantees, as well as encouraging the RSU Grantees to continuously contribute to the operation, development and long-term success and growth of the Group, which is in line with the purpose of the Post-IPO Share Award Scheme.

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

The purpose of the Post-IPO Share Award Scheme 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 (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 Directors and other 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 purpose of the Post-IPO Share Award Scheme.

- Clawback mechanism : The RSUs granted are subject to the clawback mechanism as 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 to Dr. Li under the RSU Grants would be satisfied by way of purchase of existing Shares on the secondary market by the Trustee using the Company's internal resources. Other than the said RSUs granted to Dr. Li under the RSU Grants, the RSUs granted to the other RSU Grantees 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 20, 2023, subject to the obtaining of listing approval from the Stock Exchange and in 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 the RSU 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 (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 the RSU Grantees are employees of the Group, who are employee participants of the Company. Save as disclosed above, 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. None of the Option Grants and the RSU Grants will be subject to approval by the Shareholders.

### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 17.04(1) of the Listing Rules, the Option Grants and the RSU Grants to each of Dr. Hong and Dr. Li have been reviewed and approved by the independent non-executive Directors. Dr. Hong and Dr. Li had abstained from voting on the relevant Board resolutions relating to the respective grants of Options and RSUs to themselves. Save as disclosed above, none of the other Directors has any interest in the Option Grants or the RSU Grants, and therefore no other Directors abstained from voting on the relevant Board resolutions in respect of the Option Grants and the RSU Grants.

## NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

After the Options Grants and the RSU Grants, 21,463,250 Shares underlying the Options will be available for future grants pursuant to the Post-IPO Share Option Scheme, and 20,697,296 Shares underlying the RSUs will be available for future grants 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
“Dr. Hong”	Dr. Zhi Hong, an executive Director, the chairman of the Board and the chief executive officer of the Company
“Dr. Li”	Dr. Ankang Li, an executive Director
“employee participant”	has the meaning ascribed to it under the Listing Rules
“Grant Date”	August 23, 2023
“Group”	the Company and its subsidiaries from time to time
“HBV”	hepatitis B virus
“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
“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 Directors and other employees of the Group) who were granted Options in accordance with the Post-IPO Share Option Scheme on the Grant Date
“Option Grants”	the grants of an aggregate of 10,152,500 Options to 74 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
“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 (including Directors and other 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 2,161,500 RSUs to 74 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
“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, August 23, 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.*