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EVEREST MEDICINES

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Everest Medicines Limited

雲頂新耀有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1952)

(1) GRANT OF OPTIONS

(2) GRANT OF AWARDS

**(3) NON-EXEMPTED CONNECTED TRANSACTIONS —
PROPOSED AWARD GRANTS TO CONNECTED PERSONS**

This announcement is made pursuant to Rules 17.06A, 17.06B and 17.06C of the Listing Rules.

On 5 April 2024, the Board granted and proposed to grant (i) 7,262,380 Options in aggregate under the Post-IPO Share Option Scheme, (ii) 2,659,029 Awards in aggregate under the Pre-IPO ESOP and Post-IPO Share Award Scheme (among which 46,000 Awards are proposed to be granted to the Connected Award Grantees and subject to Independent Shareholders' approval), and (iii) 651,391 Performance Target Awards under the Pre-IPO ESOP and the Post-IPO Share Award Scheme (among which 356,543 Performance Target Awards are proposed to be granted to the Connected Award Grantees and subject to Independent Shareholder's approval). Details of the aforementioned grants are as follows:

(1) GRANT OF OPTIONS

The Board announces that on 5 April 2024, the Company granted 7,262,380 Options to the Option Grantees under the Post-IPO Share Option Scheme.

The details of the Option Grants are as follows:

Date of grant:	5 April 2024
Number of Option Grantees:	130, of which 2 are Directors
Number of Options granted:	7,262,380

Exercise price of the Options granted:	HK\$22.54
Market price of the Shares on the date of grant:	HK\$21.85 per Share
Exercise period:	7 years after the date of grant
Vesting period:	<p>The Options shall vest equally on each anniversary of the vesting commencement date as specified in the respective grant letters over four years. Such vesting commencement dates fall between 8 May 2023 and 1 April 2024.</p> <p>The Remuneration Committee notes that certain vesting dates are less than 12 months from the date of grant, and considers such arrangement to be appropriate as all of the previous grants under its existing share schemes were granted under the same mechanism to award the employees who delivered their services. The current vesting schedule is consistent with the prior practices and approach of the Company so that the Company can attract, retain, incentivize, reward and remunerate the grantees and enhance operational efficiency.</p>
Performance targets:	<p>There are no performance targets attached to the Options granted.</p> <p>Having considered that certain Option Grantees are Directors and senior managers of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group, the Remuneration Committee considers that the Option Grants to the Directors and senior managers without performance targets are market competitive, consistent with the Company's remuneration policy and align with the purpose of the Post-IPO Share Option Scheme.</p>
Clawback mechanism:	<p>Where any of the following events as specified in the rules of the Post-IPO Share Option Scheme arises, any outstanding Options not yet vested shall immediately lapse:</p> <p>(a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice,</p>

- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty, or
- (c) the grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her creditors generally.

Further details of the Option Grants to the Directors are as follows:

Name of Grantee	Position	Number of Options Granted
Mr. Yongqing Luo	Executive Director and chief executive officer	1,901,560
Mr. Ian Ying Woo	Executive Director and chief financial officer	950,780

The Option Grants to each of Mr. Yongqing Luo and Mr. Ian Ying Woo were approved by the independent non-executive Directors, respectively.

None of the Option Grants is subject to approval by the Shareholders, and save as disclosed, none of the Option Grantees is (i) a Director, chief executive or substantial shareholder of the Company or an associate of any of them, or (ii) a participant with options and awards granted and to be granted to them in the 12-month period up to and including the date of grant in aggregate exceeding 1% of the Shares in issue.

(2) GRANT OF SHARE AWARDS AND PERFORMANCE TARGET AWARDS

The Board announces that on 5 April 2024, the Company granted (i) 1,360,400 Awards and a maximum number of 176,000 Performance Target Awards to 59 and 10 Non-connected Award Grantees under the Pre-IPO ESOP, respectively, and (ii) 1,252,629 Awards and a maximum number of 118,848 Performance Target Awards to 120 and 2 Non-connected Award Grantees under the Post-IPO Share Award Scheme, respectively, subject to acceptance by the Non-connected Award Grantees.

