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(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock code: 1873)

(1) PROPOSED ADOPTION OF THE VIVA SHANGHAI PHASE I SHARE OPTION SCHEME AND THE VIVA SHANGHAI PHASE II SHARE OPTION SCHEME; AND (2) PROPOSED CONDITIONAL GRANT OF SHARE OPTIONS TO CONNECTED PERSONS AND OTHER PARTICIPANTS

This announcement is made by the Company in relation to (1) the proposed adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme; and (2) the proposed conditional grant of Phase I Share Options and Phase II Share Options to Incentive Participants including connected persons of the Company.

PROPOSED ADOPTION OF THE VIVA SHANGHAI PHASE I SHARE OPTION SCHEME AND THE VIVA SHANGHAI PHASE II SHARE OPTION SCHEME

The Company proposes to adopt the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, which will allow Viva Shanghai to incentivize its employees and directors.

Viva Shanghai was a Principal Subsidiary of the Company. Therefore, pursuant to Rule 17.13 of the Listing Rules, Rules 17.02 to 17.04 and Rules 17.06 to 17.09, with appropriate modifications, apply to both the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme as if it was a share scheme of the Company as described in Rule 17.01(1). The adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme are therefore subject to approval by the Shareholders at the EGM.

PROPOSED CONDITIONAL GRANT OF PHASE I SHARE OPTIONS AND PHASE II SHARE OPTIONS

The Board proposes to grant Phase I Share Options and Phase II Share Options under the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, respectively. Such grant are conditional on the Shareholders approving the adoption of each the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme at the EGM. Further, the Phase I Connected Grant and Phase II Connected Grant will be made to certain Directors and other connected person of the Company, which has been approved by the independent non-executive Director on December 22, 2023.

GENERAL

A circular containing, among others, (i) details of the proposed adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme; and (ii) a notice convening the EGM, will also be despatch to the Shareholders in due course.

As at the date of this announcement, the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme remain subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities.

This announcement is made by the Company in relation to (1) the proposed adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme; and (2) the proposed conditional grant of Phase I Share Options and Phase II Share Options to Incentive Participants including connected persons of the Company.

PROPOSED ADOPTION OF THE VIVA SHANGHAI PHASE I SHARE OPTION SCHEME AND THE VIVA SHANGHAI PHASE II SHARE OPTION SCHEME

The Company proposes to adopt the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, which will allow Viva Shanghai to incentivize its employees and directors.

Viva Shanghai was a Principal Subsidiary of the Company. Therefore, pursuant to Rule 17.13 of the Listing Rules, Rules 17.02 to 17.04 and Rules 17.06 to 17.09, with appropriate modifications, apply to both the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme as if it was a share scheme of the Company as described in Rule 17.01(1). The adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme are therefore subject to approval by the Shareholders at the EGM.

The key terms of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme and additional details will be set out in the circular to be despatched to the Shareholders in due course. The adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme will be conditional upon: (a) the passing of the necessary resolutions of the shareholders of Viva Shanghai to approve and adopt the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, respectively; and (b) the passing of the necessary resolutions by the Shareholders at the EGM to approve and adopt the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, respectively.

Pursuant to the terms of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, the board of Viva Shanghai shall have the right to determine and select Incentive Participant(s) to whom the options shall be granted pursuant to the respective scheme. The eligibility of any of the Incentive Participant(s) to an offer of share options under the respective scheme shall be determined by the board of Viva Shanghai having taken into account their contribution to the development and growth of the Viva Shanghai Group.

The registered share capital of Viva Shanghai is US\$65,971,371, which will be converted into approximately 473,357,781 Viva Shanghai Shares of RMB1.00 each upon Viva Shanghai's completion of its joint stock company conversion. Assuming that there is no change in the registered and/or issued share capital of Viva Shanghai between the period from the Latest Practicable Date and the date of adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, and subject to the passing of the relevant resolutions and actual exchange rate conversion between US\$ and RMB, the Viva Shanghai Phase I Share Option Scheme Mandate Limit and the Viva Shanghai Phase II Share Option Scheme Mandate Limit will each be 7,320,000 Viva Shanghai Shares, representing 1.5% of Viva Shanghai's issued share/registered capital as at the date of approval of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme by the Shareholders at the EGM, in aggregate, the Viva Shanghai Phase I Share Option Scheme Mandate Limit and the Viva Shanghai Phase II Share Option Scheme Mandate Limit represent 14,640,000 Viva Shanghai Shares, representing 3% of Viva Shanghai's issued share/registered capital.

