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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO BRII-179 PURCHASE AGREEMENT, TECHNOLOGY
TRANSFER SIDE LETTER, VBI-1901 LICENSE AGREEMENT,
REHOVOT ASSETS PURCHASE AGREEMENT AND
PROVISION OF COLLATERAL**

THE TRANSACTIONS

The Board is pleased to announce that, on February 13, 2024 (U.S. Eastern Time) (being February 14, 2024 Hong Kong Time, before trading hours), the Group and the VBI Parties agreed to enter into the following transactions: (i) the BRII-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 BRII-179 (VBI-2601); (ii) the Technology Transfer, pursuant to which VBI will use commercially reasonable efforts to complete the Essential Activities in relation to the delivery of certain clinical materials of BRII-179 (VBI-2601) and to the transfer of certain materials and manufacturing responsibility for BRII-179 (VBI-2601) and PreHevbri® to the Group; (iii) the VBI-1901 License, pursuant to which the Company agrees to acquire from VBI Cda an exclusive, sublicensable, royalty-free, fully paid-up, perpetual, and irrevocable license to VBI-1901 for the development and commercialization in the Asia-Pacific region (excluding Japan), subject to satisfaction of certain conditions; and (iv) the Rehovot Assets Acquisition, pursuant to which SciVac agrees to sell, and the Group agrees to acquire and assume certain assets and liabilities related to the Rehovot Facility, subject to satisfaction of certain conditions, and the Group agrees to grant SciVac the Repurchase Right to repurchase certain assets related to the Rehovot Facility.

In addition, as consideration for the BRII-179 Acquisition, the Technology Transfer and the VBI-1901 License, the Group will issue the Promissory Notes (as defined below) which are secured by the Collateral pursuant to the Collateral Agreements.

IMPLICATIONS UNDER THE LISTING RULES

Reference is made to the Company's announcement dated July 6, 2023 in relation to, among the others, the Previous License under the Previous Collaboration Agreements whereby the Company was granted by VBI the exclusive rights to develop and commercialize BRII-179 (VBI-2601) and PreHevbri® in Greater China and certain other Asia-Pacific countries. Since the Previous License, the BRII-179 Acquisition, the Technology Transfer, the VBI-1901 License and the Rehovot Assets Acquisition were entered into with the VBI Parties within a 12-month period and they are related, the Company has aggregated the foregoing transactions for the purpose of considering the Company's compliance obligations pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Previous License, the BRII-179 Acquisition, the Technology Transfer, the VBI-1901 License and the Rehovot Assets Acquisition, on aggregate basis, exceed 5% but are lower than 25%, the transactions contemplated thereunder, on aggregate basis, constitute a discloseable transaction of the Company under the Listing Rules, and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the exercise of the Repurchase Right is not at the discretion of the Company, the Repurchase Right is being considered as an option granted to VBI under Rule 14.74(1) of the Listing Rules, and classified as if the Repurchase Right had been exercised at the time of the grant. As the highest percentage ratio (as defined in the Listing Rules) in respect of the grant of the Repurchase Right exceeds 5% but is less than 25%, the grant of the Repurchase Right constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest percentage ratio (as defined in the Listing Rules) in respect of the provision of the Collateral exceeds 5% but is less than 25%, the provision of the Collateral constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The effectiveness and completion of the VBI-1901 License and the Rehovot Assets Acquisition are subject to the fulfilment of the conditions set out in their respective agreements. If any of the conditions is not satisfied, the relevant transactions will not proceed. Shareholders and investors are therefore advised to exercise caution when dealing in the Shares.

BRII-179 ACQUISITION

Reference is made to the announcement of the Company dated July 6, 2023 in respect of the Previous Collaboration Agreements. Pursuant to the Previous Collaboration Agreements, the Company had paid VBI an upfront license fee of US\$7 million for BRII-179 (VBI-2601) and PreHevbri® and VBI is eligible to receive potential milestone payments for future development and commercialization, as well as royalties based on future annual net sales.

On February 13, 2024 (U.S. Eastern Time) (being February 14, 2024 Hong Kong Time, before trading hours), the Company entered into the BRII-179 Purchase Agreement with VBI and VBI Cda to amend certain provisions in the Previous Collaboration Agreements, 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 BRII-179 (VBI-2601).

The principal terms of the BRII-179 Purchase Agreement are summarized below:

Date	:	February 13, 2024 (U.S. Eastern Time)
Parties	:	(1) VBI and VBI Cda, as the sellers (2) The Company, as the purchaser
Subject matter	:	VBI Parties shall irrevocably and unconditionally assign, transfer, convey and assign all their rights, title and interest, throughout the world in perpetuity, in and to any intellectual property related to BRII-179 (VBI-2601) (the “ BRII-179 Assets ”), free and clear of any encumbrances, together with the goodwill associated therewith, and the right to sue and recover past, present and future infringements and other violations of the BRII-179 Assets upon receipt of the Ferring Consent Letter (as defined below) and written notice by VBI Parties.

