THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Everest Medicines Limited**, you should at once hand this document and the accompanying form of proxy to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

EVEREST MEDICINES
云 顶 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) MAJOR TRANSACTION IN RELATION TO THE TERMINATION AND TRANSITION SERVICES AGREEMENT; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 3 to 20 of this circular.

The notice convening the EGM to be held at 16th Floor, CITIC Pacific Plaza, 1168 West Nanjing Road, Jing An District, Shanghai, China on Monday, 31 October 2022 at 9:30 a.m. is set out in this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.everestmedicines.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM should you so wish.

Hong Kong, 14 October 2022

CONTENTS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

"Annual Report"	the annual report of the Company dated 28 March 2022
"Board"	the Board of Directors
"Company"	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)
"Consideration"	the total consideration payable by Immunomedics to Everest for the Transaction
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Transaction and the Termination and Transition Services Agreement
"Everest"	Everest Medicines II and Everest SG, collectively
"Everest Medicines II"	Everest Medicines II Limited, a company incorporated in the Cayman Islands with limited liability and is a wholly-owned subsidiary of the Company
"Everest SG"	Everest Medicines (Singapore) Pte. Ltd., a company incorporated in Singapore with limited liability and is a wholly-owned subsidiary of the Company
"Gilead"	Gilead Sciences, Inc., the shares of which are listed on the National Association of Securities Dealers Automated Quotations (stock code: GILD)
"Global Offering"	the global offering of the Company in connection with the listing of the Shares on the Stock Exchange consummated on 9 October 2020
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administration Region
"Immunomedics"	Immunomedics, Inc., a wholly-owned subsidiary of Gilead
"Latest Practicable Date"	11 October 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"License Agreement"	the License Agreement, dated as of 28 April 2019, by and between Immunomedics and Everest Medicines II

"Licensed Product"	sacituzumab govitecan (Trodelvy™)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC MA Transfer Completion Date"	the completion date of the transfer of the marketing approval for the Licensed Product in the People's Republic of China from Everest to Immunomedics or its designee, including receipt of all necessary approvals with respect to such transfer by the applicable regulatory authorities
"Prospectus"	the prospectus of the Company dated 25 September 2020 in relation to the Company's Global Offering
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Shares
"Shares"	ordinary share(s) in the share capital of the Company with a par value of US$0.0001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Termination and Transition Services Agreement"	the Termination and Transition Services Agreement made and entered into on 15 August 2022 by and between Immunomedics, the Company, Everest Medicines II and Everest SG
"Transaction"	the transactions contemplated under the Termination and Transition Services Agreement
"US$"	U.S. dollars, the lawful currency of the United States of America
"%"	per cent

For the purpose of this circular, conversion of US$ into RMB is based on the exchange rate of US$1 to RMB6.74. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in US$ or RMB have been, could have been or may be converted at such or any other rate or at all.

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

Executive Directors:
Mr. Wei Fu *(Chairman)*
Mr. Yongqing Luo *(Chief executive officer)*
Mr. Ian Ying Woo *(President, Chief financial officer)*
Mr. Xiaofan Zhang *(Chief operating officer)*

Non-executive Directors:
Mr. Yubo Gong
Ms. Lan Kang

Independent Non-executive Directors:
Mr. Shidong Jiang
Mr. Yifan Li
Mr. Bo Tan

Registered Office:
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Head Office:
Plaza 66, Tower 1
Units 6601–6606
1266 West Nanjing Road
Shanghai, 200040
China

Principal Place of Business in Hong Kong:
5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

14 October 2022

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO THE TERMINATION AND TRANSITION SERVICES AGREEMENT; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

A. INTRODUCTION

Reference is made to the announcement of the Company dated 16 August 2022 in relation to, among other things, the Transaction and the Termination and Transition Services Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Transaction; (ii) a letter from the Board containing its opinion and recommendations to the Shareholders in respect of, among other things, the Transaction and the Termination and Transition Services Agreement; (iii) the financial information of the Group; (iv) other general information required to be disclosed under the Listing Rules; and (v) the notice of EGM.

B. THE TERMINATION AND TRANSITION SERVICES AGREEMENT

Date

15 August 2022

Parties

(i) Immunomedics;

(ii) the Company;

(iii) Everest Medicines II; and

(iv) Everest SG

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge, information and belief, each of Immunomedics and Gilead (as the ultimate beneficial owner of Immunomedics) is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Nature of the Transaction

Reference is made to the Prospectus of the Company where the Company entered into the License Agreement with Immunomedics in April 2019 under which Immunomedics granted the Group an exclusive license to develop and commercialize the Licensed Product in the specified territories (the "**Territory**").

Pursuant to the Termination and Transition Services Agreement, Everest and Immunomedics agree (i) to terminate the License Agreement and certain ancillary agreements entered into by the relevant parties in connection with the development of the Licensed Product; (ii) for Everest to assign to Immunomedics all of its intellectual property, regulatory materials and other assets related to the Licensed Product; and (iii) for Everest to perform transition services to enable Immunomedics or its affiliates to assume the development and commercialization of the Licensed Product in the Territory, all on the terms and conditions set forth in the Termination and Transition Services Agreement.

For further details of the development of the Licensed Product, please refer to the Annual Report. The assets to be transferred, as elaborated in this circular, include tangible and intangible assets related to the Licensed Product.

Consideration

The Consideration shall be equivalent to the aggregate amount of up to approximately US$455 million (equivalent to approximately RMB3,067 million). The Consideration comprises:

(i) an upfront payment of US$280 million (equivalent to approximately RMB1,887 million); and

(ii) milestone payments, consisting of (a) regulatory milestone payments of up to US$50 million (equivalent to approximately RMB337 million) in aggregate, and (b) commercial milestone payments of up to US$125 million (equivalent to approximately RMB843 million) in aggregate.