PROPOSED CONDITIONAL GRANT OF PHASE I SHARE OPTIONS AND PHASE II SHARE OPTIONS

The Board proposes to, conditional upon adoption of the respective share option schemes and approval by the shareholder of Viva Shanghai, make a grant of Phase I Share Options and Phase II Share Options to certain Incentive Participants.

Details of the proposed grant of Phase I Share Options is set forth below:

Date of conditional grant:	December 22, 2023		
Number of grantees:	11		
Number of share options granted:	A total of 7,320,000 Phase I Share Options, including:		
	1. 5,850,000 Phase I Share Option to be granted to 9 Incentive Participants (who are not connected person of the Group); and		
	2. 1,470,000 Phase I Share Options to be grant to the following connected person:		
	Name of connected person	Title and connected relationship	Number of share options
	Mr. Ren Delin	General manager of Viva Shanghai (an executive Director)	1,100,000
	Ms. Zhao Huixin	Vice president of Viva Shanghai (the spouse of Mr. Wu Ying, an executive Director)	370,000

All of the Incentive Participants granted the share options are directors and/or employee of Viva Shanghai and has made significant contribution to the Viva Shanghai Group. The grant of Viva Shanghai Shares to each grantee in the forgoing 12-month period up to the date of this grant will not exceed 1% of the total share capital of Viva Shanghai upon its joint stock company conversion (which is expected to be converted into a total share capital of Viva Shanghai to 473,357,781 Viva Shanghai Shares).

Exercise price:

RMB4.22 per share in Viva Shanghai (in the event that exercise price of any share option thereunder fall below the price as stipulated in the Listing Rules, the exercise price will be adjusted upward to the minimum exercise price required by the Listing Rules).

**Lock-up period and
clawback:**

None of the Viva Shanghai Shares subscribed by Incentive Participants through the exercise of share options may be sold down within three years from the relevant exercise date.

If an Incentive Participant is found incompetent for his/her work position or substandard in performance assessment, or causes serious damage to interests or reputation of Viva Shanghai due to violation of laws or professional ethics, divulgence of Viva Shanghai's trade secrets, violation of Viva Shanghai's internal rules, dereliction of duty or misfeasance, etc., Viva Shanghai may through its internal decision-making procedures legally cancel the Phase I Share Options that have been granted to but not yet exercised by the Incentive Participant and, in case of serious circumstances, claim back the whole or any part of the proceeds from the exercised Phase I Share Options.

Vesting period:

The Phase I Share Options may only be exercised after (i) the relevant Incentive Participant having fulfilled the requirements set forth in the paragraph headed "Performance target" below and (ii) the date on which the shares of Viva Shanghai are listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange. Upon exercise of the Phase I Share Options, the Viva Shanghai Shares will remain subject to the lock-up requirement as set forth in the paragraph headed "Lock-up period and clawback" above.

Subject to the conditions set out in the preceding paragraph, the vesting period for the grant of the Phase I Share Options may be shorter than 12 months as vesting is subject to the performance target as well as post-exercise lock-up restrictions as set forth in this section.

Performance target: The grantee must achieve an “excellent (A)” or “great (B)” performance assessment results in their personal performance assessment in order to exercise 100% of the Phase I Share Options, or achieve a “up-to-standard (C)” performance assessment results in order to exercise 80% of the Phase I Share Options.

The board of Viva Shanghai may amend or adjust the performance targets based on market conditions, corporate strategies and other factors.

Details of the proposed grant of Phase II Share Options are set forth below:

Date of conditional grant: December 22, 2023

Number of grantees: 20

Number of share options granted: A total of 7,320,000 Phase II Share Options, including:

1. 5,320,000 Phase II Share Option to be granted to 18 Incentive Participants (who are not connected person of the Group); and
2. 2,000,000 Phase II Share Options to be grant to the following connected person:

Name of connected person	Title and connected relationship	Number of share options
Mr. Ren Delin	General manager of Viva Shanghai (an executive Director)	1,700,000
Ms. Zhao Huixin	Vice president of Viva Shanghai (the spouse of Mr. Wu Ying, an executive Director)	300,000

All of the Incentive Participants granted the share options are directors and/or employee of Viva Shanghai and has made significant contribution to the Viva Shanghai Group. The grant of Viva Shanghai Shares to each grantee in the forgoing 12-month period up to the date of this grant will not exceed 1% of the total share capital of Viva Shanghai upon its joint stock company conversion (which is expected to be converted into a total share capital of Viva Shanghai to 473,357,781 Viva Shanghai Shares).