Consideration : As consideration, the Company shall pay a maximum amount up to US\$10,000,000 (the “**BRII-179 Acquisition Consideration**”) by issuing a secured promissory note in the initial principal amount of US\$2,500,000 on the date of the BRII-179 Purchase Agreement (the “**BRII-179 Note**”). The principal amount of the BRII-179 Note will increase by US\$7,500,000 after VBI has obtained applicable consents under the Ferring License, and may be reduced to a lower amount upon breach by VBI of certain of its obligations under the BRII-179 Purchase Agreement. See “Promissory Notes” below for details on the terms of the BRII-179 Note.

The BRII-179 Acquisition Consideration was determined based on the net present value of the Company’s contingent payment obligations to VBI with respect to BRII-179 (VBI-2601) and PreHevbri® under the Previous Collaboration Agreements (excluding certain third party royalty obligations as defined in the Previous Collaboration Agreements) after arm’s length negotiations between the parties, taking into account various factors, including but not limited to, (i) the development status of BRII-179 globally and of PreHevbri® in Asia-Pacific region; (ii) the future prospects of the development and commercialization of BRII-179 globally and PreHevbri® in Asia-Pacific region, based on addressable patient population as well as a discount taking into account the probability of success; and (iii) the factors set out in the section headed “Reasons for and Benefits of the Transactions” in this announcement.

Other terms and conditions : Upon execution of the BRII-179 Purchase Agreement, the Previous Collaboration Agreement will be amended to eliminate all milestone payment obligations of the Company to VBI with respect to BRII-179 (VBI-2601) and PreHevbri® under the Previous Collaboration Agreements (excluding any payment already made by the Company prior to the execution date of the BRII-179 Purchase Agreement). The Company shall continue to pay VBI royalties under the Previous Collaboration Agreements that equal to the upstream royalties to be paid by VBI to certain upstream licensors.

TECHNOLOGY TRANSFER

In connection with the BRII-179 Acquisition, on February 13, 2024 (U.S. Eastern Time) (being February 14, 2024 Hong Kong Time, before trading hours), VBI entered into the Technology Transfer Side Letter with the Company, pursuant to which VBI covenants to the Company that, among the others, it will use commercially reasonable efforts to complete the transfer of materials and technologies of BRII-179 (VBI-2601) and PreHevbri® and certain other matters before the relevant deadlines as set out in the Technology Transfer Side Letter.

The principal terms of the Technology Transfer Side Letter are summarized below:

- Date : February 13, 2024 (U.S. Eastern Time)
- Parties : (1) VBI, as the transferor
(2) The Company, as the transferee
- Subject matter : VBI will use commercially reasonable efforts to (i) complete the essential activities (the “**Essential Activities**”) before the relevant deadlines as set out in the Technology Transfer Side Letter in relation to the delivery of certain clinical materials of BR11-179 (VBI-2601) (the “**BR11-179 Clinical Materials**”) and the transfer of certain materials and manufacturing responsibility for BR11-179 (VBI-2601) and PreHevbri® (the “**Tech Transfer**”) as applicable, by VBI to the Company or its designee; (ii) complete the priority activities (the “**Priority Activities**”) before the relevant deadlines as set out in the Technology Transfer Side Letter 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**”).
- Consideration : As consideration, the Company will pay the Essential Activities Amount as of the completion of the Essential Activities and obtainment of the applicable consents under the Ferring License by VBI (the “**Technology Transfer Consideration**”), in the form of an increase to the principal amount of the BR11-179 Note upon completion of the Essential Activities. The initial amount of the Essential Activities Amount is US\$8,000,000, which can be reduced for VBI’s delay or failure to achieve certain events related to the Technology Transfer. The See “Promissory Notes” below for details on the terms of the BR11-179 Note.

The Technology Transfer Consideration was determined after arm’s length negotiations between the parties, taking into account various factors, including but not limited to, (i) the value of the clinical materials, drug substance and drug products to be delivered by VBI to the Company as part of the Technology Transfer; (ii) the value of the know-how in the manufacturing process and analytical methods; (iii) the value of critical raw materials including the cell banks to manufacture the drug substance for both BR11-179 (VBI-2601) and PreHevbri®; (iv) the costs for the provision of the services of VBI staff members to effect the Technology Transfer on an accelerated schedule; (v) the potential benefits to the Group from having more control of future manufacturing and supply; and (vi) the factors set out in the section headed “Reasons for and Benefits of the Transactions” in this announcement.

