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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 SHARE OPTIONS, (2) GRANT OF SHARE AWARDS, (3) NON-EXEMPT CONNECTED TRANSACTION — PROPOSED GRANT OF SHARE AWARDS TO CONNECTED PERSONS, AND (4) PROPOSED FUTURE AWARD GRANTS**

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

This announcement is made pursuant to Rule 17.06A of the Listing Rules. The Board announces that on 14 July 2021, the Company granted 3,173,821 Options to 11 Grantees under the Post-IPO Share Option Scheme, subject to acceptance by the Grantees. The details of the Options granted to the Grantees are as follows:

Date of grant:	14 July 2021
Exercise price of the Options granted:	HK\$72.49 per Share
Number of Options granted:	3,173,821
Market price of the Shares on the date of grant:	HK\$70.70 per Share
Validity period of the Options:	seven years after the date of grant

Among the grant of Options, 2,711,882 Options were granted to 9 connected persons, details of which are as follows:

<b>Name of Grantee</b>	<b>Position</b>	<b>Number of Options granted</b>
Mr. Kerry Levan Blanchard	Executive Director and chief executive officer	1,483,196
Mr. Ian Ying Woo	Executive Director and chief financial officer	338,403
Mr. Xiaofan Zhang	Executive Director and chief operating officer	338,403
Mr. Shidong Jiang	Independent non-executive Director	20,000
Mr. Yifan Li	Independent non-executive Director	20,000
Mr. Bo Tan	Independent non-executive Director	20,000
3 other Grantees	Other employees of the Company including senior management who are directors of subsidiaries of the Company	491,880

Pursuant to Rule 17.04(1) of the Listing Rules, such grant of Options to Mr. Kerry Levan Blanchard, Mr. Ian Ying Woo and Mr. Xiaofan Zhang had been approved by the independent non-executive Directors.

Pursuant to Rule 17.04(1) of the Listing Rules, such grant of Options to Mr. Shidong Jiang had (1) been approved by the independent non-executive Directors (excluding Mr. Shidong Jiang) and (2) would not result in the shares issued and to be issued upon exercise of all options already granted and to be granted to Mr. Shidong Jiang in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million.

Pursuant to Rule 17.04(1) of the Listing Rules, such grant of Options to Mr. Yifan Li had (1) been approved by the independent non-executive Directors (excluding Mr. Yifan Li and (2) would not result in the shares issued and to be issued upon exercise of all options already granted and to be granted to Mr. Yifan Li in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million.

Pursuant to Rule 17.04(1) of the Listing Rules, such grant of Options to Mr. Bo Tan had (1) been approved by the independent non-executive Directors (excluding Mr. Bo Tan) and (2) would not result in the shares issued and to be issued upon exercise of all options already granted and to be granted to Mr. Bo Tan in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million.

None of the grant of Options will be subject to approval by the Shareholders.

The grant of Options enable the Company to attract, retain, incentivize, reward and remunerate the Grantees, and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

## **(2) GRANT OF SHARE AWARDS**

On a voluntary basis, the Board announces that on 14 July 2021, the Company granted 227,042 Awards to 2 Grantees under the Post-IPO Share Award Scheme, subject to acceptance by the Grantees.

Each of the Awards is granted, among other terms, for nil consideration, and represents the right to receive one Share on the date the Award vests.

The market price of the Shares on the date of grant was HK\$70.70 per Share.

None of the grant of Awards will be subject to approval by the Shareholders, and none of the Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or an associate (as defined in the Listing Rules) of any of them.

The Post-IPO Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

The grant of Awards enable the Company to attract, retain, incentivize, reward and remunerate the Grantees, and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

## **(3) PROPOSED GRANT OF SHARE AWARDS TO CONNECTED PERSONS**

The Board announces that on 14 July 2021, the Company resolved to grant 1,371,095 Awards to 9 Grantees under the Post-IPO Share Award Scheme and to grant 444,400 Awards to 4 Grantees under the Pre-IPO ESOP, each subject to acceptance by the Grantees and the Independent Shareholders' approval at the EGM.

Each of the Awards is granted, among other terms, for nil consideration, and represents the right to receive one Share on the date the Award vests.

Each of the grant of Awards was to connected persons, details of which are as follows:

<b>Name of Grantee</b>	<b>Position</b>	<b>Number of Awards granted</b>
Mr. Kerry Levan Blanchard	Executive Director and chief executive officer	640,303
Mr. Ian Ying Woo	Executive Director and chief financial officer	166,325
Mr. Xiaofan Zhang	Executive Director and chief operating officer	166,325
Ms. Xu Zhu, Ms. Yang Shi, Ms. Zhengying Zhu, Mr. Yuan Gao, Ms. Min Yu and Mr. Zixin Qiao	Employees of the Company and directors of subsidiaries of the Company	842,542 <sup>(1)</sup>

*Note:*

- (1) Each individual employee, being a connected person at the subsidiary level, received between approximately 15,000 and 285,000 Awards.

The market price of the Shares on the date of grant was HK\$70.70 per Share. The Shares underlying the 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.

Each of the Post-IPO Share Award Scheme and the Pre-IPO ESOP does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

## **Reasons for and benefits of the Proposed Award Grants**

The grant of Awards is a part of the Company's remuneration policy. It enables the Company to attract, retain, incentivize, reward and remunerate the Grantees, and encourage them 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. The Company places a high priority on selecting, recruiting and retaining top talent and cultivates an entrepreneurial and reward-for-performance culture to attract many high-caliber industry veterans. In particular, the Company remains committed to empowering its management team members to take ownership of their work by rewarding them commensurate with their contributions.

Given the limited number of individuals in the biopharmaceutical industry with the breadth of expertise and experience required to successfully discover, develop, gain regulatory approval of, manufacture and commercialize drug products, the Directors understand that replacing these key individuals may be difficult and may take a prolonged period of time, maintaining a stable and experienced management team is therefore critical to the development and expansion of the Company. The retention of these key management team members through the granting of proposed awards therefore minimizes any potential disruption to the existing operations of the Company.

In determining the remuneration of the key management team grantees, the Directors have taken into account various factors including but not limited to (i) the importance of the roles and responsibilities of the Grantees; (ii) their past performance and contributions; and (iii) their expected contribution to the Company's future development.

In this regard, the Directors (including independent non-executive Directors but excluding Mr. Kerry Levan Blanchard) and the remuneration committee of the Company consider that the terms of the Proposed Award to Mr. Kerry Levan Blanchard are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

In this regard, the Directors (including independent non-executive Directors but excluding Mr. Ian Ying Woo) and the remuneration committee of the Company consider that the terms of the Proposed Award to Mr. Ian Ying Woo are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

In this regard, the Directors (including independent non-executive Directors but excluding Mr. Xiaofan Zhang) and the remuneration committee of the Company consider that the terms of the Proposed Award to Mr. Xiaofan Zhang are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

In this regard, the Directors (including independent non-executive Directors) consider that the terms of the Proposed Awards to each of Ms. Xu Zhu, Ms. Yang Shi, Ms. Zhengying Zhu, Mr. Yuan Gao, Ms. Min Yu and Mr. Zixin Qiao are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Listing Rules implications**

Mr. Kerry Levan Blanchard, Mr. Ian Ying Woo and Mr. Xiaofan Zhang are each executive Directors, and therefore are connected persons of the Company. Ms. Xu Zhu, Ms. Yang Shi, Ms. Zhengying Zhu, Mr. Yuan Gao, Ms. Min Yu and Mr. Zixin Qiao are each directors of subsidiaries of the Company, and therefore are connected persons of the Company. The Proposed Award Grants and transactions contemplated therein constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

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 EGM to approve the relevant Proposed Award Grants.

Mr. Kerry Levan Blanchard did not vote on the Board resolution approving the Proposed Award to Mr. Kerry Levan Blanchard. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Kerry Levan Blanchard abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Kerry Levan Blanchard and their associates is not interested in any Shares or underlying Shares, except for Mr. Kerry Levan Blanchard's interest in options for which no voting rights may be exercisable. Accordingly, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Award to Mr. Kerry Levan Blanchard and transactions contemplated therein.

Mr. Ian Ying Woo did not vote on the Board resolution approving the Proposed Award to Mr. Ian Ying Woo. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Ian Ying Woo abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Ian Ying Woo and their associates is not interested in any Shares or underlying Shares, except for Mr. Ian Ying Woo's interest in options for which no voting rights may be exercisable. Accordingly, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Award to Mr. Ian Ying Woo and transactions contemplated therein.

Mr. Xiaofan Zhang did not vote on the Board resolution approving the Proposed Award to Mr. Xiaofan Zhang. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Xiaofan Zhang abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Xiaofan Zhang and their associates is not interested in any Shares or underlying Shares, except for Mr. Xiaofan Zhang's interest in options for which no voting rights may be exercisable. Accordingly, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Award to Mr. Xiaofan Zhang and transactions contemplated therein.

No Director is considered to be interested in the Proposed Award to Ms. Zhengying Zhu and therefore none of them abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Ms. Zhengying Zhu and their associates is not interested in any Shares or underlying Shares, except for Ms. Zhengying Zhu's interest in 686,224 Shares held by her associate and options and RSUs for which no voting rights may be exercisable. Accordingly, save for Ms. Zhengying Zhu and her associates, no other Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Award to Ms. Zhengying Zhu and transactions contemplated therein.



No Director is considered to be interested in the Proposed Award to Ms. Xu Zhu, Ms. Yang Shi, Mr. Yuan Gao, Ms. Min Yu and Mr. Zixin Qiao and therefore none of them abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Ms. Xu Zhu, Ms. Yang Shi, Mr. Yuan Gao, Ms. Min Yu and Mr. Zixin Qiao and their associates is not interested in any Shares or underlying Shares, except for their interest in options and RSUs for which no voting rights may be exercisable. Accordingly, no Shareholders are required under the Listing Rules to abstain from voting at the EGM on the resolutions approving the Proposed Award to Ms. Xu Zhu, the Proposed Award to Ms. Yang Shi, the Proposed Award to Mr. Yuan Gao, the Proposed Award to Ms. Min Yu, the Proposed Award to Mr. Zixin Qiao and transactions contemplated therein.

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 and the Pre-IPO ESOP.

### **Shareholder approval**

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed Award Grants and any transactions contemplated thereunder. The Company has appointed Elstone Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Award Grants and any transactions contemplated thereunder.

Ordinary resolutions will be proposed at the EGM to approve the Proposed Award Grants and any transactions contemplated thereunder (including the allotment and issue of any new Shares thereunder). A circular containing, among other things, details of the Proposed Award Grants, a letter from the Independent Board Committee, and a letter from the Independent Financial Adviser together with the notice convening the EGM will be despatched to the Shareholders in due course.

### **Other information**

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.



#### (4) PROPOSED FUTURE AWARD GRANTS

On a voluntary basis, the Company would also like to announce its intention to grant certain number of restricted stock units (“RSUs”) to C-level management team listed below (each a “Future Stock Price Target Award Grantee”), subject to the achievement of the applicable stock price target from HK\$150 to HK\$200 (each a “Stock Price Target”, and collectively the “Stock Price Targets”) at different times during the period from 1 January 2022 to 31 December 2024 (the “Designated Period”) (each a “Future Stock Price Target Award Grant”, and collectively, the “Future Stock Price Target Award Grants”):

No.#	Name of Future Stock Price Target Award Grantee	Position
1.	Mr. Kerry Levan Blanchard	Chief Executive Officer
2.	Mr. Ian Ying Woo	President and Chief Financial Officer
3.	Mr. Neo Xiaofan Zhang	Chief Operating Officer
4.	Ms. Yang Shi	Chief Medical Officer, Oncology
5.	Ms. Xu, Zhu	Chief Medical Officer, Infectious Disease
6.	Ms. Zhengying Zhu	Chief Medical Officer, Internal Medicine
7.	Mr. Jason Brown	Chief Business Officer
8.	Mr. Steven Xinhui Hu	Chief Technology Officer
9.	Mr. Kevin Yong Guo	Chief Commercial Officer
10.	Ms. Jennifer Wei Yang	Chief Scientific Officer

A Stock Price Target is only deemed to have been achieved if the volume weighted average price over any 120 trading days exceeds the applicable Stock Price Targets during the Designated Period. The maximum shares issuable under the Future Stock Price Target Award Grants will be 6.1 million shares, which will only be triggered if the highest Stock Price Target of HK\$200 is achieved in 2022. Each Future Stock Price Target Grant will be subject to a time-based vesting over four years.

We intend to seek shareholder approval for the Future Stock Price Target Award Grants as soon as practicable, and will provide additional details in the applicable announcement and/or circular.

#### Reasons for and benefits of the Proposed Future Award Grants

The Proposed Future Awards Plan is designed by the remuneration committee of the Board of the Company following a 6 months engagement with a leading global compensation consulting firm. The goals of the plan are to:

1. Further align the interests of shareholders and management team
2. Ensure the retention of C-level talent and their continued service over the long term
3. Accelerate the achievement of Company’s strategic and financial objectives

To achieve the highest and lowest Stock Price Target of HK\$200 and HK\$150, the Company stock price will have to increase by 183% and 112%, respectively, to the current stock price of HK\$70.70. The Board believes that these are appropriately challenging targets.

## 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 and the Pre-IPO ESOP
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Everest Medicines Limited, an exempted company with limited liability incorporated in the Cayman Islands on 14 July 2017
<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>“EGM”</b>	the extraordinary general meeting of the Company to be held to consider the Proposed Award Grants
<b>“Grantee(s)”</b>	the employee(s) of the Company and its subsidiaries who were granted Options and/or Awards in accordance with the Post-IPO Share Option Scheme, the Post-IPO Share Award Scheme and/or the Pre-IPO ESOP on 14 July 2021
<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 Grants
<b>“Independent Financial Advisor”</b>	Elstone Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial advisor 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 Grants
<b>“Independent Shareholders”</b>	the Shareholders who are not required under the Listing Rules to abstain from voting at the EGM to approve the non-exempt connected transactions relating to the Proposed Award Grants
<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>“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>“Pre-IPO ESOP”</b>	the pre-IPO employee equity plan adopted on 25 December 2018, amended and restated on 17 February 2020, which terminated in relation to options upon the listing of the Company but not restricted stock units (as defined therein)
<b>“Proposed Award to Mr. Kerry Levan Blanchard”</b>	the proposed grant of Awards to Mr. Kerry Levan Blanchard under the Post-IPO Share Award Scheme
<b>“Proposed Award to Mr. Ian Ying Woo”</b>	the proposed grant of Awards to Mr. Ian Ying Woo under the Post-IPO Share Award Scheme
<b>“Proposed Award to Mr. Xiaofan Zhang”</b>	the proposed grant of Awards to Mr. Xiaofan Zhang under the Post-IPO Share Award Scheme
<b>“Proposed Award to Ms. Xu Zhu”</b>	the proposed grant of Awards to Ms. Xu Zhu under the Post-IPO Share Award Scheme and the Pre-IPO ESOP
<b>“Proposed Award to Ms. Yang Shi”</b>	the proposed grant of Awards to Ms. Yang Shi under the Post-IPO Share Award Scheme and the Pre-IPO ESOP
<b>“Proposed Award to Ms. Zhengying Zhu”</b>	the proposed grant of Awards to Ms. Zhengying Zhu under the Post-IPO Share Award Scheme and the Pre-IPO ESOP
<b>“Proposed Award to Mr. Yuan Gao”</b>	the proposed grant of Awards to Mr. Yuan Gao under the Post-IPO Share Award Scheme and the Pre-IPO ESOP
<b>“Proposed Award to Ms. Min Yu”</b>	the proposed grant of Awards to Ms. Min Yu under the Post-IPO Share Award Scheme
<b>“Proposed Award to Mr. Zixin Qiao”</b>	the proposed grant of Awards to Mr. Zixin Qiao under the Post-IPO Share Award Scheme

<b>“Proposed Award Grants”</b>	the Proposed Award to Mr. Kerry Levan Blanchard, the Proposed Award to Mr. Ian Ying Woo, the Proposed Award to Mr. Xiaofan Zhang, the Proposed Award to Ms. Xu Zhu, the Proposed Award to Ms. Yang Shi, the Proposed Award to Ms. Zhengying Zhu, the Proposed Award to Mr. Yuan Gao, the Proposed Award to Ms. Min Yu, and the Proposed Award to Mr. Zixin Qiao
<b>“Shareholders”</b>	holder(s) of Shares in the Company
<b>“Shares”</b>	ordinary shares in the share capital of the Company with a par value of US\$0.0001 each
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“US\$”</b>	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, 15 July 2021

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wei Fu as Chairman and Executive Director, Mr. 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.*