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Brii Biosciences Limited
騰盛博藥生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2137)

**GRANT OF RESTRICTED SHARE UNITS
AND
CONNECTED TRANSACTIONS IN RELATION TO PROPOSED GRANTS OF
RESTRICTED SHARE UNITS TO EXECUTIVE DIRECTORS**

BACKGROUND

As part of the company-wide compensation plan approved and administered by the Remuneration Committee, the Company may grant RSUs to its employees (including Directors, senior management and other employees) under the Post-IPO Share Award Scheme from time to time to align the interests and benefits of the Company with its employees in order to maximize their motivation.

GRANT OF RESTRICTED SHARE UNITS

On a voluntary basis, the Board announces that, on January 20, 2022, the Company granted (i) 84,000 RSUs to AMLOne UG (limited liability) (in respect of Dr. Bouchon's services to the Company) (the "**RSU Grant to NED**"); (ii) 42,000 RSUs to Dr. Murphy Jr, 42,000 RSUs to Ms. Tang, 42,000 RSUs to Mr. Tsui and 42,000 RSUs to Mr. Alton (collectively, the "**RSU Grants to INEDs**"); and (iii) a total of 3,638,250 RSUs to 78 Grantees including employees and senior management of the Company (collectively, the "**RSU Grants to Employees**") under the Post-IPO Share Award Scheme, subject to acceptance.

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

- (i) each RSU is granted for nil consideration;
- (ii) each RSU granted represents the right to receive one Share on the date it vests;
- (iii) the vesting schedule of 252,000 RSUs to AMLOne UG (limited liability) (in respect of Dr. Bouchon's services to the Company), Dr. Murphy Jr, Ms. Tang, Mr. Tsui and Mr. Alton will be as follows: one-third of the grant will vest on July 13, 2022, one-third of the grant will vest on July 13, 2023 and the remaining one-third of the grant will vest on July 13, 2024, subject to their continuous employment with the Company throughout the whole vesting period; and

(iv) the vesting schedule of 3,638,250 RSUs to the Grantees will be as follows:

- (a) in relation to 1,603,250 RSUs: 25%, 25%, 25% and 25% of the grant will vest on each of the first, second, third and fourth anniversaries of the employment commencement date of each Grantee, respectively;
- (b) in relation to 659,000 RSUs: 25%, 25%, 25% and 25% of the grant will vest on each of the first, second, third and fourth anniversaries of September 17, 2021, respectively;
- (c) in relation to 399,000 RSUs: 5%, 10%, 40% and 45% of the grant will vest on each of the first, second, third and fourth anniversaries of September 17, 2021, respectively; and
- (d) in relation to 977,000 RSUs: the grant will vest upon the achievements by the Group of certain milestones determined by the Board which are specified in the relevant award agreements entered into between the Company and each of the Grantees,

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

As at the date of this announcement, the total number of issued Shares is 722,014,056 Shares. As at the date of this announcement, none of Dr. Bouchon, Dr. Murphy Jr, Ms. Tang, Mr. Tsui and Mr. Alton or their associates is interested in any Shares or underlying Shares. Dr. Bouchon's total interests in the Shares or underlying Shares of the Company after the RSU Grant to NED would be 84,000 Shares, representing approximately 0.01% of the total number of issued Shares of the Company and approximately 0.01% of the enlarged total number of issued Shares of the Company (excluding the Proposed RSU Grants to EDs, the RSU Grants to INEDs and the RSU Grants to Employees) as at the date of this announcement. Each of Dr. Murphy Jr's, Ms. Tang's, Mr. Tsui's and Mr. Alton's total interests in the Shares or underlying Shares of the Company after the RSU Grants to INEDs would be 42,000 Shares, 42,000 Shares, 42,000 Shares and 42,000 Shares respectively, representing approximately 0.01%, 0.01%, 0.01% and 0.01% respectively of the total number of issued Shares of the Company and approximately 0.01%, 0.01%, 0.01% and 0.01% respectively of the enlarged total number of issued Shares of the Company (excluding the Proposed RSU Grants to EDs, the RSU Grant to NED and the RSU Grants to Employees) as at the date of this announcement.

The 3,638,250 RSUs to the Grantees under the RSU Grants to Employees represent 3,638,250 underlying Shares, representing approximately 0.50% of the total number of issued Shares of the Company and approximately 0.50% of the enlarged total number of issued Shares of the Company (excluding the Proposed RSU Grants to EDs, the RSU Grant to NED and the RSU Grants to INEDs) as of the date of this announcement.