VBI-1901 LICENSE

As stipulated in the Technology Transfer Side Letter, the VBI-1901 License Agreement will be entered into on the date (the “**License Effective Date**”) falling within five (5) Business Days upon completion of the Essential Activities and receipt of the executed Ferring Consent Letter by the Company as set out in the Technology Transfer Side Letter, in each case, prior to December 31, 2024, pursuant to which VBI Cda will grant Brie HK a license to develop and commercialize VBI-1901 in the Asia-Pacific region (excluding Japan).

The principal terms of the form of the VBI-1901 License Agreement are summarized below:

Date	:	License Effective Date
Parties	:	(1) VBI Cda, as the licensor (2) Brie HK, as the licensee
Subject matter	:	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 commercialization in the territories of the Asia-Pacific countries (excluding Japan) as set out in the VBI-1901 License Agreement.
Consideration	:	As consideration, Brie HK will pay US\$5,000,000 (the “ VBI-1901 License Consideration ”) by issuing a secured promissory note, the principal amount of which will be increased to the VBI-1901 License Consideration on the License Effective Date (the “ VBI-1901 Note ”, together with the BR11-179 Note, the “ Promissory Notes ”). The VBI-1901 Note carries terms substantially similar to those of the BR11-179 Note, except that (i) the issuer will be Brie HK, (ii) the holder will be VBI Cda, and (iii) the principal amount will be increased to the VBI-1901 License Consideration on the License Effective Date. See “Promissory Notes” below for details on the terms of the VBI-1901 Note.

The VBI-1901 License Consideration was determined after arm’s length negotiations between the parties, taking into account various factors, including but not limited to, (i) the status of research and development of VBI-1901; (ii) the market potential of VBI-1901; (iii) comparable transactions for acquiring similar rights in similar drug candidates; and (iv) the factors set out in the section headed “Reasons for and Benefits of the Transactions” in this announcement.

Termination : VBI has the right to either, (i) if prior to the earlier of (a) the License Effective Date or (b) December 31, 2024, cancel its obligation to enter into the VBI-1901 License Agreement (the “**Cancellation Right**”) with the prior written notice of its intent to the Company the Lender’s consent; or (ii) if after the License Effective Date, terminate the VBI-1901 License Agreement in its entirety with the written notice to the Company and the Lender’s written approval (the “**Termination Right**”), at any time prior to the later of (a) December 31, 2025 or (b) six (6) months after the effective date of the earlier of (A) an agreement in which VBI Cda grants a third party unaffiliated with Brie HK a license to research, develop, sell, and/or commercialize VBI-1901 in the United States or (B) a change of control of VBI Cda as stipulated in the VBI-1901 License Agreement, provided that, in each case (A) and (B), such transaction occurs before March 31, 2026, by paying the applicable fee (the “**License Termination Fee**”) to the Company.

The License Termination Fee shall be determined as set out below:

- (i) If, on or before June 30, 2024, VBI decides to exercise the Termination Right, the License Termination Fee shall mean an amount equal to US\$5,000,000 plus any paid interest on the VBI-1901 Note;
- (ii) If, during the period beginning on July 1, 2024 and ending on December 31, 2024, VBI decides to exercise either (a) the Cancellation Right or (b) the Termination Right, then (A) in the event of exercise of the Cancellation Right, the License Termination Fee shall mean an amount equal to US\$5,000,000, or (B) in the event of exercise of the Termination Right, the License Termination Fee shall mean an amount equal to US\$10,000,000; and
- (iii) If, on or after January 1, 2025, VBI decides to exercise its Termination Right, then the License Termination Fee shall mean an amount equal to US\$10,000,000 plus twice the paid interest on the VBI-1901 Note.

REHOVOT ASSETS ACQUISITION

On February 13, 2024 (U.S. Eastern Time) (being February 14, 2024 Hong Kong Time, before trading hours), Brie US, VBI and SciVac entered into the Rehovot Assets Purchase Agreement, pursuant to which the Group, subject to certain conditions, agrees to acquire and assume from SciVac and its affiliates certain assets and liabilities related to the operation of the Rehovot Facility for the manufacture of drug products.

The principal terms of the Rehovot Assets Purchase Agreement are summarized below:

- Date : February 13, 2024 (U.S. Eastern Time)
- Parties : (1) SciVac, as the seller
- (2) VBI, as the guarantor, which shall assume responsibility and liability for compliance by the seller with the applicable terms of the Rehovot Assets Purchase Agreement
- (3) a wholly-owned subsidiary of the Company to be formed and joined as a party to the agreement prior to the Closing (as defined below), as the purchaser
- (4) Brie US, as the guarantor, which shall assume responsibility and liability for compliance by the purchaser with the applicable terms of the Rehovot Assets Purchase Agreement
- Subject matter : 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 (the “**Property**”); (iv) inventory, raw materials, reagents, samples, vials and other inventories related to the Rehovot Facility (the “**Inventory**”); (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 set-off, 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 (as defined below), excluding the excluded assets and excluded liabilities as set out in the Rehovot Assets Purchase Agreement (collectively, the “**Relevant Assets**”).