Exercise price:	RMB4.22 per share in Viva Shanghai (in the event that exercise price of any share option thereunder fall below the price as stipulated in the Listing Rules, the exercise price will be adjusted upward to the minimum exercise price required by the Listing Rules).
Lock-up period and clawback:	None of the Viva Shanghai Shares subscribed by Incentive Participants through the exercise of share options may be sold down within three years from the relevant exercise date.
	If an Incentive Participant is found incompetent for his/her work position or substandard in performance assessment, or causes serious damage to interests or reputation of Viva Shanghai due to violation of laws or professional ethics, divulgence of Viva Shanghai’s trade secrets, violation of Viva Shanghai’s internal rules, dereliction of duty or misfeasance, etc., Viva Shanghai may through its internal decision-making procedures legally cancel the Phase II Share Options that have been granted to but not yet exercised by the Incentive Participant and, in case of serious circumstances, claim back the whole or any part of the proceeds from the exercised Phase II Share Options.
Vesting period:	<p>The Phase II Share Options may vest in four equal installments from the date of achievement of the performance target for the first, second, third and fourth assessment year (i.e. after the end of 2024, 2025, 2026 and 2027) respectively.</p> <p>The Phase II Share Options may also only be exercised after (i) the relevant Incentive Participant having fulfilled the requirements set forth in the paragraph headed “Performance target” below and (ii) the date on which the shares of Viva Shanghai are listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange. Upon exercise of the Phase II Share Options, the Viva Shanghai Shares will remain subject to the lock-up requirement as set forth in the paragraph headed “Lock-up period and clawback” above.</p>

Performance target:

The Viva Shanghai Group must achieve the following financial results at the end of each vesting period:

Exercise Period	
Stage 1	The audited net profit after non-recurring items for 2024 is not less than RMB210 million
Stage 2	The audited net profit after non-recurring items for 2025 is not less than RMB259 million
Stage 3	The audited net profit after non-recurring items for 2026 is not less than RMB319 million
Stage 4	The audited net profit after non-recurring items for 2027 is not less than RMB400 million

In the event that the Viva Shanghai Group performance target cannot be met, the grantee may still subsequently exercise part of the Phase II Share Options in accordance with the terms of the Viva Shanghai Phase II Share Option Scheme if the Viva Shanghai Group is able to meet an aggregate performance target.

The board of Viva Shanghai may amend or adjust the performance targets based on market conditions, corporate strategies and other factors.

The aggregate grant of Phase I Share Options and Phase II Share Options to Mr. Ren Delin and Ms. Zhao Huixin (an associate of Mr. Wu Ying, an executive Director) is 2,800,000 Viva Shanghai Shares and 670,000 Viva Shanghai Shares, representing approximately 0.59% and 0.14% of Viva Shanghai's expected total share capital upon its joint stock company conversion (of 473,357,781 Viva Shanghai Shares), respectively. The Phase I Connected Grant and Phase II Connected Grant in respect of each of the connected person will therefore not exceed the 1% individual limit as it is applied to Viva Shanghai by application of Rule 17.15(1) of the Listing Rules.

REASONS FOR THE CONDITIONAL GRANT OF OPTIONS (INCLUDING THE PHASE I CONNECTED GRANT AND PHASE II CONNECTED GRANT)

Upon completion of an internal corporate restructuring and delineation of the Group's drug discovery services (which are operated by the Viva Shanghai Group) and contract development manufacture organization and commercialization services (which are operated by other members of the Group), the conditional grant of Phase I Share Options and Phase II Share Options will allow the Group to better incentivize directors and employees of the Viva Shanghai Group by granting them equity incentive within the segment of the Group's operations to which they contribute towards and are employed under, assist in the retention of high calibre professionals who are instrumental to the growth and development of the Viva Shanghai Group, thereby fostering long term and stable development of the Viva Shanghai Group as well as the Group.

The exercise price of the Phase I Share Options and Phase II Share Options, was determined based on factors such as Viva Shanghai's business conditions and assets, contribution of Incentive Participants to Viva Shanghai, and incentive effect of the Scheme on Incentive Participants. It is contemplated that any proceeds received by Viva Shanghai from the exercise of the Phase I Share Options and Phase II Share Options granted hereunder will be utilized to finance Viva Shanghai Group's general corporate and working capital.

GENERAL

Each of Mr. Ren Delin (being a proposed grantee) and Mr. Wu Ying (being the spouse of a proposed grantee) has abstained from approving the relevant Board resolution on the Phase I Connected Grant and Phase II Connected Grant. Save as disclosed, none of the other Directors have any interest and therefore no other Directors abstained from voting on the relevant Board resolution in respect of the adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, and the proposed conditional grant of Phase I Share Options and Phase II Share Options (including the Phase I Connected Grant and Phase II Connected Grant).