The details of the grant of Awards and Performance Target Awards are as follows:

- Date of grant:** 5 April 2024
- Number of Awards granted:**
- 1,360,400 Awards under the Pre-IPO ESOP
 - a maximum number of 176,000 Performance Target Awards under the Pre-IPO ESOP
 - 1,252,629 Awards under the Post-IPO Share Award Scheme
 - a maximum number of 118,848 Performance Target Awards under the Post-IPO Share Award Scheme

Purchase price of the Awards granted:	Nil
Market price of the Shares on the date of grant:	HK\$21.85 per Share
Vesting period and performance targets:	<p>The Shares underlying the Performance Target Awards are subject to limitations in the volume and value that may be sold within a prescribed period as determined by the Board from time to time.</p> <p>There are no performance targets attached to the 1,360,400 Awards under the Pre-IPO ESOP and 1,252,629 Awards under the Post-IPO Share Award Scheme which are granted to employees of the Group. The aforementioned Awards shall vest equally on each anniversary of the vesting commencement date as specified in the respective grant letters over four years. Such vesting commencement dates fall between 3 April 2023 and 1 April 2024. Among the relevant grants of Awards, the first vesting date of 19,000 Awards under the Pre-IPO ESOP falls on a date on or before the date of grant. Accordingly, such 19,000 Awards shall become immediately vested on the date of grant (i.e. 5 April 2024).</p> <p>The 176,000 Performance Target Awards under the Pre-IPO ESOP are granted to employees of the Group and shall become immediately vested upon the achievement of certain operational, clinical development, and regulatory targets within three years as set out in the relevant offer letter. The 118,848 Performance Target Awards are granted to senior managers of the Group, and shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon achievement of specified company level performance targets (including financial, clinical development and operational) and individual performance appraisal targets by the first vesting date.</p> <p>The Remuneration Committee notes that certain vesting dates are less than 12 months from the date of grant, and considers such arrangement to be appropriate as all of the previous grants under its existing share schemes were granted under the same mechanism to award the employees who delivered their services. The current vesting schedule is consistent with the prior practices and approach of the Company so that the Company can attract, retain, incentivize, reward and remunerate the grantees and enhance operational efficiency.</p>

Clawback mechanisms:

Awards under the Pre-IPO ESOP

Pursuant to the Pre-IPO ESOP, subject to the determination of the Board, if any grantee ceases to be an employee due to termination for cause, then any Award (whether vested or unvested) held by the grantee shall immediately lapse or be canceled except as otherwise resolved by the Board in its sole discretion.

Awards under the Post-IPO Share Award Scheme

Where any of the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company have the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice,
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty, or
- (c) the grantee conducts, among others, activities that cause damage to our Group, or causes damages to the Group's interest or reputation.

The abovementioned grant of Awards and Performance Target Awards is not subject to approval by the Shareholders, and none of the Non-connected Award Grantees is (i) a Director, chief executive or substantial shareholder of the Company or an associate of any of them, or (ii) a participant with options and awards granted and to be granted to them in the 12-month period up to and including the date of grant in aggregate exceeding 1% of the Shares in issue.

The Non-connected Award Grantees comprise of employee participants who are in the interests of the long term growth of the Group. The above grant of Awards and Performance Target Awards enables the Company to attract, retain, incentivize, reward and remunerate the Non-connected Award Grantees to align the interests of the Non-connected Award Grantees with those of the Group through ownership of Shares, and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

(3) PROPOSED GRANT OF AWARDS AND PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS

The Board announces that on 5 April 2024, the Company resolved to grant 237,695 Performance Target Awards to Mr. Yongqing Luo, 118,848 Performance Target Awards to Mr. Ian Ying Woo, and 46,000 Awards to 2 other Connected Award Grantees under the Post-IPO Share Award Scheme, subject to acceptance by the Connected Award Grantees and Independent Shareholders' approval at the AGM.

