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Brii Biosciences Limited
騰盛博藥生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2137)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO NOMINEE DESIGNATION AGREEMENT

References are made to (i) the announcement of the Company dated December 31, 2024 (the “**December Announcement**”) in relation to the Transactions including the BRII-179 and PreHevbri Assets Purchase and the PreHevbri License; and (ii) the announcement of the Company dated February 14, 2024 (the “**February Announcement**”, together with the December Announcement, the “**Announcements**”), in relation to, among the others, (a) the BRII-179 Acquisition under the BRII-179 Purchase Agreement whereby the Company agreed to purchase from VBI Parties all the right, title and interest, throughout the world in perpetuity, in and to any intellectual property related to BRII-179; (b) the Technology Transfer under the Technology Transfer Side Letter whereby VBI covenanted to the Company that, among the others, it will use commercially reasonable efforts to complete the transfer of materials and technologies of BRII-179 and PreHevbri® and certain other matters before the relevant deadlines as set out in the Technology Transfer Side Letter; (c) the Rehovot Assets Acquisition under the Rehovot Assets Purchase Agreement whereby the Group, subject to certain conditions, agreed 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; and (d) the BRII-179 Note issued pursuant to the BRII-179 Purchase Agreement. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Company wishes to provide additional information in relation to the Transactions in the December Announcement as follows:

CONSIDERATION OF THE TRANSACTIONS

The Company wishes to clarify that the scope of assets acquired by the Company from the VBI Parties pursuant to the Nominee Designation Agreement and the scope of the exclusive license granted by VBI to the Company pursuant to the PreHevbri License Agreement as disclosed in the December Announcement are similar to the scope of assets and license with respect to the BRII-179 and PreHevbri® acquired by or granted to the Company as disclosed in the February Announcement, with certain differences that are more favorable to the Company as set forth below.

As disclosed in the February Announcement, the Company shall pay VBI royalties under the Previous Collaboration Agreements that equal to the upstream royalties to be paid by VBI to certain upstream licensors. Under the Nominee Designation Agreement and the PreHevbri License Agreement, the Company is entitled to pay royalties directly to the upstream licensors without passing through VBI, which strengthens the Company's direct control over the license and therefore is more favorable to the Company. Furthermore, VBI assigned all its patents related to BRII-179 to the Company under the Nominee Designation Agreement, which provides the Company with more control over such patents, and granted more rights than the exclusive license established in the transactions in the February Announcement.

In addition, under the BRII-179 and PreHevbri Assets Purchase, the Company acquired (i) certain physical assets that were not part of the assets to be acquired by the Company under the Technology Transfer as disclosed in the February Announcement, including additional quality control retains of BRII-179, toxicology placebo materials, additional vials of master cell bank, and additional vials of working cell bank, and (ii) certain physical assets such as but not limited to 6L bioreactor flask that were to be acquired by the Company under the Rehovot Assets Acquisition as disclosed in the February Announcement if the Rehovot Assets Purchase Agreement was not terminated.

Despite the termination of the Terminated Agreements, the BRII-179 Note with an outstanding principal amount of US\$2,500,000 issued by the Company to VBI under the BRII-179 Purchase Agreement as disclosed in the February Announcement is not cancelled, and the parties to the Nominee Designation Agreement acknowledge that the PreHevbri License granted to the Company under the PreHevbri License Agreement has been fully paid-up.

Taking into consideration of the BRII-179 Note, the aggregate consideration for the BRII-179 and PreHevbri Assets Purchase and the PreHevbri License is US\$20,500,000 (“**Aggregate Consideration**”) comprising (i) the total Consideration of US\$18,000,000 for the consummation of the transactions contemplated in the Nominee Designation Agreement, and (ii) the BRII-179 Note with an outstanding principal amount of US\$2,500,000.

