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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)**

## **(1) GRANT OF OPTIONS**

### **(2) NON-EXEMPT CONNECTED TRANSACTION — PROPOSED AWARD GRANT TO A CONNECTED PERSON**

### **(3) NON-EXEMPT CONNECTED TRANSACTION — PROPOSED PERFORMANCE TARGET AWARD GRANT TO A CONNECTED PERSON**

## **(1) GRANT OF OPTIONS**

This section of the announcement is made pursuant to Rule 17.06A of the Listing Rules. The Board announces that on 19 September 2022, it has resolved to grant 4,700,000 Options to Mr. Yongqing Luo (“**Mr. Luo**”), an executive Director and Chief Executive Officer of the Company, under the Post-IPO Share Option Scheme, subject to acceptance by Mr. Luo and Independent Shareholders’ approval at a general meeting. The details of the Proposed Option Grant are as follows:

Date of grant:	19 September 2022
Exercise price of the Options granted:	HK\$10.084
Number of Options granted:	4,700,000
Market price of the Shares on the date of grant:	HK\$8.89 per Share
Validity period of the Options	7 years after the date of grant

The grant of Options enables the Company to attract, retain, incentivize and remunerate the Mr. Luo, and encourage him to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

## **Listing Rules Implications**

Pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Post-IPO Share Option Scheme, each grant of options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, must be approved by independent non-executive directors of the Company. Accordingly, the Proposed Option Grant has been approved by the independent non-executive Directors.

Pursuant to the Note to Rule 17.03(4) of the Listing Rules and the terms of the Post-IPO Share Option Scheme, where the total number of Shares issued and to be issued upon exercise of the Options granted to a person (including both exercised and outstanding Options) in any 12-month period exceeds 1% of the relevant class of Shares in issue, such grant must be approved by the Shareholders in general meeting and the grantee and his associates must abstain from voting. Upon the exercise of the Options granted to him in the 12-month period up to and including the date of grant, Mr. Luo will be entitled to subscribe for 4,700,000 Shares, representing approximately 1.53% of the Shares in issue as at the date of this announcement. Accordingly, the Proposed Option Grant is subject to Independent Shareholders' approval at a general meeting and Mr. Luo and his associates shall abstain from voting.

### **(2) NON-EXEMPT CONNECTED TRANSACTION — PROPOSED AWARD GRANT TO A CONNECTED PERSON**

The Board announces that on 19 September 2022, it has resolved to grant 860,474 Awards to Mr. Luo under the Post-IPO Share Award Scheme, subject to acceptance by Mr. Luo and Independent Shareholders' approval at a general meeting.

The Awards shall be granted, among other terms, for nil consideration, and represents the right to receive one Share on the date the Award vests. Accordingly, upon vesting, Mr. Luo shall be entitled to receive 860,474 Shares, representing approximately 0.28% of the total number of Shares in issue as at the date of this announcement. The Awards shall vest on the first anniversary of the date of Mr. Luo's appointment as an executive Director and Chief Executive Officer of the Company (i.e. 19 September 2023).

The market price of the Shares on the date of the Proposed Award Grant was HK\$8.89 per Share.

### **(3) NON-EXEMPT CONNECTED TRANSACTION — PROPOSED PERFORMANCE TARGET AWARD GRANT TO A CONNECTED PERSON**

The Board further announces that on 19 September 2022, it resolved to grant a maximum of 1,200,000 Performance Target Awards to Mr. Luo under the Post-IPO Share Award Scheme, subject to acceptance by Mr. Luo and Independent Shareholders' approval at a general meeting.

The commencement of the vesting schedule of the Performance Target Awards shall be as follows: (i) 50% of the Performance Target Awards if the Share price first exceeds HK\$55; and (ii) 50% of the Performance Target Awards if the Share price first exceeds HK\$75. Once any of the aforementioned targets is achieved, the relevant Performance Target Awards shall vest equally on each anniversary date of the relevant achievement date over the course of three years. The Performance Target Awards shall be granted, among other terms, for nil consideration, and represent the right to receive one Share on the date the Performance Target Award vests. Accordingly, if vested, Mr. Luo shall receive a maximum of 1,200,000 Shares, representing approximately 0.39% of the total number of Shares in issue as at the date of this announcement. The Shares underlying the Performance Target Awards are subject to limitations in the volume and value that may be sold within a prescribed period as determined by the Board from time to time.

The market price of the Shares on the date of grant was HK\$8.89 per Share.

### **Reasons for and Benefits of the Proposed Award Grant and the Proposed Performance Target Award Grant**

The Proposed Award Grant and Proposed Performance Target Award Grant are part of the Company's remuneration policy. It enables the Company to attract, retain, incentivize, reward and remunerate Mr. Luo, and encourage him to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

The Directors believe that the future success and continual development of the Company are closely linked to the continual commitment and efforts of its management team. In particular, given the limited number of individuals in the biopharmaceutical industry with the breadth of expertise and experience required to successfully develop, gain regulatory approval of, manufacture and commercialize drug products and formulate strategy as well as operate the Company, the Company places a high priority on selecting, recruiting and retaining a high-caliber industry veteran such as Mr. Luo and cultivating an entrepreneurial and reward-for-performance culture.

Given his wealth of experience in the biopharmaceutical industry, the Company believes that Mr. Luo will be invaluable to and instrumental in the Group's continued success. The number of Awards proposed to be granted to Mr. Luo was determined by the Remuneration Committee and the Directors having taken into account (i) where possible, the level of remuneration paid by comparable companies to their directors and senior management; (ii) the expected time commitment and responsibilities of Mr. Luo; (iii) the market practice regarding executive remuneration package structures of comparable companies; and (iv) the Company's dependence on very highly educated and skilled individuals with the requisite biopharmaceutical and industry knowledge, to retain, motivate and incentivize the Directors and senior management to run the Company successfully for the long term benefit of the Group.

The Proposed Performance Target Award Grant will provide Mr. Luo with incentive to maximize Shareholder value and drive Share price performance. Such grant that can be realized when performance targets are attained is akin to payment of a performance bonus and hence an effective incentive. To achieve the highest and lowest stock price targets of HK\$75 and HK\$55, the Company's stock price will have to increase by approximately 744% and 519%, respectively, from the stock price of HK\$8.89 as at the date of this announcement. The Board believes that these are appropriately challenging targets.

In this regard, the Board (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) and the Remuneration Committee consider that the terms of the Proposed Performance Target Award Grant on the attainment of the performance targets are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Listing Rules Implications**

Mr. Luo has been appointed as executive Director with effect from 19 September 2022, and is therefore a connected person of the Company. Accordingly, each of the Proposed Award Grant and the Proposed Performance Target Award Grant constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement, circular and the Independent Shareholders' approval requirements.

No Director is considered to be interested in the Proposed Award Grant and the Proposed Performance Target Award Grant and therefore none of them abstained from voting on the relevant Board resolution. Pursuant to Chapter 14A of the Listing Rules, a Shareholder with a material interest in the transaction is required to abstain from voting on the resolutions at the general meeting to approve the Proposed Award Grant and the Proposed Performance Target Award Grant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder is required under the Listing Rules to abstain from voting at the general meeting on the resolutions approving the Proposed Award Grant and the Proposed Performance Target Award Grant.

The vesting of the Proposed Award Grant and the Proposed Performance Target Award Grant (if materialised) shall be satisfied by the issuance of new Shares. For the avoidance of doubt, the Stock Exchange has granted approval at the time of the Company's initial public offering for the listing of, and permission to deal in, the Shares to be issued under the Post-IPO Share Award Scheme.

## **GENERAL**

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed Award Grant and the Proposed Performance Target Award Grant. The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Award Grant and the Proposed Performance Target Award Grant.

Ordinary resolutions will be proposed at a general meeting to be held by the Company to approve, among other things, (i) the Proposed Option Grant; (ii) the Proposed Award Grant; and (iii) the Proposed Performance Target Award Grants. A circular containing, among other things, further details of the Proposed Option Grant, the Proposed Award Grant and the Proposed Performance Target Award Grants, a letter from the Independent Board Committee, and a letter from the Independent Financial Adviser, together with the notice convening the general meeting, will be despatched to the Shareholders in due course as additional time is required by the Company to prepare and finalise certain information for inclusion in the circular.

## **INFORMATION ABOUT 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 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 ten 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.

## **DEFINITIONS**

<b>“associate”</b>	has the same meaning ascribed to it under the Listing Rules
<b>“Award(s)”</b>	awards(s), being a contingent right to receive Shares awarded under the Post-IPO Share Award Scheme
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Everest Medicines Limited, an exempted company with limited liability incorporated in the Cayman Islands and the Shares of which are listed on the main board of the Stock Exchange (stock code:1952)
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China

<b>“Independent Board Committee”</b>	an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the non-exempt connected transactions relating to the Proposed Award Grant and the Proposed Performance Target Award Grant
<b>“Independent Financial Adviser”</b>	the independent financial adviser acceptable to the Stock Exchange to be appointed by the Company pursuant to Rule 14A.44 of the Listing Rules to advise the Independent Board Committee, and the Independent Shareholders on whether the Independent Shareholders should vote in favour of the non-exempt connected transactions relating to the Proposed Award Grant and the Proposed Performance Target Award Grant
<b>“Independent Shareholders”</b>	the Shareholders who are not required under the Listing Rules to abstain from voting at the general meeting Company to be held to approve the non-exempt connected transactions relating to the Proposed Award Grant and the Proposed Performance Target Award Grant
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Option(s)”</b>	option(s) to subscribe for or acquire Shares which is/are granted under the Post-IPO Share Option Scheme
<b>“Performance Target Awards”</b>	performance target awards proposed to be granted to Mr. Luo in accordance with the Post-IPO Share Award Scheme
<b>“Post-IPO Share Award Scheme”</b>	the post-IPO share award scheme adopted by the Shareholders on 21 September 2020
<b>“Post-IPO Share Option Scheme”</b>	the post-IPO share option scheme adopted by the Shareholders on 21 September 2020
<b>“Proposed Award Grant”</b>	860,474, Awards proposed to be granted to Mr. Luo in accordance with the Post-IPO Share Award Scheme
<b>“Proposed Option Grant”</b>	4,700,000 Options proposed to be granted to Mr. Luo in accordance with the Post-IPO Share Option Scheme
<b>“Proposed Performance Target Award Grant”</b>	1,200,000 Performance Target Awards proposed to be granted to Mr. Luo in accordance with the Post-IPO Share Award Scheme
<b>“Remuneration Committee”</b>	remuneration committee of the Board
<b>“Shareholder(s)”</b>	holder(s) of Shares in the Company

“Shares”	ordinary shares 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, 19 September 2022

*As at the date of this announcement, the Board comprises Mr. Wei Fu as Chairman and Executive Director, Mr. Yongqing Luo, 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.*