Upfront Payment

Immunomedics shall pay a one-time, upfront payment of US$280 million (equivalent to approximately RMB1,887 million), payable as follows:

(i) 50% within five business days following the later to occur of (a) the Termination Effective Date (as defined below) and (b) the PRC MA Transfer Completion Date; and

(ii) remaining 50% upon (a) approvals by applicable regulatory authorities in respect of transfer of certain regulatory approval; assignment of certain agreements submitted with respect to the Licensed Product; initiation of transfer of certain regulatory approvals to Immunomedics or its designee; and execution and delivery of certain documents to Immunomedics or its designee in relation to such regulatory approvals; and (b) certain filing and/or submissions by Everest with the relevant regulatory authorities required to transfer certain ongoing clinical trials to Immunomedics and fulfillment of certain conditions in connection with data assignment in relation to such transfer.

Milestone Payments

Regulatory Milestone Payments

Subject to the occurrence of the Termination Effective Date, Immunomedics shall pay to Everest various specified non-refundable, non-creditable and one-time regulatory milestone payments, based on the achievement by Immunomedics or any of its affiliates or licensees of various regulatory milestone events. The maximum regulatory milestone payments payable by Immunomedics to Everest shall be up to US$50 million (equivalent to approximately RMB337 million) in aggregate.

Commercial Milestone Payments

Subject to the occurrence of the Termination Effective Date, Immunomedics shall pay to Everest various specified non-refundable, non-creditable and one-time commercial milestone payments. The maximum commercial milestone payments payable by Immunomedics to Everest shall be up to US$125 million (equivalent to approximately RMB843 million) in aggregate.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms. Negotiations between the Parties followed extensive outreach to local and multinational pharma companies to gauge whether there was interest in pursuing a transaction involving the Licensed Product. In arriving at its decision, the Board considered (i) the broader macroeconomic and capital markets backdrop, (ii) the business prospects, investment necessary and risks associated with commercializing the Licensed Product, (iii) the capabilities and status of Gilead and Immunomedics as the best partner to maximize patient access to the Licensed Product in the Territory, (iv) the substantial after-tax proceeds to be received in the Transaction, (v) the additional operating runway that the proceeds from the Transaction will afford the Group.

To reflect the above factors into the Consideration, the Board specifically considered the overall value of commercializing the Licensed Product in the Territory, net of the following items:

(i) total investment amount to date for the Licensed Product, including upfront payments and milestone payments paid to Immunomedics by the Group for an aggregate amount equivalent to US$125 million;

(ii) expenses incurred for the development and potential commercialization of the Licensed Product incurred after the Global Offering, including but not limited to the costs and expenses relating to (a) labour costs related to clinical development of the Licensed Product; (b) the conducting of registrational clinical trials, regulatory filings and submission, and other expenses relating to drug registration, etc.; (c) the engagement of third party vendors, including but not limited to contract research organizations; and (d) potential commercialization infrastructure;

(iii) future expenses to further develop and commercialize the Licensed Product, i.e. the costs and expenses to conduct additional trials in the Territory for indication expansions and the sales and marketing-related expenses in relation to the current indications and indication expansions; and

(iv) the payment obligations for up to US$710 million in the remaining milestone payments and tiered royalties under the License Agreement.

To further illustrate the basis of consideration, the Board considered (x) the expenses incurred for the development and potential commercialization of the Licensed Product (the "**Incurred Expenses**"), which consist of items (i) and (ii); and (y) the future expenses to be incurred or allocated to the development and commercialization of the Licensed Product (the "**Future Expenses**"), which consist of items (iii) and (iv). The Incurred Expenses, together with the Future Expenses, along with other considerations mentioned above formulate the basis of determining the upfront payment and the maximum amount of the regulatory and commercial milestone payments. In addition, the Board also specifically took into account the clinical and regulatory achievements of the Licensed Product, which helped lower the risk to commercializing the Licensed Product and such clinical and regulatory advancements have been reflected in the Incurred Expenses.

The Consideration to be received in cash by the Group is expected to be extend additional operating runway under today's challenging broader macroeconomic and capital markets backdrop. Additional reasons for and benefits of the Transaction are set out in the paragraph headed "Reasons for and Benefits of the Termination and Transition Services Agreement."

Conditions Precedent

The "**Termination Effective Date**" shall mean the date upon which all of the following conditions have been satisfied by Everest and the Company or waived by Immunomedics (to the extent applicable), provided that condition (i) below cannot be waived:

(i) receipt of all necessary approvals from shareholders of Everest and the Company; and

(ii) all consents or waivers from any third parties or governmental authorities that are required to validly consummate the terminations contemplated under the Termination and Transition Services Agreement shall have been obtained and no governmental authority shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation or court order (whether temporary, preliminary or permanent), which is then in effect and has the effect of prohibiting, enjoining or otherwise restricting the termination contemplated by the Termination and Transition Services Agreement and no action, proceeding or investigation brought by a governmental authority shall be pending that is reasonably likely to give rise to any of the foregoing.

Closing

Everest and the Company shall satisfy (or Immunomedics, to the extent applicable, may waive) the conditions precedent as soon as practicable after the execution of Termination and Transition Services Agreement, and in any event on or prior to the date that is 60 calendar days after the date of the execution of the Termination and Transition Services Agreement, or such later date as reasonably mutually agreed between Everest and Immunomedics (the "**Target Closing Date**"). The Target Closing Date shall be automatically extended for an additional 60 calendar days (and such new extended date shall thereafter be the "**Target Closing Date**") if at the original Target Closing Date the foregoing conditions have not been fully satisfied, but Everest has taken all actions within its control, and is otherwise working in good faith, to satisfy such conditions. Any additional extension of the Target Closing Date beyond the additional 60 calendar days referenced in the preceding sentence will require the mutual agreement of Everest and Immunomedics in writing. If the Termination Effective Date has not occurred by the Target Closing Date, Immunomedics shall have the right to terminate the Termination and Transition Services Agreement upon written notice to Everest.

Termination and Assignments of Agreements

Upon the occurrence of the Termination Effective Date or at such other times as stipulated in the Termination and Transition Services Agreement, Everest and Immunomedics shall terminate the License Agreement and certain other ancillary agreements entered into by the relevant parties in connection with the development of the Licensed Product. In addition, effective upon the Termination Effective Date, Everest shall assign to Gilead all of its rights and obligations under certain commercial agreement.

Certain Conveyances

Upon the occurrence of the Termination Effective Date or at such other times as stipulated in the Termination and Transition Services Agreement, and subject to the terms of the Termination and Transition Services Agreement, Everest shall and, if applicable, shall cause each of its affiliates to assign, transfer, convey, deliver, provide, delegate, grant or sub-license, to the extent applicable, to Immunomedics and/or its designee, among other things:

(i) all of the Everest's (and each of Everest's affiliates') right, title and interest in and to all licensed know-how, licensed patents and licensed marks and interest in the joint patents and joint inventions;

(ii) all of Everest's right, title and interest in all reports and data, including clinical and non-clinical data and reports, and all clinical samples, obtained or generated by or on behalf of the Everest or its affiliates or sublicensees to the extent that they relate to the Licensed Product;

(iii) regulatory approvals, regulatory materials and ongoing clinical trials subject to the terms of the Termination and Transition Services Agreement;

(iv) all remaining inventory of Licensed Product and other items of tangible personal property related to the Licensed Product, if any; and

(v) copies of third party licenses relevant to the development, manufacture and/or commercialization of the Licensed Product and, where applicable, other rights and benefits with respect to such third party licenses.

Transition Services

Subject to the terms and conditions of the Termination and Transition Services Agreement, Everest, either directly or indirectly through an affiliate, shall perform certain transition services and activities as set forth in the Termination and Transition Services Agreement. Everest and Immunomedics shall work together in good faith to carry out such transition services and activities as expeditiously as possible, taking into consideration applicable regulatory requirements in the Territory.

Parent Guarantee

The Company shall unconditionally and irrevocably guarantee to Immunomedics the full and timely performance by Everest and each of its affiliates of their respective obligations pursuant to the Termination and Transition Services Agreement. Non-performance (if any) by the Company or any of its affiliates of their respective obligations pursuant to the Termination and Transition Services Agreement would constitute a contractual breach of the Termination and Transition Services Agreement by the Company, and Immunomedics is entitled to claim damages for such contract breach by the Company pursuant to the Termination and Transition Services Agreement.

Waiver from strict compliance with Rule 14.66(10) and paragraph 43(2)(c) of Appendix 1B to the Listing Rules

The Company has applied to the Stock Exchange and the Stock Exchange has granted the Company a waiver from strict compliance with Rule 14.66(10) and paragraph 43(2)(c) of Appendix 1B to the Listing Rules to redact certain information in the Termination and Transition Services Agreement to be published for online display based upon the following rationale:

It is information that:

1. Achieves the following:

   (i) has either actual or potential independent economic value by virtue of not being generally known by the public,

   (ii) has value to others who cannot legitimately obtain such information (for instance, to competitors with a drug candidate of similar nature), and

   (iii) the parties have taken efforts to maintain its secrecy;

2. Negatively impacts the Company and Immunomedics in conducting future negotiations with other potential business partners (including but not limited to licensors, licensees, distributors, etc.) as such potential business partners could use the disclosed economics to negotiate against the Company or Immunomedics (as the case may be) and put the Company or Immunomedics (as the case may be) in a difficult situation to negotiate for terms that are more commercially favorable to the Company or Immunomedics (as the case may be); or

3. May also reveal the business strategies and priorities that are being formulated by the Company and Immunomedics. Competitors and industry participants may make use of such disclosed information, ascertain the best potential market and audience and advance their own commercial interests, thereby directly affecting the market share of the Company and Immunomedics. As a result, competitors of the Company and Immunomedics may utilise such information to have an upper hand and unfairly compete with the Company and Immunomedics and adversely impact Immunomedics' prospects of commercial success in respect of the Licensed Product, thereby adversely affecting potential income stream of the Company.

Aside from the foregoing rationale, the table below sets forth the terms reference with which certain information is redacted from the Termination and Transition Services Agreement and the respective key rationale for redaction.

A. Financial and Payment Terms

Terms reference	Rationale for redaction
Section 6.2 Section 6.3	1. Each of the regulatory milestone events and commercial milestone events, as well as its respective corresponding regulatory or commercial milestone payments constitutes trade secret as it derives economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and the Company has taken efforts to maintain and safeguard the secrecy of such information. 2. Such information is highly commercially sensitive information of the Company and Immunomedics, as it comprises the estimated timeframe and likelihood of: a. obtaining marketing approval of specific indications for the Licensed Product in the relevant territory may expose (i) the business strategies and development and commercialization priorities (including estimated sales price and sales volume of the Licensed Product) of both the Company and Immunomedics in respect of the Licensed Product; and (ii) specific stage and estimated likeliness of success of the development and commercialization of the Licensed Product, including its relevant indications; b. expected commercial benefits to the parties in specific development and commercialization stage — the breakdown of the regulatory and commercial milestone payments reveals the estimated market size and margin for the specified indications of the Licensed Product. The size of the corresponding payments of the regulatory milestone events illustrates the potential business opportunities and value attached to the specified indication of the Licensed Product. Further, the amount of the commercial milestone payments to be paid to the Company following the satisfaction of the relevant net sales objectives in the Territory also reveal the market potential of the Licensed Product in the Territory; and

Terms reference	Rationale for redaction

c. marketing strategy of Immunomedics — this inextricably ties in with potential income to be derived by the Company. As illustrated in items (i) and (ii) above, competitors and other industry participants may have knowledge on the business strategies and development and commercialization priorities of the Company and Immunomedics after learning of the breakdown of the regulatory and commercial milestone events and corresponding payments, and take advantage of such information for their own good or use such information as leverage against the Company and/or Immunomedics during negotiation.

3. Such information, if revealed to the public, will put the Company and Immunomedics at a competitively disadvantaged and harmful position. In an industry where speed of developing and commercializing drug candidates is key to success, any information exposed as regards to the business strategies and development and commercialization priorities can significantly hamper parties' ability to successfully commercialize the Licensed Product and may derail parties' plans to achieve any of the regulatory and commercial milestone objectives, thereby adversely affecting the Company's income stream in this aspect.