The Aggregate Consideration was determined after arm's length negotiations between the parties, taking into account various factors, including but not limited to, (i) the assignment of VBI's patent rights related to BRII-179, (ii) the increased value of intellectual property rights of BRII-179 resulting from the latest progress in its development since February 2024, (iii) the additional physical assets to be acquired under the Nominee Designation Agreement and certain assets with different price allocation, and (iv) the factors as set out in the sections headed “BRII-179 and PreHevbri Assets Purchase” and “Reasons for and Benefits of the Transactions” in the December Announcement.

Having considered the above factors in its totality, the Directors (including all the independent non-executive Directors) are of the view that the Aggregate Consideration for the BRII-179 and PreHevbri Assets Purchase and the PreHevbri License is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TERMINATED AGREEMENTS

As disclosed in the December Announcement, pursuant to the Nominee Designation Agreement, the Terminated Agreements as specified in the Nominee Designation Agreement would be terminated effective as of the Closing. The Terminated Agreements include, among others, the Previous Collaboration Agreements, the BRII-179 Purchase Agreement, the Technology Transfer Side Letter, the Rehovot Assets Purchase Agreement and the VBI-1901 Note as disclosed in the February Announcement. Upon the termination, except for the outstanding BRII-179 Note, all payment obligations of the Company or any member of the Group under the Terminated Agreements are terminated.

As of the date of the December Announcement, save for the BRII-179 Note issued pursuant to the BRII-179 Purchase Agreement on February 13, 2024 by the Company to VBI with a principal amount of US\$2,500,000 which remained outstanding as of the date of this announcement, no consideration or compensation for the transactions contemplated under the Terminated Agreements had been paid and/or received by the Company.

With reference to the above and the reasons for and benefits of the Transactions as disclosed in the December Announcement, the Company is of the view that the termination of the Terminated Agreement has not caused, and will not cause, material financial or operational impacts on the Group.

FURTHER INFORMATION ON THE COUNTERPARTIES

VBI

VBI was previously listed on the NASDAQ Global Market (NASDAQ: VBIV) and subsequently delisted in August 2024. As of the date of this announcement and following completion of the transactions contemplated under the K2 Acquisition Agreement and the Vesting Order, VBI and certain of its subsidiaries, namely VBI Cda and VBI DE, became wholly-owned subsidiaries of K2 Trust, which is an indirect wholly-owned subsidiary of K2HV.

To the best knowledge of the Company, on October 31, 2024, the Vesting Order was granted by the Ontario Superior Court of Justice (Canada) in the CCAA proceeding of the VBI Parties, in accordance with which and pursuant to the K2 Acquisition Agreement dated effective October 24, 2024, the nominee designated by K2 Trust will acquire certain of the assets of the VBI Parties. Under this background, in order to secure uninterrupted supply of BRII-179 for clinical development and relevant technology transfer for more efficient manufacturing of BRII-179 for future commercialization, the Company entered into the Nominee Designation Agreement with the VBI Parties and the K2 Parties, pursuant to which the Company was designated as the Nominee to acquire relevant assets.

K2HV

K2HV is a Delaware limited liability company wholly owned by K2 HealthVentures Group LLC (see its website at <https://k2hv.com/>), which is solely responsible for managing the investments and operations of K2HV. K2 HealthVentures Group LLC is a subsidiary of K2HV Holding LLC, which in turn is owned 50% by each of K2HV Equity LLC and K2HV Funding LLC. LetterOne Investment Holdings S.A. (“**LetterOne**”), a Luxembourg company (a société anonyme), is the main investor in and indirect parent company of each of K2HV Equity LLC and K2HV Funding LLC. Control of LetterOne is vested in its board of directors. Mr. Andrei Kosogov holds approximately 47% of interests in LetterOne. LetterOne is an international investment business focusing on investments in the health, energy, technology and retail sectors. For further information about LetterOne, see its website at <https://letterone.com/>.

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

Hong Kong, January 10, 2025

As at the date of this announcement, the Board comprises Dr. Zhi Hong and Dr. Ankang Li as executive directors; and Dr. Martin J Murphy Jr, Ms. Grace Hui Tang, Mr. Yiu Wa Alec Tsui, Mr. Gregg Huber Alton and Dr. Taiyin Yang as independent non-executive directors.