The details of the Proposed Award Grants are as follows:

Date of grant:	5 April 2024
Number of Awards proposed to be granted:	356,543 Performance Target Awards and 46,000 Awards
Purchase price of the Awards proposed to be granted:	Nil
Market price of the Shares on the date of grant:	HK\$21.85 per Share
Vesting period and performance targets:	237,695 Performance Target Awards and 118,848 Performance Target Awards proposed to be granted to Mr. Yongqing Luo and Mr. Ian Ying Woo shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon the achievement of specified company level performance targets and individual performance appraisal targets by the first vesting date. The company level performance targets relate to financial performance, clinical development milestones, capital market and operational and company organizational goals. The achievement of each company level performance target is scored and if the overall score is 80% or more and the individual performance appraisal is satisfactory, the Performance Target Awards shall vest accordingly. There are no performance targets attached to the 46,000 Awards proposed to be granted to the other 2 Connected Award Grantees, and the Awards shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary of such date thereafter.

The Remuneration Committee notes that the first vesting date (1 April 2025) is less than 12 months from the proposed date of grant (5 April 2024), and considers such arrangement to be appropriate as it is consistent with the prior practices and approach of the Company and would enable the Company to better manage the vesting schedules of all of its share awards and enhance operational efficiency.

Having considered that the Connected Award Grantees (except Mr. Yongqing Luo and Mr. Ian Ying Woo) are senior managers of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group, the Remuneration Committee considers that the Award Grants to each of the Connected Award Grantees (except Mr. Yongqing Luo and Mr. Ian Ying Woo) without performance targets are market competitive, consistent with the Company's remuneration policy and align with the purpose of the Post-IPO Share Award Scheme.

Clawback mechanism:

Where any of the following events as specified in the rules of the Post-IPO Share Award Scheme arises, any outstanding Awards and related income not yet vested shall be immediately forfeited, any vested Awards shall be canceled, any earnings from selling of the Awards shall be owned by the Company and the Company have the right to request the Grantee to refund the Company, unless the Board or its delegate(s) determines otherwise at their absolute discretion:

- (a) the grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice,
- (b) the grantee having been convicted of any criminal offense involving his or her integrity or honesty, or
- (c) the grantee conducts, among others, activities that cause damage to our Group, or causes damages to the Group's interest or reputation.

Details of the Connected Award Grantees are as follows:

Name of Grantee	Position	Number of Awards/ Performance Target Awards proposed to be granted
Mr. Yongqing Luo	Executive Director and chief executive officer	237,695
Mr. Ian Ying Woo	Executive Director and chief financial officer	118,848
Mr. Zixin Qiao and Ms. Heasun Park	Employees of the Company and directors or former directors of subsidiaries of the Company	46,000 ^(Note)

Note: Each individual is proposed to be granted 17,000 and 29,000 Awards, respectively.

Save as disclosed, none of the Connected Award Grantees is (i) a Director, chief executive or substantial shareholder of the Company or an associate of any of them, or (ii) a participant with options and awards granted and to be granted to them in the 12-month period up to and including the date of such grant in aggregate exceeding 1% of the Shares in issue.

Reasons for and Benefits of the Proposed Award Grants

The Proposed Award Grants are part of the Company's remuneration policy. It enables the Company to attract, retain, incentivize, reward and remunerate the Connected Award Grantees and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

The Directors believe that the future success and continual development of the Company are closely linked to the continual commitment and efforts of its management team. In particular, given the limited number of individuals in the biopharmaceutical industry with the breadth of expertise and experience required to successfully discover, develop, gain regulatory approval of, manufacture and commercialize drug products and formulate strategy as well as operate the Company to support the development of the drug products, the Board considers that the retention and motivation of the Connected Award Grantees as an indispensable part of the senior management and research and development team of the Group is highly beneficial for the Group's development and expansion, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of leadership.

