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EVEREST MEDICINES

云 頂 新 耀

Everest Medicines Limited

雲 頂 新 耀 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1952)

DISCLOSEABLE TRANSACTION

(1) COVID-19 VACCINES LICENSE AGREEMENT; (2) COLLABORATION AND LICENSE AGREEMENT; AND (3) SHARE ISSUANCE AGREEMENT IN RESPECT OF THE MANUFACTURE, DEVELOPMENT AND COMMERCIALIZATION OF COVID-19 VACCINES AND CERTAIN LICENSED PRODUCTS

(1) THE COVID-19 VACCINES LICENSE AGREEMENT

The Board is pleased to announce that on 13 September 2021, the Company and Providence entered into the COVID-19 Vaccines License Agreement in respect of the parties' collaboration in the manufacture, development and commercialization of the COVID-19 Vaccines.

(2) THE COLLABORATION AND LICENSE AGREEMENT

The Board is pleased to announce that on 13 September 2021, the Company and Providence entered into the Collaboration and License Agreement in respect of the parties' collaboration in the manufacture, development and commercialization of the Licensed Products.

(3) THE SHARE ISSUANCE AGREEMENT

Concurrently and in connection with the Collaboration and License Agreement, on 13 September 2021, the Company and Providence entered into the Share Issuance Agreement, pursuant to which the Company shall issue certain Shares to satisfy the Milestone Payments under the Collaboration and License Agreement and the Share Issuance Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the aggregate of the transactions contemplated under the COVID-19 Vaccines License Agreement, the Collaboration and License Agreement and the Share Issuance Agreement exceeds 5% but is less than 25%, the transactions under such agreements constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 13 September 2021, the Company and Providence entered into: (1) the COVID-19 Vaccines License Agreement in respect of the parties' collaboration in the manufacture, development and commercialization of the COVID-19 Vaccines; and (2) the Collaboration and License Agreement in respect of the parties' collaboration in the manufacture, development and commercialization of the Licensed Products. Concurrently and in connection with the Collaboration and License Agreement, on 13 September 2021, the Company and Providence entered into the Share Issuance Agreement, pursuant to which the Company shall issue certain Shares to satisfy the Milestone Payments under the Collaboration and License Agreement and the Share Issuance Agreement. Further details of the COVID-19 Vaccines License Agreement, the Collaboration and License Agreement and the Share Issuance Agreement are set out below.

(1) THE COVID-19 VACCINES LICENSE AGREEMENT

The principal terms of the COVID-19 Vaccines License Agreement are set out as follows:

Date

13 September 2021

Parties

- (i) Providence (as the licensor)
- (ii) the Company (as the licensee)

Term

An initial term shall commence on 13 September 2021 and the COVID-19 Vaccines License Agreement shall continue to be in force and effect until the expiration of all applicable royalty payment terms unless the COVID-19 Vaccines License Agreement is terminated earlier pursuant to the termination clause of the COVID-19 Vaccines License Agreement.

Grant of Licenses for COVID-19 Vaccines

Subject to the terms and conditions of the COVID-19 Vaccines License Agreement, Providence has granted the Company (i) a license to the Licensed IP for the development, manufacture, use, promotion, sale, offer for sale, or importation for development or commercialization of COVID-19 Vaccines in the Everest COVID-19 Territory; and (ii) a license to clinically develop COVID-19 Vaccines outside the Everest COVID-19 Territory, solely to support the clinical trial development of COVID-19 Vaccines in the Everest COVID-19 Territory. Providence also agreed to transfer to the Company certain manufacturing know-how and licensed know-how to develop, manufacture and commercialize COVID-19 Vaccines (the “**COVID-19 Vaccines Technology Transfer**”).

License Fee in relation to the COVID-19 Vaccines

The license fee for the COVID-19 Vaccines License Agreement consists of an upfront payment, a profit sharing arrangement and certain royalty payments, which are more particularized as follows.

Upfront Payment

In partial consideration of the rights granted by Providence to the Company under the COVID-19 Vaccines License Agreement and the COVID-19 Vaccines Technology Transfer, the Company shall pay Providence an upfront non-refundable fee of US\$50 million (approximately RMB323 million) within 30 days of execution of the COVID-19 Vaccines License Agreement.

Profit Sharing Arrangement and Royalties in respect of sales of COVID-19 Vaccines

In addition to the upfront payment, the Company shall pay Providence a certain portion of the net profit and royalties from the sale of COVID-19 Vaccines. The key terms are summarized as follows:

- (i) in the Everest COVID-19 Territory:
 - (a) a profit sharing arrangement in respect of the net profit from the sales of COVID-19 Vaccines (the “**Profit Sharing Arrangement**”) subject to a cap of US\$100 million (approximately RMB646 million);
 - (b) only after the cap under the Profit Sharing Arrangement has reached US\$100 million, royalties at a rate of a mid-to-high single-digit percentage of the aggregate net sales of COVID-19 Vaccines within a Calendar Year during the applicable royalty payment term; and

(ii) in the Everest Supplemental Territory:

- (a) royalties at a rate of a mid-teen percentage of the aggregate net sales of COVID-19 Vaccines on a country-by-country and COVID-19 Vaccine-by-COVID-19 Vaccine basis during the applicable royalty payment term.

Basis of the License Fee in relation to COVID-19 Vaccines

The aforementioned license fee was determined after arms' length negotiations between the Company and Providence with reference to various factors, including but not limited to: (i) the future prospects of the development and commercialization of COVID-19 Vaccines in the Everest Territory based on addressable patient population in the Everest Territory, expected demand for COVID-19 Vaccines, as well as discount taking into account the probability of success; and (ii) valuation of precedent financing transactions in the mRNA vaccine space and comparable technology platform companies.

(2) THE COLLABORATION AND LICENSE AGREEMENT

The principal terms of the Collaboration and License Agreement are set out as follows:

Date

13 September 2021

Parties

- (i) Providence (as the licensor)
- (ii) the Company (as the licensee)

Term

An initial term shall commence on 13 September 2021 and shall continue for an initial period of 15 years and shall then automatically renew for a successive five year period unless (i) the parties mutually agree in writing not to renew; or (ii) the Collaboration and License Agreement is terminated earlier pursuant to the termination clause of the Collaboration and License Agreement.

Grant of Licenses for Licensed Products

Subject to the terms and conditions of the Collaboration and License Agreement, the parties agreed to collaborate in the development, manufacture, distribution and sale of mRNA vaccine products and develop the Licensed Products. Providence has granted the Company the following licenses relating to the Licensed IP and agreed to transfer to the Company Providence's platform technology or research tools that: (i) relate to the design or manufacturing of mRNAs; and (ii) are generally applicable to multiple products (the "**Platform Technology Transfer**"), for the collaboration in the development and commercialization of the Licensed Products.

License for Collaboration Products

The Company and Providence have agreed to conduct collaborative research and develop two prophylactic or therapeutic products (the “**Collaboration Products**”) through joint venture arrangements, pursuant to which each of the Company and Providence would own 50% of the worldwide rights to the relevant candidate. In this respect, Providence has granted the Company a royalty-free, non-exclusive license in the Collaboration Products Territory under all Licensed IP solely for the purpose of performing the Company’s research activities in the Collaboration Products Territory.

License for Additional Products

Each of the Company and Providence may use the Licensed IP to create and develop Additional Products. An Additional Product developed by a party shall be referred to as such party’s Additional Product and the party shall have the sole right to the research, development, manufacturing, commercialization and other exploitation of such Additional Product. On an Additional Product-by-Additional Product basis, the owner of an Additional Product (the “**Additional Product Owner**”), for which an IND has been filed, grants to the other party an exclusive right of first negotiation (the “**ROFN**”) to obtain a license to develop, manufacture, and commercialize such Additional Product in such party’s territory. In the event that the ROFN is not exercised for any reason, the other party shall grant the Additional Product Owner a worldwide and perpetual license under certain IP such party controls to develop, manufacture, and commercialize any Additional Product developed by it, which, shall be royalty-free in the Additional Product Owner’s territory, and shall be subject to royalties at a rate of a low single digit percentage of the net sales of the Additional Product outside the Additional Product Owner’s territory.

The Company will not develop or commercialize products for seasonal or universal influenza outside the Collaboration Products Territory and above license arrangements shall not apply to any seasonal or universal influenza products developed by the Company for use or sale outside the Collaboration Products Territory.

License Fee in relation to the Licensed Products

In consideration of the rights granted by Providence to the Company under the Collaboration and License Agreement and the Platform Technology Transfer, the Company has agreed to pay to Providence a total of US\$350 million (approximately RMB2,260 million) in the form of cash and Shares.

Upfront Payment

In partial consideration of the rights granted by Providence to the Company under the Collaboration and License Agreement and the Platform Technology Transfer, the Company shall pay Providence a non-refundable fee of US\$50 million (approximately RMB323 million) in cash within 30 days of execution of the Collaboration and License Agreement.

Milestone Payments

In partial consideration of the rights granted by Providence to the Company under the Collaboration and License Agreement and the Platform Technology Transfer, the Company shall, as equity consideration, issue up to 41,908,384 Shares to Providence upon the completion of the Platform Technology Transfer and achievement of certain manufacturing, pre-clinical, development and commercial milestones.

The number of Shares to be issued as set out above was determined by dividing the relevant monetary value of the relevant Milestone Payment by HK\$55.67, which is the 30-day volume weighted average price (VWAP) per Share as of the Business Day immediately preceding the date of the Collaboration and License Agreement. The aggregate market value of the Shares to be issued pursuant to the Collaboration and License Agreement is HK\$2,333 million (approximately US\$300 million). All Shares to be issued shall be fully paid and non-assessable.

In connection with the Milestone Payments, the Company and Providence have entered into the Share Issuance Agreement, further details of which are set out below.

The achievement of the aforementioned Milestone Payment events is subject to certain variable factors which are not within the Company's control, including: uncertainties in relation to (i) the Platform Technology Transfer; (ii) the new product candidate discovery process; and (iii) the regulatory approval process. Accordingly, such Milestone Payment events are currently only expected to be achieved after 12 months from the date of the Collaboration and License Agreement and will only be capitalized upon the achievement of the relevant Milestone Payment event after consultation with the Company's accountant. It is expected that the Company will commit significant effort and capital to achieve each of the Milestone Payment events and ultimately commercial stage Licensed Products, including the equipment procurement, establishment of local manufacturing facility, discovery efforts, pre-clinical development and clinical development, and registration processes of the Licensed Products.

Basis of the License Fee in relation to the Licensed Products

The aforementioned license fee was determined after arms' length negotiations between the Company and Providence with reference to various factors, including but not limited to: (i) the future prospects of the development and commercialization of the Licensed Products in the Collaboration Products Territory and globally, based on addressable patient population, unmet medical needs as well as discount taking into account the probability of success; and (ii) valuation of precedent financing transactions in the mRNA vaccine space and comparable technology platform companies.

(3) SHARE ISSUANCE AGREEMENT

Date

13 September 2021

Parties

- (i) Providence (as the subscriber)
- (ii) the Company (as the issuer)

Share Issuance

As partial consideration of the rights granted by Providence to the Company under the Collaboration and License Agreement and the Platform Technology Transfer, Providence agreed to receive, and the Company agreed to issue and deliver, an aggregate of up to 41,908,384 Shares (with a combined aggregate value of up to HK\$2,333 million (approximately US\$300 million), free and clear of all liens or encumbrances, in several allotments (each a “**Milestone Tranche**”) to satisfy the Milestone Payments pursuant to the Collaboration and License Agreement and the Share Issuance Agreement.

Closing

The closing of each Milestone Tranche (the “**Milestone Closing**”) shall take place no later than ten Business Days after the satisfaction or waiver (as applicable) of all applicable closing conditions, upon which the Company shall effect the relevant Milestone Payment.

Closing Conditions

Each Milestone Closing is subject to the satisfaction or waiver (as applicable) of all the customary conditions, including but not limited to: (i) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Shares to be issued at the applicable Milestone Closing date on the Stock Exchange; and (ii) the achievement of the relevant milestones under the Collaboration and License Agreement and the Share Issuance Agreement.

Save for condition (i) which cannot be waived, all other conditions may be waived by the Company or Providence (as applicable) at any time in writing.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, 41,908,384 Shares which may be issued to satisfy the Milestone Payments.

In the event that the Collaboration and License Agreement is terminated, the Share Issuance Agreement shall be terminated with no further force or effect.

Restrictions on the subsequent sale of the Shares

The Shares to be issued under the Share Issuance Agreement will be subject to lock-up periods of between two to four years commencing from the date of the Share Issuance Agreement or the issuance of the Shares under each Milestone Tranche (whichever is later). Following the expiration of the applicable lock-up period, Providence agrees that it shall not, and shall cause its affiliates not to, dispose of any Shares exceeding 25% of the Shares in any rolling 30-calendar day period. In addition, if Providence intends to transfer or dispose of any or all of the Shares (regardless of the aforementioned 25% threshold), Providence shall notify and discuss with the Company as regards a mutually agreed transfer or disposition arrangement.

INFORMATION ABOUT THE PARTIES

The Company

The Company is a biopharmaceutical company focused on developing and commercializing transformative pharmaceutical products that address critical unmet medical needs for patients in Greater China and other Asian markets. The management team of the Company has deep expertise and an extensive track record of high-quality clinical development, regulatory affairs, CMC, business development and operations both in China and with leading global pharmaceutical companies. The Company has built a portfolio of eight potentially global first-in-class or best-in-class molecules, many of which are in late stage clinical development. The Company's therapeutic areas of interest include oncology, autoimmune disorders, cardio-renal diseases and infectious diseases.

Providence

Providence is a leading Canadian clinical stage biotechnology company pioneering mRNA therapeutics and vaccines with operations in Calgary, Alberta and Toronto, Ontario. In response to a worldwide need for a COVID-19 vaccine, Providence expanded its focus beyond oncology therapies and devoted its energy and resources to develop a world-class mRNA vaccine for COVID-19. Providence is focused on serving the needs of Canada, and other countries that may be underserved by large pharmaceutical programs.

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge, information and belief, Providence and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

INFORMATION ABOUT THE COVID-19 VACCINES AND LICENSED PRODUCTS

COVID-19 Vaccines

PTX-COVID-19-B, PTX-COVID-19-Variant and PTX-COVID-19-LT are COVID-19 vaccine candidates currently in the research and development pipeline of Providence which have been licensed to the Company for development and commercialization in the Everest Territory.

PTX-COVID-19-B is an mRNA vaccine in Phase 2 development for the treatment of COVID-19, which is designed to encode the S protein of SARS-CoV-2 encapsulated in a lipid nanoparticle (LNP). Interim data from Providence's Phase 1 study showed that PTX-COVID19-B demonstrated strong virus neutralization capability and produced a level of antibodies in participants in the treatment arm that compare favorably to those produced by other mRNA vaccines that have been approved for use against COVID-19. The treatment was generally safe and well tolerated. PTX-COVID-19-Variant and PTX-COVID-19-LT, are Providence's next generation mRNA COVID-19 vaccine candidates against specific variants of concern which are in preclinical development.

Collaboration Products

Collaboration Products refer to two additional prophylactic or therapeutic products to be developed in collaboration between Providence and the Company pursuant to the Collaboration and License Agreement.

Additional Products

Additional Products refer to products in the field of mRNA vaccines, therapeutics and/or diagnostics for all uses in human or any product for all uses in human, comprising an mRNA active pharmaceutical ingredient, that may be developed by the Company or Providence.

REASONS FOR AND BENEFITS OF THE COVID-19 VACCINES LICENSE AGREEMENT, THE COLLABORATION AND LICENSE AGREEMENT AND THE SHARE ISSUANCE AGREEMENT

The Directors are of the view that the strategic collaboration between the Company and Providence under the COVID-19 Vaccines License Agreement and the Collaboration and License Agreement supports the Company's mission to accelerate global vaccine and pharmaceutical innovation and deliver best-in-class medicines to people in China and globally. The collaboration would allow the Company to gain access to a clinically-validated mRNA platform and a potentially "best-in-class" mRNA COVID-19 vaccine with a full technology transfer from Providence.

The Directors believe that the partnership between the Company and Providence has the potential to complement and accelerate the Company’s drug discovery efforts, advancing the Company’s ability to explore the mRNA technology and develop vaccines and therapeutics in infectious disease and other key areas of focus, such as oncology and immunology.

In addition, as there will be a full technology transfer of Providence’s current and future manufacturing processes to the Company under the COVID-19 Vaccines Technology Transfer and the Platform Technology Transfer, this would allow the Company to, pending regional product approval, produce and distribute medicines locally, enabling people in Greater China and other Asian territories access to differentiated and clinically validated mRNA vaccines for COVID-19, mRNA vaccines for other infectious disease, as well as mRNA therapies for a range of other devastating diseases.

The Directors consider that the terms of the COVID-19 Vaccines License Agreement, the Collaboration and License Agreement and the Share Issuance Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the transactions contemplated under the COVID-19 Vaccines License Agreement, the Collaboration and License Agreement and the Share Issuance Agreement exceeds 5% but is less than 25%, the transactions under such agreements constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Cautionary statement: We cannot guarantee that we will be able to develop, or ultimately market, the COVID-19 Vaccines, the Collaboration Products or the Additional Products successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

DEFINITIONS

“Additional Product”	a product in the field of mRNA vaccines, therapeutics and/or diagnostics for all uses in human or any product for all uses in human, comprising an mRNA active pharmaceutical or biological ingredient, that is developed by the Company or Providence, that is not a COVID-19 Vaccine or a Collaboration Product, or improvement of a COVID-19 Vaccine or a Collaboration Product
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or statutory/national/federal or civic holiday) on which banking institutions in the Cayman Islands, Alberta, New York, Hong Kong, Singapore or Shanghai are open for business

“Calendar Year”	a period of 12 consecutive calendar months ending on 31 December
“China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Collaboration and License Agreement”	the collaboration and license agreement dated 13 September 2021 entered into between the Company and Providence in relation to, among other things, the manufacture, development and commercialization of the Licensed Products
“Company”	Everest Medicines Limited, an exempted company with limited liability incorporated in the Cayman Islands on 14 July 2017
“Collaboration Products Territory”	China, Taiwan, Hong Kong, Macau and Singapore
“COVID-19 Vaccines”	active mRNA pharmaceutical ingredients, biological, pharmaceutical or vaccine products discovered or developed and owned or controlled by Providence that are capable of producing an immune response, including but not limited to antibody production, upon exposure to the COVID-19 virus, including but not limited to PTX-COVID-19-B, PTX-COVID-19-V1, PTX-COVID-19-LT and any related vaccine products designed to address SARS-CoV-2 variants, as the sole active ingredient or in combination with one or more other active ingredients
“COVID-19 Vaccines License Agreement”	the license agreement dated 13 September 2021 entered into between the Company and Providence in relation to, among other things, the manufacture, development and commercialization of the COVID-19 Vaccines
“Director(s)”	the director(s) of the Company
“Everest COVID-19 Territory”	China, Taiwan, Hong Kong, Macau and Singapore
“Everest Supplemental Territory”	Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Pakistan, Philippines, Thailand, Timor-Leste and Vietnam
“Everest Territory”	collectively, the Everest COVID-19 Territory and the Everest Supplemental Territory
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“IND”	investigational new drug application
“Licensed IP”	<p>all intellectual property rights owned or controlled by Providence or its affiliate, including patents, trade secrets and know-how, as of the effective date of the COVID-19 Vaccines License Agreement or the Collaboration and License Agreement (as applicable) and during the relevant term that are necessary or reasonably useful for:</p> <p>(i) in respect of the COVID-19 Vaccines License Agreement, the development, manufacture, commercialization or importation for development or commercialization of the COVID-19 Vaccines in the COVID-19 Territory; and</p> <p>(ii) in respect of the Collaboration and License Agreement, the carrying out of the collaboration and research activities, the development of Additional Products, and for the manufacture, development, and commercialization of Additional Products.</p>
“Licensed Products”	Collaboration Products and Additional Products
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Milestone Payments”	the payments that are payable by the Company to Providence upon achievement of certain milestones pursuant to the Collaboration and License Agreement and the Share Issuance Agreement
“mRNA”	messenger RNA
“Providence ”	Providence Therapeutics Holdings Inc., a company incorporated under the laws of Canada
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$”

U.S. dollars, the lawful currency of the United States of America

By order of the Board
Everest Medicines Limited
Wei Fu
Chairman and Executive Director

Hong Kong, 13 September 2021

As at the date of this announcement, the Board comprises Mr. Wei Fu as Chairman and Executive Director, Dr. Kerry Levan Blanchard, Mr. Ian Ying Woo and Mr. Xiaofan Zhang as Executive Directors, Mr. Yubo Gong and Ms. Lan Kang as Non-executive Directors, and Mr. Bo Tan, Mr. Yifan Li and Mr. Shidong Jiang as Independent Non-executive Directors.

For the purpose of this announcement, conversion of US\$ into HK\$ and RMB is based on the exchange rates of US\$1 to HK\$7.7779 and US\$1 to RMB6.4566. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in US\$, HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.