The Phase I Connected Grant and Phase II Connected Grant will be made to certain Directors and other connected person of the Company, and has been approved by the independent non-executive Director on December 22, 2023. The Directors (including all the independent non-executive Directors, but excluding Mr. Ren Delin and Mr. Wu Ying who have abstained from voting in respect of the matter) are of the view that Phase I Connected Grant and Phase II Connected Grant are fair and reasonable, in the interests of the Company and the Shareholders as a whole.

A circular containing, among others, (i) details of the proposed adoption of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme; and (ii) a notice convening the EGM, will also be despatch to the Shareholders in due course.

As at the date of this announcement, the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme remain subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Viva Biotech Holdings (维亚生物科技控股集团), an exempted company with limited liability incorporated in the Cayman Islands on August 27, 2008, the Shares of which are listed on the Main Board of the Stock Exchange, and operates an integrated drug discovery platform in the PRC
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the adoption of the Viva Shanghai Phase I Share Option Scheme and Viva Shanghai Phase II Share Option Scheme
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incentive Participant(s)”	person(s) belong to any of the classes of participants who may be invited to take up options either under the Viva Shanghai Phase I Share Option Scheme and/or Viva Shanghai Phase II Share Option Scheme. Subject to the rules of the relevant scheme, include any directors, senior management, core technical and business personnel and any other core employees of Viva Shanghai who in the opinion of Viva Shanghai will directly contribute towards the business results and future development of Viva Shanghai, but excluding any independent director, supervisors, shareholders singly or collectively holding over 5% of Viva Shanghai’s equity, actual controller of Viva Shanghai or their respective spouse, parents, sons or daughters. Any Incentive Participants (other than directors of Viva Shanghai) must have be employed by and have entered into a labor agreement or employment agreement with Viva Shanghai, its wholly-owned or non-wholly owned subsidiary
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Phase I Connected Grant”	the conditional grant of 1,470,000 Phase I Share Option to certain connected persons pursuant to the Viva Shanghai Phase I Share Option Scheme

“Phase I Share Option(s)”	the share option(s) granted or to be granted pursuant to the Viva Shanghai Phase I Share Option Scheme to subscribe for Viva Shanghai Shares in accordance with the terms thereof
“Phase II Connected Grant”	the conditional grant of 2,000,000 Phase II Share Option to certain connected persons pursuant to the Viva Shanghai Phase II Share Option Scheme
“Phase II Share Option(s)”	the share option(s) granted or to be granted pursuant to the Viva Shanghai Phase II Share Option Scheme to subscribe for Viva Shanghai Shares in accordance with the terms thereof
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, Taiwan and the Macau Special Administrative Region
“Principal Subsidiary”	has the meaning as defined under Rule 17.14 of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of US\$0.000025 each
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Viva Shanghai”	Viva Biotech (Shanghai) Ltd. (維亞生物科技(上海)有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company which is principally engaged in the provision of drug discovery services
“Viva Shanghai Group”	Viva Shanghai and its subsidiaries
“Viva Shanghai Phase I Share Option Scheme”	the new phase I share option scheme of Viva Shanghai as detailed in this announcement proposed to be approved at the EGM
“Viva Shanghai Phase I Share Option Scheme Mandate Limit”	the initial maximum number of Viva Shanghai Shares that may be issued in respect of all options to be granted under the Viva Shanghai Phase I Share Option Scheme
“Viva Shanghai Phase II Share Option Scheme”	the new phase II share option scheme of Viva Shanghai as detailed in this announcement proposed to be approved at the EGM

“Viva Shanghai Phase II Share Option Scheme Mandate Limit”	the initial maximum number of Viva Shanghai Shares that may be issued in respect of all options to be granted under the Viva Shanghai Phase II Share Option Scheme
“Viva Shanghai Share(s)”	shares(s) of Viva Shanghai with a nominal value of RMB1.00 each
“%”	per cent

In this announcement, the terms “close associate”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For illustration purposes only, in this announcement, the conversion of RMB into US\$ is based on the exchange rate of RMB7.1752 to US\$1.0000.

By order of the Board
Viva Biotech Holdings
Mao Chen Cheney
Chairman and Chief Executive Officer

Hong Kong, December 22, 2023

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Mao Chen Cheney (Chairman), Mr. Wu Ying and Mr. Ren Delin; a Non-executive Director, namely, Mr. Wu Yuting; and three Independent Non-executive Directors, namely, Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang.