Everest Medicines Limited
雲頂新耀有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1952)

DISCLOSEABLE TRANSACTION

PATENT AND KNOW-HOW LICENSE AGREEMENT WITH A*CCELERATE

THE LICENSE AGREEMENT

The Board is pleased to announce that on 13 January 2022, Everest SG, a wholly-owned subsidiary of the Company, and the Licensor entered into the License Agreement, pursuant to which the Licensor granted Everest SG an exclusive, non-transferable, sublicensable, royalty-bearing and revocable for cause license under the Licensed Technology to Exploit the Licensed Products worldwide for the treatment of coronavirus and other diseases and to make enhancements to the Licensed Technology.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the transaction contemplated under the License Agreement exceeds 5% but is less than 25%, the transaction under such agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE LICENSE AGREEMENT

Date

13 January 2022 (the "**Effective Date**")

Parties

(i) A*ccelerate (as the licensor)

(ii) Everest SG (as the licensee)

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

Term

Unless terminated earlier in accordance with the terms of the License Agreement, the License Agreement shall be effective as of the Effective Date and shall continue to be in full force until the expiration of the last Royalty Term.

Grant of License

Pursuant to the License Agreement, the Licensor has granted Everest SG an exclusive, non-transferable, sublicensable, royalty-bearing and revocable for cause license under the Licensed Technology to Exploit the Licensed Products for the treatment of coronavirus and other diseases and to make enhancements to the Licensed Technology.

Right of First Refusal

The Licensor has granted to Everest SG a right of first refusal to Exploit any competing product developed by the Experimental Drug Development Centre (the "**EDDC**", Singapore's national platform for drug discovery and development hosted by A*STAR and an affiliate of the Licensor) for a five-year period after the Effective Date.

Non-compete

The Licensor will not directly or indirectly develop, manufacture or commercialize any prophylactic or therapeutic product that contains a SARS-CoV-2 3CL protease inhibitor (which is the lead compound in the Licensed Technology) anywhere in the world within the three-year period after the Effective Date.

Fee under the License Agreement

The fee under the License Agreement shall comprise: (i) a license fee of US$2.5 million (approximately RMB15.9 million); (ii) potential development milestone payments of up to US$107 million (approximately RMB681.9 million); and (iii) potential sales milestone payments in the range of US$15 million (approximately RMB95.6 million) and US$105 million (approximately RMB669.1 million). The Company may incur additional development milestone payments of up to an amount less than two-thirds of the aforementioned potential development milestone payments for additional indications for any Licensed Product which may or may not materialise in the future. The Company currently intends to settle the aforementioned payments in cash through internal resources.

License Fee

Everest SG shall pay a license fee of US$2.5 million (approximately RMB15.9 million) to the Licensor within 30 days of the Effective Date.

Milestone Payments

Everest SG shall pay to the Licensor various specified development milestone payments, based on the achievement by Everest SG of different development milestone events, and sales milestone payments, based on the achievement by Everest SG of different sales milestone figures for the annual Net Sales of all Licensed Products worldwide. As mentioned above, the potential development milestone payments shall be up to US$107 million (approximately RMB681.9 million) and the potential sales milestone payments shall be in the range of US$15 million (approximately RMB95.6 million) and US$105 million (approximately RMB669.1 million). In addition, the Company may incur additional development milestone payments of up to an amount less than two-thirds of the aforementioned potential development milestone payments for additional indications for any Licensed Product which may or may not materialise in the future.

Royalties

During the Royalty Term, Everest SG will pay to the Licensor, on a quarterly basis, royalties calculated based on the applicable tiered royalty rate which ranges from a high single digit percentage to a low-teen percentage.

Sublicense

Everest SG shall have the right to grant sublicenses without the Licensor's consent but with prompt written notification to the Licensor. In the event that Everest SG sublicenses the Licensed Technology prior to the completion of a Phase 1 clinical trial, Everest SG shall pay to the Licensor a sublicensing payment.

Basis of the fee under the License Agreement

The fee under the License Agreement was determined after arms' length negotiations between Everest SG and the Licensor with reference to various factors, including but not limited to: (i) the status of the development of the Licensed Technology; (ii) the future prospects of the development and commercialization of the Licensed Products globally, based on addressable patient population, unmet medical needs as well as discount taking into account the probability of success; and (iii) the valuation of comparable companies and assets.

INFORMATION ABOUT THE PARTIES

Everest SG and the Company

Everest SG is a company incorporated in Singapore and a wholly-owned subsidiary of 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.

A*ccelerate

The Agency for Science, Technology, and Research ("**A*STAR**") is Singapore's lead public sector R&D agency. Through open innovation, A*STAR collaborates with its partners in both the public and private sectors to benefit the economy and society. As a Science and Technology Organisation, A*STAR bridges the gap between academia and industry. Its research creates economic growth and jobs for Singapore, and enhances lives by improving societal outcomes in healthcare, urban living, and sustainability. A*STAR plays a key role in nurturing scientific talent and leaders for the wider research community and industry. A*STAR's R&D activities span biomedical sciences to physical sciences and engineering, with research entities primarily located in Biopolis and Fusionopolis. A*ccelerate is the licensing arm of A*STAR and supports A*STAR in licensing its research outcomes. EDDC is Singapore's national platform for drug discovery and development hosted by A*STAR.

INFORMATION ABOUT THE LICENSED TECHNOLOGY AND LICENSED PRODUCTS

A Licensed Product refers to a product that incorporates any of the Licensed Technology. The Licensed Technology refers to specified know-how and the existing patent under the License Agreement in respect of a series of inhibitor agents that have demonstrated potent in-vitro activity against SARS-CoV-2 and variants controlled by the Licensor or its affiliates.

The lead compound in the Licensed Technology is EDDC-2214, a novel and potent SARS-CoV-2 3CL protease inhibitor, which is currently under development as oral antiviral COVID-19 therapy. The main protease in the SARS-CoV-2 (the virus that causes COVID-19) is the 3CL protease. Compared to several other oral COVID-19 antivirals, EDDC-2214 exhibits better in-vitro potency and pre-clinical oral bioavailability. Clinical trials evaluating EDDC-2214 are expected to begin later this year.

REASONS FOR AND BENEFITS OF THE LICENSE AGREEMENT

The Directors are of the view that the strategic collaboration between the Company and A*ccelerate would complement the Company's existing COVID-19 vaccine program and enable the Company to offer a package against COVID-19 that has both preventative vaccines and conveniently administered infection treatments, which would allow the Company to achieve its goal to deliver a novel oral antiviral treatment to patients during this time of limited therapeutic options which is accessible and affordable. The Company entered into a license agreement with Providence Therapeutics Holdings Inc. in September 2021 in respect of the parties' collaboration in the manufacture, development and commercialization of COVID-19 vaccines. Please refer to the announcements of the Company dated 13 and 14 September 2021 for details.

The Directors (including independent non-executive Directors) consider that the terms of the License 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 transaction contemplated under the License Agreement exceeds 5% but is less than 25%, the transaction under such agreement constitutes a discloseable transaction of the Company and is 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 Licensed Products successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

DEFINITIONS

"A*ccelerate"	Accelerate Technologies Pte. Ltd., a company incorporated in Singapore
"Board"	the board of Directors
"China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan

"Company"	Everest Medicines Limited, an exempted company with limited liability incorporated in the Cayman Islands on 14 July 2017
"Director(s)"	the director(s) of the Company
"Everest SG"	Everest Medicines (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company
"Exploit" or "Exploitation"	research, develop, manufacture, commercialize, or otherwise make, have made, use, offer for sale, sell, import, export, and otherwise exploit
"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
"License Agreement"	the patent and know-how license agreement dated 13 January 2022 entered into between Everest SG and the Licensor in relation to the Exploitation of the Licensed Products and development of enhancements to the Licensed Technology
"Licensed Product"	a product that incorporates any of the Licensed Technology
"Licensed Technology"	specified know-how and the existing patent in respect of a series of inhibitor agents that have demonstrated potent in-vitro activity against SARS-CoV-2 and variants controlled by the Licensor or its affiliates
"Licensor"	A*ccelerate
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Net Sales"	the gross price billed or invoiced on sales of the Licensed Product by Everest SG, its affiliates or sublicensees, less certain usual and customary deductions as agreed by the parties
"RMB"	Renminbi, the lawful currency of the People's Republic of China

"Royalty Term"	on a country-by-country basis, the period that commences upon the first commercial sale of a Licensed Product in such country after receipt of marketing approval in such country and terminates upon the last of (a) the expiration of the last Valid Claim of existing patents covering the Licensed Product in such country, (b) the 10th anniversary of first commercial sale of such Licensed Product in such country, and (c) the expiration of all exclusive marketing rights or data exclusivity rights under applicable laws with respect to such Licensed Product in such country
"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
"Valid Claim"	any claim (a) issued in an unexpired patent which has not been held unenforceable, unpatentable or invalid by a decision of a court or other governmental agency of competent jurisdiction following exhaustion of all possible appeal processes, and which has not been admitted to be invalid or unenforceable through reissue, re-examination or disclaimer, or (b) of a pending patent application which has not expired or been finally abandoned or finally rejected by the relevant governmental authority or agency from which no refiling can occur and no appeal can be taken and so long as such patent application is being diligently prosecuted and has been pending less than seven years from the date of filing of such pending patent application

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

Hong Kong, 14 January 2022

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 RMB is based on the exchange rate of US$1 to RMB6.3728. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in US$ or RMB have been, could have been or may be converted at such or any other rate or at all.