4. The regulatory and commercial milestone payments are contingent upon the development and sales progress of Immunomedics in respect of the Licensed Product, which are not within the control of either the Company or Immunomedics. It is uncertain when any of the milestone objectives can be met, or whether any of such objectives can be met at all. As such, there is limited value in disclosing such details of the breakdown of the regulatory and commercial milestone events and their corresponding payments. In fact, based on the reasons set out herein, the harm brought about by disclosure far outweighs any value to be derived from such disclosure. Moreover, this circular has already included the more definite and meaningful information for Shareholders to assess the Transaction.

Terms reference	Rationale for redaction
Section 6.10.1 Section 6.10.2 Section 6.11	1. The amount related to underpayment and overpayment and the specified annual rate in the event of default of payment are specifically negotiated between the Company and Immunomedics, the disclosure of which will adversely affect the Company and Immunomedics in terms of negotiations with existing and prospective business partners that may use such disclosed economics to negotiate against the Company or Immunomedics (as the case may be) or to ask for the same treatment. 2. The disclosure of the redacted portions provides limited value to Shareholders given such portions are not material elements underpinning the Transaction. Neither will such disclosure provide additional insight to the Shareholders as to the Company's assets and liabilities, financial position, profits and losses, prospects of the Company and the impact of the Transaction on the Company. Such redacted portions are purely commercial mechanics negotiated between the Company and Immunomedics.

B. Negotiated Operational Terms

Terms reference	Rationale for redaction
Section 3.4.1 Section 3.4.2	1. The redacted information is together a packaged deal that is heavily and specifically negotiated between the Company and Immunomedics, which underscores the significance of the transition plan, which is itself a key to the success of the completion of the Transaction. Such commercial terms contain highly commercially sensitive information which, if disclosed, will be seriously detrimental and competitively harmful to the Company and may affect the likelihood of success of the completion of the Transaction. 2. Disclosure of such information may attract attention from employees of the Company and Immunomedics as well as other stakeholders. Revealing such information may or may not impact morale and productivity of the Company as a whole. 3. Certain stakeholders may use such disclosed economics against the Company and/or Immunomedics for the purposes of obtaining commercial advantages or benefits for themselves, thereby disrupting business and operational activities currently undertaken by the Company.

Terms reference	Rationale for redaction
	4. Any adverse changes to the Company commercially and operationally will have a knock-on effect on the transition to be carried out by the Company, which is key to the completion of the Transaction. At this critical juncture, the Company seeks to ensure to carry out transition activities as efficiently and smoothly as possible, and hence, cooperation with product personnel and employees as a whole are crucial to completing the Transaction. Based on the reasons set out herein, if such redacted portions are disclosed, the outcome will not be measurable and remediable, and may cause significant and irreparable damages to the Company and the Transaction.
Section 5.2	1. The redacted portion is an integral part of data assignment of particular clinical trials from the Company to Immunomedics and is specifically and heavily negotiated between the Company and Immunomedics. Such terms contain highly commercially sensitive information, the disclosure of which will be seriously detrimental to the interest of the Company and adversely affect the completion of the Transaction for the following reasons. a. As the 002 Study is in an advanced clinical development stage as compared to the other clinical trials of the Company, different data assignment procedures apply. The redacted information may reveal the clinical stage and development progress of the 002 Study, which is not publicly known. b. The disclosure of the redacted portion may expose information about power and sample size estimation relating to the 002 Study, which will put the Company and Immunomedics at a competitively harmful position. c. If the redacted portions are disclosed, stakeholders may use such disclosed information as leverage against the Company, including but not limited to, demanding for benefits (monetary or otherwise) from the Company, thereby disrupting business and operational activities currently undertaken by the Company.

Terms reference	Rationale for redaction
	d. It is in the mutual interests of the Company and Immunomedics to keep the redactions so as to avoid any persons use such disclosed information as leverage against the Company and hinder or disrupt the Company's clinical trial activities and data assignment process, thereby adversely affecting the completion of the Transaction.
Section 10.3	1. These are specific deal mechanics negotiated between the Company and Immunomedics, the disclosure of which may convey commercially sensitive information to market competitors. Existing and future business partners may use the disclosed economics to negotiate against the Company or Immunomedics, thereby putting the Company and Immunomedics at a competitive disadvantage.
	2. The disclosure of the redacted portions provides limited value to Shareholders given such portions are not material elements underpinning the Transaction. Neither will such disclosure provide additional insight to the Shareholders as to the Company's assets and liabilities, financial position, profits and losses, prospects of the Company and the impact of the Transaction on the Company.
Schedule 3.1 Schedule 3.4.1(a) Schedule 3.4.1(b) Schedule 5.5.3 Schedule 6.8	1. The transition plan, list of product personnel, retention program, ongoing clinical trials and 2022 transition plan reimbursement budget contain proprietary confidential information of the Company and Immunomedics and are highly commercially sensitive, the disclosure of which will reveal, among other things, specifics of transition activities and related budget, development stages and progresses of clinical trials pertaining to different indications of the Licensed Product. All such information, if disclosed, will be competitively harmful to both the Company and Immunomedics and will put the Company and Immunomedics at a competitive disadvantage as competitors or other industry participants may take advantage of such information and advance their own agendas and significantly harm the commercial interests of both the Company and Immunomedics.

Terms reference	Rationale for redaction
	2. The transition plan schedule contains, among other things, specific transition activities relating to a number of work stream in different areas, target start and completion dates as well as other communication between the Company and Immunomedics relating to their respective views on certain transition activities, which are commercially sensitive. Competitors and industry participants (including existing business partners) may be able to ascertain the development stages and priorities of the Licensed Product and may take advantage of such information with an aim to extract commercial benefits for themselves, and ultimately, derailing the Company's plan on a smooth completion of the Transaction.
	3. The product personnel schedule contains a list of product personnel. Certain stakeholders may use such disclosed economics against the Company and/or Immunomedics for the purposes of obtaining commercial advantages or benefits for themselves, thereby disrupting business and operational activities currently undertaken by the Company. The Company and Immunomedics want to avoid at all costs any unnecessary disruption to the transition activities, which may affect the completion of the Transaction. Based on the reasons set out herein, disclosure of the product personnel schedule will lead to undesirable outcome, which will not be measurable and remediable, and may cause significant and irreparable damages to the Company and the Transaction.
	4. The retention program schedule ties in with the product personnel schedule with the exception that the retention program schedule provides further details as to the retention mechanics, which are arrangements specifically and heavily negotiated between the Company and Immunomedics. Such information is highly commercially sensitive. As with the reasonings as forth in item (3) above pertaining to the product personnel schedule, it is not in the commercial interest of the Company and Immunomedics to disclose the retention program, and the disclosure of which will be seriously detrimental and competitively harmful to the interests of the Company and Immunomedics.

Terms reference	Rationale for redaction
	5. The ongoing clinical trials schedule sets forth clinical trials of the Company related to the development of the Licensed Product. Disclosure of such information may enable competitors and industry participants (including existing business partners) to ascertain the development stages and the Company's and Immunomedics' business priorities in respect of the development of the Licensed Product and take advantage of such information to advance their own commercial interests and agenda, which will be competitively harmful to the interests of the Company and Immunomedics.
	6. The 2022 transition plan reimbursement budget provides activities to be reimbursed and corresponding estimated costs, which are proprietary confidential information of the Company and Immunomedics, specifically and heavily negotiated between the Company and Immunomedics. Competitors and industry participants (including existing business partners) may take advantage of such disclosed economics to negotiate against the Company or Immunomedics (as the case may be). The size of the budget will also reveal expenses incurred or to be incurred in the development of the Licensed Product and competitors or industry participants may be able to deduce sales price of the Licensed Product following commercialization and ascertain the potential market size based on such disclosed information. Such information, if disclosed, will be seriously detrimental and competitively harmful to the interests of the Company and Immunomedics.

C. Contact Information

Terms reference	Rationale for redaction
Section 3.3 Section 13.9	1. The names and contact details of the transition managers, contact persons and legal counsel for Immunomedics and Everest do not provide values to Shareholders in relation to their assessment of the significance of the Transaction nor do they shed light on the strategic, financial and commercial impact of the Transaction on the Company. Whereas disclosure of such information may expose such persons to unnecessary distractions and/or interference.

C. INFORMATION ABOUT THE PARTIES

The Company, Everest Medicines II and Everest SG

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.

Everest Medicines II is a company incorporated with limited liability in the Cayman Islands and Everest SG is a company incorporated with limited liability in Singapore. Each of Everest Medicines II and Everest SG is a wholly-owned subsidiary of the Company.

Immunomedics and Gilead

Immunomedics was the original developer of the Licensed Product. Following the acquisition of Immunomedics by Gilead in 2020, Immunomedics is now a wholly owned operating subsidiary of Gilead. Gilead is a biopharmaceutical company that has pursued and achieved breakthroughs in medicine for more than three decades, with the goal of creating a healthier world for all people. The company is committed to advancing innovative medicines to prevent and treat life-threatening diseases, including HIV, viral hepatitis and cancer. Gilead operates in more than 35 countries worldwide, with headquarters in Foster City, California.

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge, information and belief, each of Immunomedics and Gilead (as the ultimate beneficial owner of Immunomedics) is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

D. REASONS FOR AND BENEFITS OF THE TERMINATION AND TRANSITION SERVICES AGREEMENT

The Directors are of the view that the Transaction will maximize the value and impact of the Licensed Product and represent the best opportunity to optimize value for Shareholders and patients worldwide. The Transaction would allow the Company to focus on growing other pipeline assets as well as pursue additional opportunities to further expand its existing pipeline of drug products through business development and in-house R&D efforts. In addition, the proceeds derived from the Transaction would be best deployed and aligned with the overall and long-term goals of the Group that will best serve the interests of the Company and its shareholders in the long run. For further details of the use of proceeds from the Transaction, please refer to the section headed "Use of Proceeds from the Transaction".

The Board considers that the terms and conditions of the Termination and Transition Services Agreement and the Transaction are on normal commercial terms after arm's length negotiations and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

E. FINANCIAL EFFECT OF THE TRANSACTION

There is no revenue or profit attributable to the Licensed Product for the two financial years ended 31 December 2021 and 31 December 2020. The unaudited book value of the Licensed Product as at 30 June 2022 was approximately US$141 million (equivalent to approximately RMB950 million).

The maximum gain to be derived from the Transaction (assuming the receipt of the entire Consideration of up to approximately US$455 million (equivalent to approximately RMB3,067 million) upon the satisfaction and occurrence of all regulatory and commercial milestone events) is approximately US$314 million (equivalent to approximately RMB2,116 million), which is calculated based on the Consideration for the Transaction less the book value of the Licensed Product. The actual amount of gain as a result of the Transaction to be recognised by the Company will be subject to, among other things, future clinical development and commercialization of the Licensed Product or other contingent events and audit, and the amount of actual gain incurred in relation to the Transaction may be different from the aforementioned expected amount. Following the Transaction, the Company will cease to have any interests in the Licensed Product.

F. USE OF PROCEEDS FROM THE TRANSACTION

The expected net proceeds (assuming the receipt of the entire Consideration of up to approximately US$455 million (equivalent to approximately RMB3,067 million) on a pre-tax basis) to be received from the Transaction, after deduction of applicable transactions fees and other relevant estimated expenses in relation to the Transaction, is up to approximately US$451 million (equivalent to approximately RMB3,040 million).

Having considered (i) the prospects that the Transaction may bring to the Group, (ii) the reasons for and benefits of the Transaction as set out in the paragraph headed "Reasons for and Benefits of the Termination and Transition Services Agreement", and (iii) the development stages and priorities of drug candidates in the Group's existing pipeline of assets, in order to better allocate and utilize its financial resources, the Board has reviewed the use of the net proceeds from the Transaction, and resolved to apply the net proceeds from the Transaction in the following areas:

(1) 30% to fund the business development activities and the expansion of our drug pipeline consistent with the principal business activities carried on by the Company: the Company believes there is significant opportunity in the current environment for it to use its demonstrated core capabilities to advance pharmaceutical candidates through development and create significant value. The Company is in active discussions with multiple potential corporate partners regarding both regional and global collaborations on or acquisition of innovative assets that complement our existing portfolio, and will provide appropriate update to its shareholders, potential investors and the public as and when required under the Listing Rules.

(2) 15% for the continued development of Nefecon: the Company will file an NDA of Nefecon in IgAN in the second-half of 2022 with a view to launching it in 2023. In furtherance of the potential launch, the Company will invest in the pre-launch preparation activities, including but not limited to hiring personnel in the areas of marketing, physician education and strategy planning, and organizing other pre-launch activities. In addition, closer to commercialization, the Company will also allocate resources to the commercialization-related infrastructure for Nefecon, including but not limited to hiring sales-related personnel and promoting Nefecon.

(3) 35% on the rest of the existing pipeline assets (other than Nefecon): the Company will primarily focus on the development of mRNA vaccines and Etrasimod. With respect to mRNA vaccines, the Company will initiate three phase 3 trials in the second half of 2022, including its first generation COVID-19 vaccine and second generation COVID-19 vaccine against both the original and Omicron variants. The Company hopes to launch both of these products in 2023. With respect to Etrasimod, the Company is conducting a phase 3 study for the treatment of moderately to severely active ulcerative colitis patients, which is expected to complete enrollment in 2023. In the case of the other drug candidates (other than Nefecon, mRNA vaccine and Etrasimod), the Company will allocate appropriate resources commensurate to the development stages and progresses of the relevant drug candidates and will accelerate the platform for such pipeline assets as and when necessary in accordance with the strategic objectives of the Company.

(4) 10% to strengthen our discovery capabilities: the Company is committed to building and expanding its discovery operation and platform, which is imperative to the Company in terms of discovering and developing certain pre-clinical candidates, thereby contributing to the strategic expansion and advancement of the Company's clinical development pipeline. The Company will continue to expand internal discovery team to build up in-house R&D capabilities and to fuel the organic growth of internal discovery capabilities.

(5) 10% for working capital and general administrative purposes.

While the Company is committed to advance clinical trial stages of its assets and to obtain regulatory approvals in respect of the relevant drug candidates within the timelines stated above, the Company is also cognizant that the timeline is by nature indicative only. The Company will take into account the progresses and statuses of the relevant clinical trials, regulatory filings and potential launch of drug candidates and apply in a prudent manner the net proceeds from the Transaction.

G. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Transaction, and therefore, no Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the Transaction and the Termination and Transition Services Agreement.

As the Transaction is subject to the terms and conditions under the Termination and Transition Services Agreement, the Transaction may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

H. EGM

The Company will convene the EGM at 16th Floor, CITIC Pacific Plaza, 1168 West Nanjing Road, Jing An District, Shanghai, China on Monday, 31 October 2022 at 9:30 a.m. for the Shareholders to consider, and if thought fit, to approve, among other things, the Transaction and the Termination and Transition Services Agreement.

The notice of the EGM is set out on pages 31 to 32 of this circular. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Pursuant to the Listing Rules and the articles of association of the Company, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.everestmedicines.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM should you so wish.

I. RECOMMENDATION

The Board considers that the terms of the Termination and Transition Services Agreement and the Transaction are on normal commercial terms, fair and reasonable, and the Transaction and the Termination and Transition Services Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions approving the Transaction and the Termination and Transition Services Agreement at the EGM.

J. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 is set out in the following documents which have been published on the websites of the Stock Exchange (https://www.hkexnews.hk/index.htm) and the Company (https://www.everestmedicines.com/).

The audited consolidated financial statements of the Group for the year ended 31 December 2021 has been set out on pages 72 to 175 of the 2021 annual report of the Company which was published on the Stock Exchange's website on 8 April 2022. Please also see below quick link to the 2021 annual report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0408/2022040800511.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2020 has been set out on pages 75 to 180 of the 2020 annual report of the Company which was published on the Stock Exchange's website on 29 April 2021. Please also see below quick link to the 2020 annual report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900627.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2019 has been set out on pages I-1 to I-93 of the Prospectus of the Company which was published on the Stock Exchange's website on 25 September 2020. Please also see below quick link to the Prospectus:

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0925/2020092500047.pdf

2. INDEBTEDNESS

As at 31 August 2022, the Group had total indebtedness as summarised below:

Borrowings

In March 2020, the Group and Jiashan Shanhe Equity Investment Company ("**Jiashan Shanhe**") entered into an investment agreement, pursuant to which Jiashan Shanhe invested US$50 million cash investment towards the registered capital of the Group's subsidiary, Everest Medicines (China) Co., Ltd ("**Everest China**"), subject to a redemption right starting in the fourth year of the date of investment at 8% simple annual rate of return. The Group treated Jiashan Shanhe's contribution to the registered capital of Everest China as borrowings. This borrowing has been pledged by the Group's land use right for Jiashan manufacturing facility. For a detailed description of the investment from Jiashan Shanhe, please refer to Note 23 to the audited consolidated financial statements of the Group for the year ended 31 December 2021 which has been set out on pages 72 to 175 of the Annual Report. As at 31 August 2022, the Group has such borrowing from Jiashan Shanhe of approximately RMB410 million.

Financial instruments issued to investors

On 20 June 2018, the Company's subsidiary EverNov Medicines Limited issued 4,000,000 Series A-2 Convertible Preferred Shares to the Novartis Pharma AG, which are subsequently measured at fair value. For a detailed description of financial instruments issued to investors, please refer to Notes 15(c) and 21(b) to the audited consolidated financial statements of the Group for the year ended 31 December 2021 which has been set out on pages 72 to 175 of the Annual Report. As at 31 August 2022, the Group has such financial instruments issued to investors of approximately RMB31 million.

Lease liabilities

As at 31 August 2022, the Group has total outstanding lease liabilities of approximately RMB109 million.

Contingent liabilities

As at 31 August 2022, the Group had no significant contingent liabilities.

Other indebtedness

Save as disclosed above, apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, the Group had no debt securities issued and outstanding, neither authorised nor otherwise created but unissued, had no other term loans, no matter guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) or unsecured, and had no other borrowings or indebtedness in the nature of borrowings of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) nor acceptance credits or hire purchase commitments, no matter guaranteed, unguaranteed, secured or unsecured borrowings and debt.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, having made due and careful enquiry, are of the opinion that taking into account the Transaction and the Group's available financial resources, including cash and cash equivalents, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular. The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking ahead, we will continue to drive progress toward our corporate goal of becoming a leading biopharmaceutical company that integrates discovery, licensing, clinical development, commercialization and manufacturing of globally innovative therapies to address critical unmet medical needs, initially in the Asia Pacific markets, and eventually around the world.

In the rest of 2022, we will endeavor to work on the ten assets in the pipeline. We will file an NDA of Nefecon in IgAN in the second-half of 2022 with a view to launching it in 2023. In addition, in 2023, there is the potential launch of PTX-COVID19-B and second generation of our COVID vaccine — EVER-COVID19-M1 in China and Southeast Asia.

We will continue to grow our discovery capabilities and accelerate the development of our novel pre-clinical pipeline which have global potential. We believe our discovery efforts will enable us to achieve our long-term goal of generating a sustainable, internally discovered pipeline of new product candidates for patients around the world.

With a better capital position, we continue to actively explore business development opportunities and identify assets and technologies that complement our existing portfolio. We will consider potential strategic investors for out-licensing opportunities as well to maximize value for shareholders.

We will streamline our commercial resources and continue to develop commercial capabilities to support the launch of other near-commercial drug candidates.

We are building our own Good Manufacturing Practice/Good Supply Practice manufacturing facility in China for mRNA COVID-19 vaccine production and other molecules. The mRNA manufacturing facility is expected to begin production in the second half of 2022.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

At the Latest Practicable Date, the interests and short positions of the Directors or the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to (i) be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; and (iii) be entered in the register maintained by the Company referred to therein pursuant to Section 352 of the SFO, or (iv) which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding[8]	Long position/ Short position
Mr. Wei Fu[1]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	133,992,652	43.62%	Long position
Mr. Yongqing Luo[2]	Beneficial owner	6,760,474	2.20%	Long position
Mr. Ian Ying Woo[3]	Beneficial owner	1,614,728	0.53%	Long position
Mr. Xiaofan Zhang[4]	Beneficial owner	3,858,630	1.26%	Long position
Mr. Shidong Jiang[5]	Beneficial owner	40,000	0.01%	Long position
Mr. Yifan Li[6]	Beneficial owner	40,000	0.01%	Long position
Mr. Bo Tan[7]	Beneficial owner	40,000	0.01%	Long position

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. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by C-Bridge Healthcare Fund IV, L.P. ("**CBH IV**"). The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by 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 Joint Value Creation Limited. C-Bridge Joint 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) Mr. Yongqing Luo's entitlement to receive up to 4,700,000 Shares pursuant to the exercise of options with exercise price at HK$10.084 under the the Post-IPO Share Option Scheme, subject to the conditions of those options. Mr. Yongqing Luo is also entitled to receive 860,474 award Shares and up to 1,200,000 performance target award Shares under the Post-IPO Share Award Scheme. All of the aforementioned should be subject to shareholders' approval at a general meeting of the Company. Please refer to the announcement of the Company dated 19 September 2022 for details.

(3) Mr. Ian Ying Woo's entitlement to receive up to 110,000 Shares and 338,403 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes and the Post-IPO Share Option Scheme respectively, subject to the conditions of those options. The exercise prices of these options are USD2.26 (up to 110,000 Shares) and HKD72.49 (up to 338,403 Shares). Upon the shareholders' approval on 29 June 2022, 41,581 Shares awards to Mr. Ian Ying Woo under the Post-IPO Share Award Scheme were vested in July 2022, while the 124,744 Shares will be vested, subject to the conditions of those share awards and Mr. Woo is also entitled to receive up to 1,000,000 Shares under Post-IPO Share Award Scheme, subject to the conditions of those performance target awards.

(4) Mr. Xiaofan Zhang's entitlement to receive up to 2,353,902 Shares and 338,403 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes and Post-IPO Share Option Scheme respectively, subject to the conditions of those options. The exercise prices of these options are USD0.18 (up to 2,353,902 Shares) and HKD72.49 (up to 338,403 Shares). Upon the shareholders' approval on 29 June 2022, 41,581 Shares awards to Mr. Xiaofan Zhang under the Post-IPO Share Award Scheme were vested in July 2022, while the 124,744 Shares will be vested, subject to the conditions of those share awards and Mr. Zhang is also entitled to receive up to 1,000,000 Shares under Post-IPO Share Award Scheme, subject to the conditions of those performance target awards.

(5) Mr. Shidong Jiang's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).

(6) Mr. Yifan Li's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).

(7) Mr. Bo Tan's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).

(8) The calculation is based on the total number of 307,165,404 Shares in issue as at the Latest Practicable Date.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to (i) be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; (iii) be entered in the register referred to therein pursuant to Section 352 of the SFO; or (iv) otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders

Other than the interests disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, as at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding[4]	Long position/ Short position
VISTRA TRUST (SINGAPORE) PTE. LIMITED[1]	Trustee and other	133,992,652	43.62%	Long position
Nova Aqua Limited[1]	Interest in a controlled corporation	133,992,652	43.62%	Long position
C-Bridge Capital GP, Ltd.[1][2]	Interest in a controlled corporation	52,777,778	17.18%	Long position
C-Bridge Healthcare Fund GP II, L.P.[1]	Interest in a controlled corporation	52,777,778	17.18%	Long position
C-Bridge Healthcare Fund II, L.P.[1]	Interest in a controlled corporation	52,777,778	17.18%	Long position
TF Capital II Ltd.[1]	Interest in a controlled corporation	52,777,778	17.18%	Long position
TF Capital, Ltd.[2]	Interest in a controlled corporation	52,777,778	17.18%	Long position
Dan Yang[2]	Interest in a controlled corporation	52,777,778	17.18%	Long position
Kang Hua Investment Company Limited[2]	Interest in a controlled corporation	52,777,778	17.18%	Long position
C-Bridge Capital GP IV, Ltd.[1]	Interest in a controlled corporation	52,522,482	17.10%	Long position
C-Bridge Healthcare Fund GP IV, L.P.[1]	Interest in a controlled corporation	52,522,482	17.10%	Long position
C-Bridge Healthcare Fund IV, L.P.[1]	Interest in a controlled corporation	52,522,482	17.10%	Long position

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding[4]	Long position/ Short position
TF Capital IV Ltd.[1]	Interest in a controlled corporation	52,522,482	17.10%	Long position
C-Bridge Investment Everest Limited[1]	Beneficial owner	50,000,000	16.28%	Long position
C-Bridge IV Investment Two Limited[1]	Beneficial owner	37,244,704	12.13%	Long position
Anna Inge Leonore Haas Kolchinsky[3]	Interest of spouse	26,610,811	8.66%	Long position
Peter Kolchinsky[3]	Beneficiary of a trust (other than a discretionary interest)	26,610,811	8.66%	Long position
RA Capital Management, L.P.[3]	Investment manager	26,610,811	8.66%	Long position
C-Bridge Joint Value Creation Limited[1]	Interest in a controlled corporation	24,005,392	7.82%	Long position
Everest Management Holding Co., Ltd.[1]	Beneficial owner	24,005,392	7.82%	Long position
RA Capital Healthcare Fund GP, LLC[3]	Interest in a controlled corporation	23,583,513	7.68%	Long position
RA Capital Healthcare Fund, L.P.[3]	Beneficial owner	23,583,513	7.68%	Long position
Janchor Partners Limited	Investment manager	17,421,444	5.67%	Long position
C-Bridge IV Investment Nine Limited[1]	Beneficial owner	15,277,778	4.97%	Long position

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 jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited 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 by its General Partner 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 Joint Value Creation Limited. C-Bridge Joint 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 controlling interest in C-Bridge Capital GP, Ltd.. Kang Hua Investment Company Limited has 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 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 calculation is based on the total number of 307,165,404 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date based on publicly available information, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept under section 336 of the SFO.

(c) Directors' interests in assets and contracts of the Group

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to any member of the Group.

(d) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(e) Competing interests

As at the Latest Practicable Date, none of the Directors or their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group, as required to be disclosed pursuant to the Listing Rules.

3. LITIGATION

As at the Latest Practicable Date, as far as the Directors are aware, none of the members of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any members of the Group.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years immediately preceding the issue of this circular and are material:

(a) the Termination and Transition Services Agreement, details of which are contained in this circular;

(b) the patent and know-how license agreement dated 13 January 2022 entered into between Everest Medicines (Singapore) Pte. Ltd. (as the licensee), a wholly-owned subsidiary of the Company and A*ccelerate (as the licensor) in respect of 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, which comprise of a consideration from the licensee to the licensor (i) a license fee of US$2.5 million; (ii) potential development milestone payments of up to US$107 million; (iii) potential sales milestone payments in the range of US$15 million and US$105 million;

(c) the license agreement dated 16 September 2021 entered into between Everest Medicines II (HK) Limited (as the licensee), a company limited by shares incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company, Suzhou Sinovent Pharmaceuticals, Co., Ltd. ("**Sinovent**") and SinoMab BioScience Limited ("**SinoMab**") (collectively as the licensor) in respect of XNW1011 (or SN1011 as referred to by the Sinovent and SinoMab) controlled by the Sinovent and SinoMab or its affiliates which comprise of a consideration from the licensee to the licensor (i) an upfront payment of US$12 million; (ii) development milestone payments of up to US$129 million in aggregate; and (iii) sales milestone payments of up to US$420 million in aggregate; and

(d) the license agreement dated 13 September 2021 entered into between the Company (as the licensee) and Providence Therapeutics Holdings Inc. ("**Providence**") (as the licensor) in respect of 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, which comprise an front payment of US$50 million; the collaboration and license agreement dated 13 September 2021 entered into between the Company (as the licensee) and Providence (as the licensor) in respect of the manufacture, development and commercialization of two prophylactic or therapeutic products and additional products, which comprise an front payment of US$50 million and certain milestone payments to be satisfied by issuance of up to 41,908,384 Shares to Providence upon completion of certain conditions and achievement of certain manufacturing, pre-clinical, development and commercial milestones by way of a share issuance agreement to be further particularized below; and share issuance agreement dated 13 September 2021 entered into between the Company (as the issuer) and Providence (as the recipient) in respect of the issuance of up to 41,908,384 Shares as elaborated above.

Save as disclosed in this circular and the Prospectus of the Company, no contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years immediately preceding the issue of this circular and are material.

5. GENERAL

(a) The joint company secretaries of the Company are Ms. Leah Liu and Ms. Yee Wa Lau. Each of them is a chartered secretary, a corporate governance professional and an associate member of both The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) and The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute).

(b) The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(c) The head office and principal place of business of the Company is situate at Plaza 66, Tower 1, Units 6601–6606, 1266 West Nanjing Road, Shanghai, 200040, China.

(d) The principal place of business in Hong Kong of the Company is situate at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

(e) The principal share registrar of the Company is Maples Fund Services (Cayman) Limited at PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

(f) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(g) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

6. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange at http://www.hkexnews.hk and the website of the Company at www.everestmedicines.com for 14 days from the date of this circular (inclusive):

(1) the redacted Termination and Transition Services Agreement.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Everest Medicines Limited (the "**Company**") will be held at 16th Floor, CITIC Pacific Plaza, 1168 West Nanjing Road, Jing An District, Shanghai, China on Monday, 31 October 2022 at 9:30 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 14 October 2022.

ORDINARY RESOLUTION

1. "**THAT** the Termination and Transition Services Agreement (a copy of which is tabled at the EGM and marked "A" and signed by the chairman of the EGM for identification purpose) and the Transaction be and are hereby approved, confirmed and ratified, and any one Director be and is hereby authorised for and on behalf of the Company to execute and deliver all such documents, instruments and agreements and to take all steps as he or she considers necessary, desirable or expedient to implement and/or give effect to the Termination and Transition Services Agreement and the Transaction."

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

Hong Kong, 14 October 2022

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. Any Shareholder entitled to attend and vote at the meeting is entitled to appoint any number of proxies to attend and vote instead of him. A proxy need not be a Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.