As of December 31, 2023, the unaudited net book value of the Property and certain intangible assets of the Rehovot Facility was approximately US\$10.9 million. As the quantity of the Inventory to be transferred will be ascertained closer to the Closing, the book value of the Inventories as of the date of the Closing cannot be accurately arrived at by VBI as at the date of this announcement. Further, as the book value of the remaining Relevant Assets is not available, the relevant information is unknown. No information on the net profits (both before and after taxation and extraordinary items) attributable to the Relevant Assets can be reliably determined as the Group is acquiring certain assets instead of the business of the seller.

Consideration and payment terms : The purchase price is US\$10,000,000 in aggregate (the “**Rehovot Purchase Price**”) (exclusive refundable value-added tax), which, within five (5) Business Days following the date of the Rehovot Assets Purchase Agreement, will be deposited into an interest-bearing escrow account managed by the escrow agent as set out in the Escrow Agreement (as defined below) (the “**Escrow Agent**”), which will be held and released in accordance with the Rehovot Assets Purchase Agreement and an escrow agreement entered into by the Company, VBI, SciVac and the Escrow Agent on the same date of the Rehovot Assets Purchase Agreement.

The consideration was determined after arm’s length negotiations between the parties, with reference to, among others, (i) the fair value of the equipment and furniture, structural improvements and certain intangible assets of the Rehovot Facility assessed by an independent valuer as of June 23, 2023, being NIS 54,709,066 (equivalent to approximately US\$15.0 million); (ii) the unaudited net book value of the Property and certain intangible assets of the Rehovot Facility as of December 31, 2023, being approximately US\$10.9 million; (iii) manufacturing capabilities to be achieved by the Group for being able to manufacture its own products; and (iv) the factors set out in the section headed “Reasons for and Benefits of the Transactions” in this announcement.

Condition precedents : Unless the Rehovot Assets Purchase Agreement is terminated, the closing of the Rehovot Assets Acquisition contemplated under the Rehovot Assets Purchase Agreement (the “**Closing**”) and the release of the Rehovot Purchase Price from the escrow account to VBI are subject to the satisfaction or waiver of the conditions specified in the Rehovot Assets Purchase Agreement. Other than customary conditions of such type of transaction, other conditions to the Closing include the followings:

- (i) VBI shall have accomplished all the Essential Activities and Priority Activities as set out in the Technology Transfer Side Letter; and
- (ii) VBI shall have obtained all necessary consents and permits as set out in the Rehovot Assets Purchase Agreement.

- Repurchase Right : (i) During the period from the Closing to December 31, 2024 (the “**Repurchase End Date**”), if SciVac determines that it desires to repurchase the Relevant Assets, parties shall discuss in good faith (a) the conditions to be satisfied to allow for the conveyance, transfer and assignment of the Group’s rights, title and interest in such Relevant Assets then owned or held by the Group to SciVac, (b) the assumption by SciVac of liabilities associated with the Relevant Assets to be repurchased, (c) certain assets and liabilities to be excluded from the Repurchase, and (d) the consideration for the Repurchase, which shall be an amount of cash equal to US\$10,000,000 (exclusive tax or expenses associated therewith) (the “**Repurchase Right**”).
- (ii) During the period from the Repurchase End Date to December 31, 2025 (the “**Second Repurchase Period**”), the Group shall have the right in its sole discretion to (a) assign certain lease agreements in connection with the Rehovot Facility as specified in the Rehovot Assets Purchase Agreement to a third-party person that is not an affiliate of the Group or (b) cease operations of the Rehovot Facility (the “**Purchaser Facility Cessation Rights**”); provided that if the Group intends to exercise either of its Purchaser Facility Cessation Rights during the Second Repurchase Period, prior to exercising its first Purchaser Facility Cessation Right during the Second Repurchase Period, the Group shall (A) provide SciVac with a 60-day prior written notice of such intent and (B) for a period of 59 days following the date that such notice is provided to SciVac, allow SciVac the option to exercise its Repurchase Right.

The exercise price of the Repurchase Right was determined after arm’s length negotiations among the parties, based on the Rehovot Purchase Price.

Should the Repurchase Right be exercised, it may or may not constitute a notifiable transaction of the Company under the Listing Rules. The Company will ensure compliance with Rule 14.74 of the Listing Rules upon exercise of the Repurchase Right.

PROMISSORY NOTES

The principal terms of the Promissory Notes issued pursuant to the BR11-179 Purchase Agreement, the Technology Transfer Side Letter and the VBI-1901 License Agreement are summarized below:

- Issue date : February 13, 2024 (U.S. Eastern Time) (the “**Issue Date**”)
- Issuer : The Company (with respect to the BR11-179 Note) or Brie HK (with respect to the VBI-1901 Note)
- Holder : VBI (with respect to the BR11-179 Note) or VBI Cda (with respect to the VBI-1901 Note)
- Maturity date : September 14, 2026
- Principal amount : With respect to the BR11-179 Note, the principal amount shall be determined as set out below:
- (i) as of the Issue Date, the principal amount shall be US\$2,500,000;
 - (ii) if the Company delivers a default notice as set out in the BR11-179 Purchase Agreement to VBI, the principal amount shall be automatically, immediately and permanently decreased by US\$2,500,000;
 - (iii) upon the receipt of the executed Ferring Consent Letter by the Company prior to December 31, 2024, the principal amount shall be automatically, immediately and permanently increased by US\$7,500,000;

(iv) upon the completion of the Essential Activities as set out in the Technology Transfer Side Letter prior to December 31, 2024, the principal amount shall be automatically, immediately and permanently increased by the Essential Activities Amount as of the date of completion of the Essential Activities. The Essential Activities Amount shall mean an amount equal to US\$8,000,000 and can be reduced as set out below:

(a) if VBI fails to timely complete any of the Essential Activities for the BR11-179 Clinical Materials before its applicable deadline set out in the Technology Transfer Side Letter, and such specific activity remains unaccomplished following its particular deadline, the Essential Activities Amount will be reduced by a certain amount according to the time periods, the maximum amount of which is US\$6,000,000; and

(b) if VBI fails to timely complete any of the Essential Activities for the Tech Transfer before its applicable deadline set out in the Technology Transfer Side Letter, and such specific activity remains unaccomplished following its particular deadline, the Essential Activities Amount will be reduced by a certain amount according to the time periods, the maximum amount of which is US\$4,000,000,

provided that the total maximum amount of reductions under paragraphs (a) and (b) above shall not exceed US\$8,000,000; and

(v) the principal amount shall not exceed US\$18,000,000 at any time.

With respect to VBI-1901 Note, the principal amount shall be determined as set out below:

(i) as of the Issue Date, the principal amount shall be US\$0; and

(ii) upon the License Effective Date, the principal amount shall be automatically increased by US\$5,000,000, being the amount of the VBI-1901 License Consideration.

Interest rate : The Promissory Notes shall bear interest at the Applicable Rate, which can be increased by up to five percentage points (5.0%) on occurrence of any event of defaults on part of the Company/Brii HK under the respective Promissory Notes.

- Event of Default : Any one of the following shall constitute an event of default of the Company/Brii HK under the respective Promissory Notes: (a) default in the payment of any amount due under the Promissory Notes when and as the same shall become due and payable, and such default shall continue unremedied for a period of five (5) business days; (b) failure to perform any obligation relating to provision of the Collateral and compliance with all applicable laws, ordinances and regulations except where a failure to do so would not reasonably be expected to have a material adverse effect; (c) insolvency; (d) material impairment in the perfection or priority of the lien over the Collateral.
- Prepayment : The Company shall have the option to prepay the obligations thereunder in whole or in part, with payment of the sum of all outstanding principal plus accrued and unpaid interest thereon, plus the applicable prepayment charges, and plus other sums, if any, that shall have become due and payable under the Promissory Notes, by providing at least three (3) Business Day's prior written notice.
- Collateral : The Promissory Notes are/will be secured by a continuing security interest in, and pledge to VBI of, all of Brii US's right, title and interest in the cash collateral accounts and the cash deposited therein in the amount equal to 100% of the aggregate principal amount of the Promissory Notes pursuant to the Collateral Agreements to be entered into between Brii US and the Lender within ten (10) Business Days of the Issue Date.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board considers that it is in the interest of the Group and its Shareholders to enter into each of the BRII-179 Acquisition, the Technology Transfer, the VBI-1901 License and the issue of the Promissory Notes and provision of the Collateral thereof, and the Rehovot Assets Acquisition (including the grant of the Repurchase Right) for the following reasons:

With respect to the BRII-179 Acquisition and the Technology Transfer, the Company considers that it would secure undisrupted supply of BRII-179 for clinical development, achieve more efficient manufacturing of BRII-179 for future commercialization, and maximize the future cash flows attributable to the Company. Based on the Company's and its partners' latest clinical data readouts, the Company believes in the value of BRII-179 in its pursuit for the hepatitis B virus ("HBV") functional cure and the necessity for the Company to start the Technology Transfer from VBI to a selected contract development and manufacturing organization ("CDMO") in China as early as possible to control future supply for potential high demands.

With respect to the VBI-1901 License, the Company considers that it would allow the Company to make an opportunistic investment in an asset at critical value inflection point with the upcoming phase 2b data readout.

With respect to the Rehovot Assets Acquisition, the Company considers that, if the conditions set out in the Rehovot Assets Purchase Agreement are fully met, the acquisition of the Relevant Assets in connection with the Rehovot Facility would secure the interim supply of BRII-179 and PreHevbri[®] while the new CDMO is completing technology transfer and ramping up its production and serves as a backup site to provide necessary redundancy in the future. Upon the completion of the Rehovot Assets Acquisition, the Rehovot Facility will generate revenue from the Group's future supply, including but not limited to the supply of PreHevbri[®] to VBI.

With respect to the Promissory Notes and the Collateral, since (i) the terms of which were negotiated at after arm's length negotiations between the Company and VBI with reference to financing terms in similar transactions; (ii) the Group's obligations under the Promissory Notes and the Collateral may be reduced for VBI's delay or failure to achieve certain events related to the BRII-179 Acquisition and the Technology Transfer, which minimizes the Company's exposures in the above transactions, and having considered the aforementioned benefits the Group may derive from the BRII-179 Acquisition, the Technology Transfer and the VBI-1901 License, the Company considers that terms of the Promissory Notes and the Collateral are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Additionally, it is noted that VBI and certain of its affiliates (as borrower parties) and the Lender, among the others, are parties to the VBI/K2 Loan Agreement dated as of May 22, 2020, as amended on May 17, 2021, September 14, 2022, July 5, 2023 and February 13, 2024, respectively (such latest amendment on February 13, 2024, the "**Loan Amendment**"). As of the date of this announcement, VBI has obtained necessary consents from the Lender to enter into the above transactions with the Group under the Loan Amendment, pursuant to which the Lender agrees to waive or forbear with certain event of defaults under the VBI/K2 Loan Agreement and consent to certain transactions and activities, including but not limited to, the BRII-179 Acquisition, the Technology Transfer, the VBI-1901 License and the Rehovot Assets Acquisition, subject to the terms and conditions set forth therein.

Having considered the above factors, the Directors (including all the independent non-executive Directors) are of the view that the terms of the BRII-179 Purchase Agreement, Technology Transfer Side Letter, VBI-1901 License Agreement and the Promissory Notes issued thereof, the Collateral Agreements and the Rehovot Assets Purchase Agreement (including the grant of the Repurchase Right) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PRODUCTS

BRII-179 (VBI-2601)

BRII-179 (VBI-2601) 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 and broad B-cell and T-cell immunity. BRII-179 is currently being investigated in two Phase 2 clinical trials in combination with BRII-835 or pegylated interferon alfa (“**PEG-IFN α** ”) as part of a potential functional cure regimen for the treatment of chronic HBV infection.

The Group licensed BRII-179 (VBI-2601) from VBI in December 2018, providing the Group with commercial rights to BRII-179 (VBI-2601) in the licensed territories of China, Hong Kong, Macau, and Taiwan. The exclusive license for BRII-179 (VBI-2601) has been extended to worldwide markets since July 2023. In November 2023, the Center for Drug Evaluation (the “**CDE**”) of the National Medical Products Administration (the “**NMPA**”) granted BRII-179 (VBI-2601) the Breakthrough Therapy Designation.

VBI-1901

VBI-1901 is a novel cancer vaccine immunotherapeutic candidate developed using VBI’s enveloped virus-like particle (“**eVLP**”) technology to target two highly immunogenic cytomegalovirus (“**CMV**”) antigens, gB and pp65. The United States Food and Drug Administration has granted VBI-1901 Fast Track Designation and Orphan Drug Designation for the treatment of recurrent glioblastoma (“**GBM**”). VBI has initiated a Phase 2b study of VBI-1901 in recurrent GBM.

PreHevbri[®]

PreHevbri[®], also known as PreHevbrio[®] in the United States and Canada, PreHevbri[®] in the European Union/European Economic Area and United Kingdom, and Sci-B-Vac[®] in Israel, is the only approved 3-antigen HBV vaccine. In pivotal Phase 3 clinical studies, PROTECT and CONSTANT, PreHevbri[®] showed higher rates of and long-lasting seroprotection across all subjects aged 18 or above, as well as 5 to 8 times higher antibody titers, compared to Engerix-B, a single-antigen HBV vaccine. Moreover, an integrated safety analysis of both studies demonstrated that PreHevbri[®] is well tolerated with no unexpected reactogenicity observed.

INFORMATION ON THE PARTIES

The Company and Its Subsidiaries

The Company (formerly known as BiiG Therapeutics Limited and B.I.G. Therapeutics Limited) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 8, 2017. The Company is a biotechnology company based in China and the United States committed to advancing therapies for significant infectious diseases and other illnesses, which have significant public health burdens in China and worldwide.

Brii HK is a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Brii US is a company incorporated under the laws of Delaware, United States and a wholly-owned subsidiary of the Company. It is principally engaged in the research and development of pharmaceutical products.

VBI Parties

VBI is incorporated under the laws of British Columbia, Canada with corporate headquarters in Cambridge, the United States, whose stocks are listed on the NASDAQ Global Market (NASDAQ: VBIV). VBI is a global commercial-stage, biopharmaceutical company. For more information about VBI, see its website at <https://www.vbivaccines.com>.

VBI Cda is a company incorporated under the laws of Ontario, Canada and an indirectly wholly-owned subsidiary of VBI. It is principally engaged in operating a research facility in Ottawa, Ontario, Canada.

SciVac is a company incorporated under the laws of Israel and a wholly-owned subsidiary of VBI. It is principally engaged in operating a proprietary, GMP-certified, mammalian cell-derived vaccine manufacturing facility in Rehovot, Israel.

As of the date of this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the VBI Parties and their respective ultimate beneficial owners are third parties independent of each of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Reference is made to the Company's announcement dated July 6, 2023 in relation to, among the others, the Previous License under the Previous Collaboration Agreements whereby the Company was granted by VBI the exclusive rights to develop and commercialize BRII-179 (VBI-2601) and PreHevbri® in Greater China and certain other Asia-Pacific countries. Since the Previous License, the BRII-179 Acquisition, the Technology Transfer, the VBI-1901 License and the Rehovot Assets Acquisition were entered into with the VBI Parties within a 12-month period and they are related, the Company has aggregated the foregoing transactions for the purpose of considering the Company's compliance obligations pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Previous License, the BRII-179 Acquisition, the Technology Transfer, the VBI-1901 License and the Rehovot Assets Acquisition, on aggregate basis, exceed 5% but are lower than 25%, the transactions contemplated thereunder, on aggregate basis, constitute a discloseable transaction of the Company under the Listing Rules, and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the exercise of the Repurchase Right is not at the discretion of the Company, the Repurchase Right is being considered as an option granted to VBI under Rule 14.74(1) of the Listing Rules, and classified as if the Repurchase Right had been exercised at the time of the grant. As the highest percentage ratio (as defined in the Listing Rules) in respect of the grant of the Repurchase Right exceeds 5% but is less than 25%, the grant of the Repurchase Right constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest percentage ratio (as defined in the Listing Rules) in respect of the provision of the Collateral exceeds 5% but is less than 25%, the provision of the Collateral constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Cautionary Statement: The effectiveness and completion of the VBI-1901 License and the Rehovot Assets Acquisition are subject to the fulfilment of the conditions set out in their respective agreements. If any of the conditions is not satisfied, the relevant transactions will not proceed. Shareholders and investors are therefore advised to exercise caution when dealing in the Shares.

There is no assurance that BRII-179 (VBI-2601) or VBI-1901 will ultimately be successfully developed or marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. When in doubt, Shareholders of the Company and potential investors are advised to seek advice from professional or financial advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Applicable Rate”	a variable annual rate equal to the greater of (i) 8.00%, and (ii) the sum of (A) the Prime Rate, plus (B) 4.00%, where the “Prime Rate” means, at any time, the rate of interest noted in The Wall Street Journal, Money Rates section, as the “Prime Rate”; provided, that in the event that The Wall Street Journal quotes more than one rate, or a range of rates, as the Prime Rate, then the Prime Rate shall mean the average of the quoted rates; provided, further, that in the event that The Wall Street Journal ceases to publish a Prime Rate, then the Prime Rate shall be the average of the prime rate or base rate announced by the three (3) largest U.S. money center commercial banks, as determined by the Lender
“Board”	the board of Directors
“Brii HK”	Brii Biosciences (Hong Kong) Co. Limited, a company incorporated under the laws of Hong Kong, being a wholly-owned subsidiary of the Company
“Brii US”	Brii Biosciences, Inc., a company incorporated under the laws of Delaware, U.S., being a wholly-owned subsidiary of the Company
“BRII-179 Acquisition”	the acquisition by the Company of all the rights, title and interest, throughout the world in perpetuity, in and to any intellectual property related to BRII-179 (VBI-2601), and delivery to the Company of certain materials and all rights related to use such materials to develop and/or commercialize BRII-179 (VBI-2601) and PreHevbri [®] by the VBI Parties, as stipulated in the BRII-179 Purchase Agreement
“BRII-179 Purchase Agreement”	a purchase agreement dated February 13, 2024 (U.S. Eastern Time) entered into, by and among the Company, VBI and VBI Cda in relation to the acquisition of certain assets related to BRII-179 (VBI-2601)
“Business Day”	a day other than a Saturday, Sunday or any other day on which banking institutions are permitted or required by applicable law to remain closed as stipulated in respective agreements
“Collateral”	all of Brii US’s right, title and interest in the cash collateral accounts and the cash deposited therein in the amount equal to 100% of the aggregate principal amount of the Promissory Notes pursuant to the Collateral Agreements

“Collateral Agreements”	the account pledge agreement and control agreement to be entered into between Brie US and the Lender within ten (10) Business Days of the Issue Date in relation to the provision by Brie US of the Collateral to secure the payment obligations under the Promissory Notes
“Company”	Brie 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
“connected person(s)”	has (have) the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Essential Activities Amount”	an initial amount equal to US\$8,000,000, subject to adjustments in accordance with the terms as set out in the BR11-179 Note. See “Promissory Notes” above for details on the terms of the adjustments to the Essential Activities Amount
“Ferring License”	a license agreement entered into between VBI and Ferring International Center S.A. dated September 1, 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	K2 HealthVentures LLC, a limited liability company incorporated under the laws of Delaware, the United States, being the lender under the VBI/K2 Loan Agreement, an independent third party of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“NIS”	New Israeli Shekel, the lawful currency of the State of Israel
“PRC” or “China”	the People’s Republic of China, and except where the context otherwise requires, references in this announcement to the PRC or Mainland China exclude Hong Kong, China, Macau, China and Taiwan, China
“Previous Collaboration Agreements”	the collaboration and license agreements entered into between the Company and VBI to collaborate on development and commercialization of BR11-179 (VBI-2601) and PreHevbri® in the respective licensed territories, details of which are set out in the announcement of the Company dated July 6, 2023

“Previous License”	a license and collaboration between the Company and VBI on development and commercialization of BR11-179 (VBI-2601) and PreHevbri® in the licensed territory, as stipulated in the Previous Collaboration Agreements, details of which are set out in the announcement of the Company dated July 6, 2023
“Rehovot Assets Acquisition”	an acquisition and assumption of certain assets and liabilities related to the operation of the Rehovot Facility by the Group from SciVac and its affiliates, subject to satisfaction of certain conditions, as stipulated in the Rehovot Assets Purchase Agreement
“Rehovot Assets Purchase Agreement”	a purchase agreement dated February 13, 2024 (U.S. Eastern Time) entered into, by and among Brii US, VBI and SciVac in relation to the acquisition and assumption of certain assets and liabilities related to the operation of the Rehovot Facility
“Rehovot Facility”	the commercial scale, GMP-certified, mammalian cell-derived vaccine manufacturing facility located at 13 Gad Feinsein Road, POB 580, Rehovot, Israel 7610303
“Repurchase Right”	a repurchase right granted by the Group to SciVac as set out in the Rehovot Assets Purchase Agreement. See “Rehovot Assets Acquisition” above for details on terms of the Repurchase Right
“SciVac”	SciVac Ltd., a company incorporated under the laws of Israel, being a wholly-owned subsidiary of VBI
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technology Transfer”	activities in relation to the transfer of certain materials and technologies of BR11-179 (VBI-2601) and PreHevbri®, as applicable, and certain other matters, by VBI to the Company or its designee, as stipulated in the Technology Transfer Side Letter
“Technology Transfer Side Letter”	a side letter dated February 13, 2024 (U.S. Eastern Time) entered into between the Company and VBI in relation to the transfer of materials and technologies of BR11-179 (VBI-2601) and PreHevbri® and certain other matters
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States

“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
“VBI/K2 Loan Agreement”	a loan and guaranty agreement dated May 22, 2020, as amended on May 17, 2021, September 14, 2022, July 5, 2023 and February 13, 2024, respectively, entered into, by and among VBI Cda, VBI, the Lender and any other lender from time to time party thereto, and the collateral trustee (as defined therein)
“VBI-1901 License”	a license granted by VBI Cda to Bii HK to develop and commercialize VBI-1901 in the Asia-Pacific region (excluding Japan), subject to terms and conditions, as stipulated in the VBI-1901 License Agreement
“VBI-1901 License Agreement”	a license agreement to be entered into on the License Effective Date, between Bii HK and VBI Cda in relation to the grant of license to VBI-1901
“%”	per cent.

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

Note:

The NIS/US\$ exchange rate used for the purpose of this announcement is the rate of NIS1.00 = US\$0.2733. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

Hong Kong, February 14, 2024

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.