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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)**

## **SUPPLEMENTAL ANNOUNCEMENT**

### **UPDATE IN RELATION TO DISCLOSEABLE TRANSACTION**

Reference is made to the announcements of Everest Medicines Limited (the “**Company**”) dated 13 September 2021 and 14 September 2021, respectively (together, the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board would like to provide the Shareholders and potential investors of the Company with additional information in connection to the Collaboration and License Agreement and the Share Issuance Agreement and the transactions contemplated thereunder as follows.

#### **Issuance of Shares Pursuant to the General Mandate Effective at the Time of the Relevant Milestone Payments**

In the unlikely event that no general mandate is effective at the time of the relevant Milestone Payments, the Company’s alternative plan to settle the Milestone Payments is to issue Shares through specific mandate to be obtained by the Board at a general meeting. The Company will closely monitor the balance of general mandate from time to time and make arrangements for obtaining a specific mandate at a general meeting from the Shareholders in advance if the Company is in anticipation of an insufficient balance of general mandate for any of the Milestone Payments.

The Company believes that it will be able to monitor the progress of the Milestone Payments events and leave sufficient time for making the above arrangements if needed at all. In the unlikely event that the Company cannot utilize the general mandate effective at the time of the relevant Milestone Payments and cannot obtain a specific mandate for the issuance of Shares to satisfy the relevant Milestone Payments, the Company will initiate discussion with Providence in good faith on an alternative settlement method.

Given that the achievement of the Milestone Payments events is subject to certain variable factors and is contingent in nature, the Company is planning to apply for listing of the Shares in batches in due course based on business progress in the future. With the current plan, the listing of Shares is expected to be after 12 months from the date of this announcement.

### **Collaboration and License Agreement and the Share Issuance Agreement**

The Company determined the issue price of HK\$55.67 at the 30-day VWAP (the “**Issue Price**”) under the Collaboration and License Agreement after arm’s length negotiation with Providence on the basis that the 30-day VWAP can take into account the Share prices over a 30-day period and equalize any impact from the volatility of Share price performance in the period immediately before the transaction took place which can protect the Shareholders from such volatility.

As disclosed in the Announcements, the Issue Price of the Shares is HK\$55.67. This represents a discount of 7.91% and 0.41% from HK\$60.45, the closing price of the Shares on the date of the Share Issuance Agreement, and HK\$55.90, the average closing price of the Shares in the five trading days immediately prior to the date of the Share Issuance Agreement, respectively.

For the reasons set out above and the fact that the Issue Price represents an average Share price for the 30-day period shortly before the date of the Collaboration and License Agreement, the Board is of the view that the Issue Price is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The table below sets out the shareholding structure of the Company before and after the issuance of the maximum 41,908,384 Shares to Providence, assuming no additional Shares are issued from the date of this announcement until the issuance of Shares to satisfy the Milestone Payments under the Collaboration and License Agreement:

<b>Name of Shareholder</b>	<b>Capacity/ Nature of Interest</b>	<b>Before Issuance of Shares to Providence<sup>(5)</sup></b>		<b>After Issuance of Shares to Providence<sup>(6)</sup></b>	
		<i>Approximate Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Approximate Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Providence Therapeutics Holdings Inc. <sup>(7)</sup>	Beneficial Owner	N/A	N/A	41,908,384	12.34%
Wei Fu	Founder of a discretionary trust who can influence how the trustee exercises his discretion	131,872,215	44.29%	131,872,215	38.82%
Vistra Trust (Singapore) Pte. Limited <sup>(1)</sup>	Trustee and other	131,872,215	44.29%	131,872,215	38.82%

Name of Shareholder	Capacity/ Nature of Interest	Before Issuance of Shares to Providence <sup>(5)</sup>		After Issuance of Shares to Providence <sup>(6)</sup>	
		<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Nova Aqua Limited <sup>(1)</sup>	Interest in a controlled corporation	131,872,215	44.29%	131,872,215	38.82%
TF Capital II, Ltd <sup>(1)</sup>	Interest in a controlled corporation	50,000,000	16.79%	50,000,000	14.72%
C-Bridge Capital GP, Ltd. <sup>(1) (2)</sup>	Interest in a controlled corporation	50,000,000	16.79%	50,000,000	14.72%
C-Bridge Healthcare Fund GP II, L.P. <sup>(1)</sup>	Interest in a controlled corporation	50,000,000	16.79%	50,000,000	14.72%
C-Bridge Healthcare Fund II, L.P. <sup>(1)</sup>	Interest in a controlled corporation	50,000,000	16.79%	50,000,000	14.72%
C-Bridge Investment Everest Limited <sup>(1)</sup>	Beneficial Owner	50,000,000	16.79%	50,000,000	14.72%
Kang Hua Investment Company Limited <sup>(2)</sup>	Interest in a controlled corporation	50,000,000	16.79%	50,000,000	14.72%
TF Capital, Ltd <sup>(2)</sup>	Interest in a controlled corporation	50,000,000	16.79%	50,000,000	14.72%
Dan Yang <sup>(2)</sup>	Interest in a controlled corporation	50,000,000	16.79%	50,000,000	14.72%
TF Capital IV, Ltd <sup>(1)</sup>	Interest in a controlled corporation	53,639,823	18.01%	53,639,823	15.79%
C-Bridge Capital GP IV, Ltd. <sup>(1)</sup>	Interest in a controlled corporation	53,639,823	18.01%	53,639,823	15.79%
C-Bridge Healthcare Fund GP IV, L.P. <sup>(1)</sup>	Interest in a controlled corporation	53,639,823	18.01%	53,639,823	15.79%
C-Bridge Healthcare Fund IV, L.P. <sup>(1)</sup>	Interest in a controlled corporation	53,639,823	18.01%	53,639,823	15.79%
C-Bridge IV Investment Two Limited <sup>(1)</sup>	Beneficial Owner	38,362,045	12.88%	38,362,045	11.29%
C-Bridge IV Investment Nine Limited <sup>(1)</sup>	Beneficial Owner	15,277,778	5.13%	15,277,778	4.50%
C-Bridge Value Creation Limited <sup>(1)</sup>	Interest in a controlled corporation	24,005,392	8.06%	24,005,392	7.07%
Everest Management Holding Co., Ltd <sup>(1)</sup>	Beneficial Owner	24,005,392	8.06%	24,005,392	7.07%
Peter Kolchinsky <sup>(3)</sup>	Beneficiary of a trust (other than a discretionary interest)	24,274,311	8.15%	24,274,311	7.15%

Name of Shareholder	Capacity/ Nature of Interest	Before Issuance of Shares to Providence <sup>(5)</sup>		After Issuance of Shares to Providence <sup>(6)</sup>	
		Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding
Anna Inge Leonore Haas Kolchinsky <sup>(3)</sup>	Interest of spouse	24,274,311	8.15%	24,274,311	7.15%
RA Capital Management, L.P. <sup>(3)</sup>	Investment manager	24,274,311	8.15%	24,274,311	7.15%
RA Capital Healthcare Fund, GP, LLC <sup>(3)</sup>	Interest in a controlled corporation	21,162,033	7.11%	21,162,033	6.23%
RA Capital Healthcare Fund, L.P. <sup>(3)</sup>	Beneficial owner	21,162,033	7.11%	21,162,033	6.23%
Janchor Partners Limited	Investment manager	17,421,444	5.85%	17,421,444	5.13%
Wellington Management Group LLP <sup>(4)</sup>	Investment manager	17,531,529	5.89%	17,531,529	5.16%
Wellington Group Holdings LLP <sup>(4)</sup>	Interest in a controlled corporation	17,531,529	5.89%	17,531,529	5.16%
Wellington Investment Advisors Holdings LLP <sup>(4)</sup>	Interest in a controlled corporation	17,531,529	5.89%	17,531,529	5.16%
Wellington Management Company LLP <sup>(4)</sup>	Beneficial owner	16,328,029	5.48%	16,328,029	4.81%

*Notes:*

- (1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its general partner is C-Bridge Healthcare Fund GP II, L.P.. The general partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd. while TF Capital, Ltd. and TF Capital II, Ltd. (“**TF Capital II**”) jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. The controlling shareholder of C-Bridge IV Investment Two Limited is C-Bridge Healthcare Fund IV, L.P. (“**CBH IV**”) and C-Bridge IV Investment Nine Limited is wholly owned by CBH IV. The general partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management of its general partner C-Bridge Capital GP IV, Ltd. (“**CBC IV**”). The controlling shareholder of CBC IV is TF Capital IV, Ltd. which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Value Creation Limited. C-Bridge Value Creation Limited is wholly owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.
- (2) TF Capital, Ltd. has a controlling interest in C-Bridge Capital GP, Ltd.. Kang Hua Investment Company Limited has a controlling interest in TF Capital, Ltd. Mr. Dan Yang is the sole shareholder of Kang Hua Investment Company Limited.
- (3) The investment manager of RA Capital Healthcare Fund, L.P. is RA Capital Management L.P. (“**RAC Management**”). Mr. Peter Kolchinsky has a controlling interest in RAC Management. Ms. Anna Inge Leonore Kolchinsky is Mr. Peter Kolchinsky’s spouse. RA Capital Healthcare Fund, GP, LLC is the general partner of RA Capital Healthcare Fund, L.P.

- (4) The investment manager of Wellington Group Holdings LLP is Wellington Management Group LLP. Wellington Group Holdings LLP has a controlling interest in Wellington Investment Advisors Holdings LLP which in turn has a controlling interest in Wellington Management Global Holdings, Ltd. and Wellington Management Company LLP. The sole shareholder of Wellington Management Singapore Pte. Ltd. is Wellington Management Global Holdings, Ltd.
- (5) The shareholding structure of the Company before the issuance of Shares to Providence represents the shareholding structure of the Company as at the date of the Collaboration and License Agreement and the Share Issuance Agreement.
- (6) Assuming Shares held by other Shareholders remain unchanged.
- (7) In the event that Providence becomes a connected person of the Company and any transactions between the Group and Providence (including any potential Share issuance to Providence under the Share Issuance Agreement) constitute connected transactions of the Company, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules in respect of such transactions.

### **Milestone Payments under the Collaboration and License Agreement**

Pursuant to the Collaboration and License Agreement, in partial consideration of the rights granted by Providence to the Company and the Platform Technology Transfer, the Company shall pay to Providence certain consideration in the form of Shares. Details of each Milestone Tranche and the underlying milestone to be achieved are set out below:

- (i) upon completion of the Platform Technology Transfer, 13,969,462 Shares at the first Milestone Closing;
- (ii) upon commercial validation of the technology under the Platform Technology Transfer or any improvement thereof, as demonstrated by \$10 million in sales (excluding any pre-approval sales) in China or any major market (namely, US, Canada, the European Union, Japan, or Australia) of any product or products manufactured by the parties using the technology under the Platform Technology Transfer, 13,969,462 Shares at the sixth Milestone Closing;
- (iii) upon the earlier of:
  - a. proof of reproducibility of GMP manufacture (as demonstrated by 8 out of 10 consecutive commercial scale GMP batches manufactured by the Company of a mRNA vaccine that meet the defined release characteristics), or
  - b. where the Company has not used its commercially reasonable efforts to collaborate with Providence to establish reproducibility of GMP manufacture, 12 months after Providence has established reproducibility of GMP manufacture (as demonstrated by 8 out of 10 consecutive commercial scale GMP batches that meet the defined release characteristics by Providence or a CMO designated by Providence of a mRNA vaccine), 3,492,365 Shares at the second Milestone Closing;
- (iv) upon in vivo proof of concept of a first Collaboration Product candidate or Additional Product, 3,492,365 Shares at the third Milestone Closing;

- (v) upon in vivo proof of concept of a second Collaboration Product candidate or Additional Product, 3,492,365 Shares at the fourth Milestone Closing; and
- (vi) upon the filing of the first IND/CTA for a Collaboration Product or Additional Product by or on behalf of the Company in the Collaboration Products Territory, 3,492,365 Shares at the fifth Milestone Closing.

### **Closing Conditions under the Share Issuance Agreement**

Pursuant to the Share Issuance Agreement, each Milestone Closing is subject to the satisfaction or waiver (as applicable) of the following conditions:

- (i) the representations and warranties of the Company shall have been true and correct in all material respects on the date of the Share Issuance Agreement and on and as of such closing date; and the Company shall have performed and complied in all material respects with all, and not be in breach or default in any material respects under any, agreements, covenants, conditions and obligations contained in the Share Issuance Agreement that are required to be performed or complied with on or before such closing date;
- (ii) the representations and warranties of Providence shall have been true and correct in all material respects on the date of the Share Issuance Agreement and on and as of such closing date; and Providence shall have performed and complied in all material respects with all, and not be in breach or default in any material respects under any, agreements, covenants, conditions and obligations contained in the Share Issuance Agreement that are required to be performed or complied with on or before such closing date;
- (iii) the Collaboration and License Agreement shall have been duly executed by Providence and the Company concurrently with the execution of the Share Issuance Agreement, and the Collaboration and License Agreement shall be in full force and effect as of such closing date;
- (iv) the Listing Committee of the Stock Exchange shall have granted approval for the listing of, and permission to deal in, the Shares to be issued at the applicable Milestone Closing on the Stock Exchange;
- (v) with respect to the first Milestone Closing only, upon completion of the Platform Technology Transfer;
- (vi) with respect to the second Milestone Closing only, upon the earlier of:
  - a. proof of reproducibility of GMP manufacture (as demonstrated by 8 out of 10 consecutive commercial scale GMP batches manufactured by the Company of a mRNA vaccine that meet the defined release characteristics), or
  - b. where the Company has not used its commercially reasonable efforts to collaborate with Providence to establish reproducibility of GMP manufacture, 12 months after Providence has established reproducibility of GMP manufacture (as demonstrated by 8 out of 10 consecutive commercial scale GMP batches that meet the defined release characteristics by Providence or a CMO designated by Providence of a mRNA vaccine);



- (vii) with respect to the third Milestone Closing only, upon in vivo proof of concept of a first Collaboration Product candidate or Additional Product;
- (viii) with respect to the fourth Milestone Closing only, upon in vivo proof of concept of a second Collaboration Product candidate or Additional Product;
- (ix) with respect to the fifth Milestone Closing only, upon the filing first IND/CTA for a Collaboration Product or Additional Product by or on behalf of the Company in the Collaboration Products Territory; and
- (x) with respect to the sixth Milestone Closing only, upon commercial validation of the technology under the Platform Technology Transfer or any improvement thereof, as demonstrated by US\$10 million sales (excluding any pre-approval sales) in China or any major market (namely, the United States, Canada, the European Union, Japan, or Australia) of any product or products manufactured by the parties using the technology under the Platform Technology Transfer.

Conditions (ii) through (x) may be waived at any time in writing by the Company in its sole discretion, except that condition (iv) cannot be waived. Condition (i) may be waived at any time in writing by Providence in its sole discretion. In the unlikely event that the Company waives any of the conditions, the Company will ensure that the waiver of such conditions would be exchanged for commercial benefits or other development (for example, achievement of an other significant regulatory milestone, clinical milestone or major events in relation to the technology transfer or set-up of the manufacture site, etc.) with high strategic value and importance to the Company such that such waiver would be considered fair and reasonable and in the interest of Shareholders as a whole. In assessing whether the benefits are fair and reasonable and in the interest of the Shareholders as a whole, the Board plans to form a special committee (the “**Special Committee**”), which is currently expected to comprise at least three members, including an independent non-executive Director and senior management members of the Company. The Special Committee will be responsible for reviewing and considering any proposal in relation to the waiver of the aforementioned closing conditions in detail, and carrying out adequate analysis regarding, including but not limited to discounted cash flow, taking into consideration of the monetary and strategic value of the proposal. Any waiver of the closing conditions would only be adopted by the Company subject to the approval in meeting by the Special Committee by resolution after discussion with and analysis by the Company’s management.

The Board is of the view that the provisions in relation to the waiver of closing conditions under the Share Issuance Agreement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **Source of Funding for Settlement of Upfront Payments**

The Company plans to utilize its internal resources to settle the upfront payments and will utilize its internal resources and the proceeds from the sales of COVID-19 Vaccines and/or the relevant Additional Products for the amount potentially payable under the Profit Sharing Arrangement and royalties in respect of the sales of COVID-19 Vaccines and the royalties potentially payable in respect of the sales of Additional Products outside the Additional Product Owner's territory in the case where the Company is the Additional Product Owner.

## **Information of Providence Therapeutics Holdings Inc.**

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. Providence is currently held by Mr. Brad Sorenson, Mr. Scott Leary and Mr. Eric Marcusson as to 26.19%, 25.50% and 10.01%, respectively. Mr. Brad Sorenson is the president and the chief executive officer of Providence, Mr. Scott Leary is a board member of Providence and Mr. Eric Marcusson is the chief scientific officer of Providence, and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of them is third party independent of the Company and its connected persons as of the date of this announcement.

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

Hong Kong, 30 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.*