The RSUs granted under the RSU Grant to NED and the RSU Grants to INEDs would be satisfied by way of purchase of existing Shares on the secondary market using the self-owned funds of the Company. The Board will appoint an independent trustee to purchase from the secondary market such number of Shares underlying the RSUs to be granted under the Post-IPO Share Award Scheme, and entrust the trustee to hold such Shares underlying the RSUs on behalf of the relevant selected participants of the Post-IPO Share Award Scheme on trust, until such RSUs are vested with the relevant selected participants of the Post-IPO Share Award Scheme, and to hold and manage any other funds and properties of the trust for the benefit of the selected participants of the Post-IPO Share Award, in accordance with the Post-IPO Share Award Scheme and the relevant trust deed.

The RSUs granted under the RSU Grants to Employees would be satisfied by new Shares to be issued by the Company under its available general mandate in compliance with the Post-IPO Share Award Scheme and all applicable laws, rules and regulations, including the Listing Rules. The new Shares to be allotted and issued by the Company under the RSU Grants to Employees will rank pari passu in all respects among themselves and with all the Shares in issue from time to time. The Listing Committee of the Stock Exchange has previously granted its approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the vesting schedule of any RSUs granted under the Post-IPO Share Award Scheme.

Market value

Based on the closing price of HK\$22.75 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the date of this announcement, (i) the market value of the RSUs granted to AMLOne UG (limited liability) (in respect of Dr. Bouchon's services to the Company) under the RSU Grant to NED amounts to approximately HK\$1,911,000; (ii) the market value of the RSUs granted to each of Dr. Murphy Jr, Ms. Tang, Mr. Tsui and Mr. Alton under the RSU Grants to INEDs amounts to approximately HK\$955,500, HK\$955,500, HK\$955,500 and HK\$955,500 respectively; and (iii) the market value of the RSUs granted to the Grantees under the RSU Grants to Employees amounts to approximately HK\$82,770,188.

Reasons for and benefits of the RSU Grant to NED, the RSU Grants to INEDs and the RSU Grants to Employees

The RSU Grant to NED forms part of the remuneration to the non-executive Directors and has been approved by the Remuneration Committee. The RSU Grant to NED is granted in light of the continued progress and performance of the Company and aims to retain and motivate Dr. Bouchon to continue to provide his opinion and guidance to the Board in building the strategy and long-term development of the Company.

The RSU Grants to INEDs form part of the remuneration to the independent non-executive Directors and have been approved by the Remuneration Committee. The RSU Grants to INEDs are granted in light of the continued progress and performance of the Company and aims to retain and motivate the independent non-executive Directors to continue to provide their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

The RSU Grants to Employees are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximize the motivation of the employees of the Group. The RSU Grants to Employees are to (i) encourage and enable the employees of the Group to share the success of the Company and (ii) foster a closer relationship between these employees and the Group with aligned interests, thereby incentivizing their efforts and contribution to the Group's continued success and strengthening their sense of belonging.

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

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

Listing Rules implications

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

The grant of RSUs to AMLOne UG (limited liability) (in respect of Dr. Bouchon's services to the Company) and the transactions contemplated thereunder have been unanimously approved by all members of the Remuneration Committee. Save for Dr. Bouchon, no other Director has a material interest in the grant of RSUs to AMLOne UG (limited liability) (in respect of Dr. Bouchon's services to the Company) and therefore none of them other than Dr. Bouchon abstained from voting on the relevant Board resolution.

Save for Dr. Murphy Jr, being the chairman of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the grant of RSUs to Dr. Murphy Jr and therefore none of them other than Dr. Murphy Jr abstained from voting on the relevant resolution of the Remuneration Committee. Save for Dr. Murphy Jr, no other Director has a material interest in the grant of RSUs to Dr. Murphy Jr and therefore none of them other than Dr. Murphy Jr abstained from voting on the relevant Board resolution.

Save for Ms. Tang, being a member of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the grant of RSUs to Ms. Tang and therefore none of them other than Ms. Tang abstained from voting on the relevant resolution of the Remuneration Committee. Save for Ms. Tang, no other Director has a material interest in the grant of RSUs to Ms. Tang and therefore none of them other than Ms. Tang abstained from voting on the relevant Board resolution.

Save for Mr. Tsui, being a member of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the grant of RSUs to Mr. Tsui and therefore none of them other than Mr. Tsui abstained from voting on the relevant resolution of the Remuneration Committee. Save for Mr. Tsui, no other Director has a material interest in the grant of RSUs to Mr. Tsui and therefore none of them other than Mr. Tsui abstained from voting on the relevant Board resolution.

The grant of RSUs to Mr. Alton and the transactions contemplated thereunder have been unanimously approved by all members of the Remuneration Committee. Save for Mr. Alton, no other Director has a material interest in the grant of RSUs to Mr. Alton and therefore none of them other than Mr. Alton abstained from voting on the relevant Board resolution.

The Board does not consider that the RSU Grants to INEDs would affect or hinder the independence of each of the independent non-executive Directors pursuant to Rule 3.13(1) of the Listing Rules.

None of the RSU Grants to Employees will be subject to approval by the independent Shareholders of the Company, and none of the Grantees is a Director, chief executive or substantial shareholder of the Company or an associate of any of them.

CONNECTED TRANSACTIONS IN RELATION TO PROPOSED GRANTS OF RESTRICTED SHARE UNITS TO EXECUTIVE DIRECTORS

The Board also announces that, on January 20, 2022, the Company proposed to grant 911,000 RSUs to Dr. Hong and 607,000 RSUs to Mr. Luo (collectively, the **“Proposed RSU Grants to EDs”**) under the Post-IPO Share Award Scheme on the Grant Date, subject to acceptance and the Independent Shareholders’ approval at the EGM.

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

- (i) each RSU is granted for nil consideration;
- (ii) each RSU granted represents the right to receive one Share on the date it vests; and
- (iii) the vesting schedule of 1,518,000 RSUs to Dr. Hong and Mr. Luo will be as follows:
 - (a) in relation to 303,000 RSUs: 25%, 25%, 25% and 25% of the grant will vest on each of the first, second, third and fourth anniversaries of September 17, 2021, respectively; and
 - (b) in relation to 1,215,000 RSUs: the grant will vest upon the achievements by the Group of certain milestones determined by the Board which are specified in the relevant award agreements entered into between the Company and each of Dr. Hong and Mr. Luo.

The maximum number of Shares that may be issued to Dr. Hong and Mr. Luo under the Proposed RSU Grants to EDs would be 911,000 and 607,000 respectively, representing approximately 0.13% and 0.08% of the total number of issued Shares of the Company respectively and approximately 0.13% and 0.08% of the enlarged total number of issued Shares of the Company (excluding the RSU Grant to NED, the RSU Grants to INEDs and the RSU Grants to Employees) respectively as at the date of this announcement. Each of Dr. Hong’s and Mr. Luo’s total interests in the Shares or underlying Shares of the Company after the Proposed RSU Grants to EDs would be 49,463,500 Shares and 10,375,500 Shares respectively, representing approximately 6.85% and 1.44% of the total number of issued Shares of the Company respectively and approximately 6.84% and 1.43% of the enlarged total number of issued Shares of the Company (excluding the RSU Grant to NED, the RSU Grants to INEDs and the RSU Grants to Employees) respectively as at the date of this announcement.

The RSUs to be granted to Dr. Hong and Mr. Luo under the Proposed RSU Grants to EDs would be satisfied by new Shares to be issued by the Company under its available general mandate in compliance with the Post-IPO Share Award Scheme and all applicable laws, rules and regulations, including the Listing Rules. The new Shares to be allotted and issued by the Company under the Proposed RSU Grants to EDs will rank pari passu in all respects among themselves and with all the Shares in issue from time to time. The Listing Committee of the Stock Exchange has previously granted its approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the vesting schedule of any RSUs granted under the Post-IPO Share Award Scheme.

Market value

Based on the closing price of HK\$22.75 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the date of this announcement, the market value of the RSUs granted to each of Dr. Hong and Mr. Luo under the Proposed RSU Grants to EDs amounts to approximately HK\$20,725,250 and HK\$13,809,250 respectively.

Reasons for and benefits of the Proposed RSU Grants to EDs

The Proposed RSU Grants to EDs are part of the Company's remuneration policy. The purpose of such grants is to closely align the interests and benefits of the Company and its employees in order to maximize the motivation of the executive Directors. The Proposed RSU Grants to EDs aim to provide sufficient incentive to retain and motivate Dr. Hong and Mr. Luo to participate in the formulation of strategy and long-term development of the Company and to recognize their contribution to the growth of the Company.

Furthermore, the dilution effect of the Proposed RSU Grants to EDs to the interests of the existing public Shareholders is insignificant and there will not be substantial cash outflow by the Company under the Proposed RSU Grants to EDs.

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

Listing Rules implications

As each of Dr. Hong and Mr. Luo is an executive Director, each of Dr. Hong and Mr. Luo is a connected person of the Company under Rule 14A.07 of the Listing Rules. The Proposed RSU Grants to EDs and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement, and the Independent Shareholders' approval requirements.

The proposed grant of RSUs to Dr. Hong and the transactions contemplated thereunder have been unanimously approved by all members of the Remuneration Committee. Save for Dr. Hong, no other Director has a material interest in the proposed grant of RSUs to Dr. Hong and therefore none of them other than Dr. Hong abstained from voting on the relevant Board resolution.

The proposed grant of RSUs to Mr. Luo and the transactions contemplated thereunder have been unanimously approved by all members of the Remuneration Committee. Save for Mr. Luo, no other Director has a material interest in the proposed grant of RSUs to Mr. Luo and therefore none of them other than Mr. Luo abstained from voting on the relevant Board resolution.

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed RSU Grants to EDs and the transactions contemplated thereunder.

The Company has appointed the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed RSU Grants to EDs and the transactions contemplated thereunder.

EGM

Ordinary resolutions will be proposed at the EGM for the Independent Shareholders to consider and, if thought fit, approve the Proposed RSU Grants to EDs and the transactions contemplated thereunder (including the allotment and issue of any new Shares thereunder). The voting at the EGM will be conducted by poll.

Pursuant to Chapter 14A of the Listing Rules, Shareholders with a material interest in the Proposed RSU Grants to EDs and the transactions contemplated thereunder are required to abstain from voting on the relevant resolutions at the EGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, (i)(a) Dr. Hong and his associates are interested in a total of 48,552,500 Shares or underlying Shares, representing approximately 6.72% of the total number of issued Shares of the Company; and (b) there are no other Shareholders having any material interest in the proposed grant of RSUs to Dr. Hong and the transactions contemplated thereunder, accordingly, save for Dr. Hong, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the proposed grant of RSUs to Dr. Hong and the transactions contemplated thereunder; and (ii)(a) Mr. Luo and his associates are interested in a total of 9,768,500 Shares or underlying Shares, representing approximately 1.35% of the total number of issued Shares of the Company; and (b) there are no other Shareholders having any material interest in the proposed grant of RSUs to Mr. Luo and the transactions contemplated thereunder, accordingly, save for Mr. Luo, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the proposed grant of RSUs to Mr. Luo and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Proposed RSU Grants to EDs; (ii) a letter from the Independent Board Committee; and (iii) a letter from the Independent Financial Advisor, together with the notice convening the EGM, is expected to be dispatched to the Shareholders on February 15, 2022.

INFORMATION ON THE COMPANY

The Company is a biotechnology company based in China and the United States of America committed to advancing therapies for significant infectious diseases, such as hepatitis B virus, human immunodeficiency virus, COVID-19, multi-drug resistant or extensive drug resistant gram-negative infections, and other illnesses, such as the central nervous system diseases, which have significant public health burdens in China and worldwide. The Shares of the Company was listed on the Main Board of the Stock Exchange on July 13, 2021.

GENERAL

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

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Brii Biosciences Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	coronavirus disease 2019, a disease caused by a novel coronavirus and designated as severe acute respiratory syndrome
“Director(s)”	the director(s) of the Company from time to time
“Dr. Bouchon”	Dr. Axel Bouchon, a non-executive Director
“Dr. Hong”	Dr. Zhi Hong, an executive Director, the chairman of the Board and the chief executive officer of the Company
“Dr. Murphy Jr”	Dr. Martin J Murphy Jr, an independent non-executive Director
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Proposed RSU Grants to EDs and the transactions contemplated thereunder
“Grant Date”	January 20, 2022
“Grantees”	the eligible participants of the Group who were granted RSUs in accordance with the Post-IPO Share Award Scheme on the Grant Date, excluding the Directors

“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
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the Proposed RSU Grants to EDs
“Independent Financial Advisor”	Grand Moore Capital Limited, being the independent financial advisor appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed RSU Grants to EDs and as to voting by the Independent Shareholders
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the EGM to approve the Proposed RSU Grants to EDs
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Alton”	Mr. Gregg Huber Alton, an independent non-executive Director
“Mr. Luo”	Mr. Yongqing Luo, an executive Director
“Ms. Tang”	Ms. Grace Hui Tang, an independent non-executive Director
“Mr. Tsui”	Mr. Yiu Wa Alec Tsui, an independent non-executive Director
“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by the Company on June 22, 2021
“Proposed RSU Grants to EDs”	the proposed grants of RSUs to Dr. Hong and Mr. Luo under the Post-IPO Share Award Scheme
“Remuneration Committee”	the remuneration committee of the Company
“RSU(s)”	restricted share unit(s) granted pursuant to the Post-IPO Share Award Scheme
“RSU Grants to Employees”	the grants of 3,638,250 RSUs to 78 Grantees under the Post-IPO Share Award Scheme
“RSU Grant to NED”	the grant of RSUs to AMLOne UG (limited liability) (in respect of Dr. Bouchon’s services to the Company) under the Post-IPO Share Award Scheme

“RSU Grants to INEDs”	the grants of RSUs to Dr. Murphy Jr, Ms. Tang, Mr. Tsui and Mr. Alton under the Post-IPO Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value US\$0.000005 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholders”	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, January 20, 2022

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