The Connected Award Grantees have been invaluable to and instrumental in the Group's success, especially in business development, operational excellence, licensing and research and development. The number of Awards proposed to be granted to the Connected Award Grantees was determined by the Remuneration Committee and the

Directors having taken into account (i) where possible, the level of remuneration paid by comparable companies to their directors and senior management; (ii) the time commitment, responsibilities and achievements of the Connected Award Grantees; (iii) the market practice regarding executive remuneration package structures of comparable companies; and (iv) based on their experience and knowledge of the industry, the importance of a biopharmaceutical company like the Group, which depends significantly highly educated and skilled individuals with the requisite biopharmaceutical and industry knowledge, to retain, motivate and incentivize the Directors and senior management to run the Company successfully for the long term benefit of the Group.

Director's Views

In this regard, the Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) consider that the Proposed Award Grants to each of the Connected Award Grantees (excluding Mr. Yongqing Luo and Mr. Ian Ying Woo) are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of the Group's business and in the best interests of the Company and the Shareholders as a whole.

In this regard, the Board (excluding Mr. Yongqing Luo and the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) and the Remuneration Committee consider that the Proposed Award Grant to Mr. Yongqing Luo is fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of the Group's business and in the best interests of the Company and the Shareholders as a whole.

In this regard, the Board (excluding Mr. Ian Ying Woo and the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Financial Adviser) and the Remuneration Committee consider that the Proposed Award Grant to Mr. Ian Ying Woo is fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of the Group's business and in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Each of Mr. Yongqing Luo and Mr. Ian Ying Woo is an executive Director, and each of Mr. Zixin Qiao and Ms. Heasun Park is a director or former director (in the last 12 months) of subsidiaries of the Company, respectively. Therefore, each of them is a connected person of the Company.

Accordingly, each of the Proposed Award Grants constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement, circular and the Independent Shareholders' approval requirements.

No Director is considered to be interested in the Proposed Award Grants to Mr. Zixin Qiao and Ms. Heasun Park and therefore none of them abstained from voting on the relevant Board resolutions. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Zixin Qiao and Ms. Heasun Park are interested in 3,946 and 33,279 Shares held by his/her associate respectively and the options and awards for

which no voting rights may be exercisable. Accordingly, (i) Mr. Zixin Qiao and his associates shall abstain from voting at the AGM on the resolution approving the Proposed Award Grant to Mr. Zixin Qiao; and (ii) Ms. Heasun Park and her associates shall abstain from voting at the AGM on the resolution approving the Proposed Award Grant to Ms. Haesun Park. Save for Mr. Zixin Qiao and Ms. Heasun Park, no other Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the Proposed Award Grants to Mr. Zixin Qiao and Ms. Heasun Park.

Mr. Yongqing Luo did not vote on the Board resolution approving the Proposed Award Grant to Mr. Yongqing Luo. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Yongqing Luo abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Yongqing Luo and his associates is not interested in any Shares or underlying Shares, except for Mr. Yongqing Luo's interest in 980,474 Shares held by his associate and the options and awards for which no voting rights may be exercisable. Accordingly, save for Mr. Yongqing Luo and his associates, no other Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the Proposed Award Grant to Mr. Yongqing Luo.

Mr. Ian Ying Woo did not vote on the Board resolution approving the Proposed Award Grant to Mr. Ian Ying Woo. No other Director is considered to be interested in this grant and therefore none of them other than Mr. Ian Ying Woo abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Mr. Ian Ying Woo and his associates is not interested in any Shares or underlying Shares, except for Mr. Ian Ying Woo's interest in 202,589 Shares held by his associate and the options and awards for which no voting rights may be exercisable. Accordingly, save for Mr. Ian Ying Woo and his associates, no other Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the Proposed Award Grant to Mr. Ian Ying Woo.

SHARES AVAILABLE FOR GRANT UNDER THE SHARE SCHEMES

As at the date of this announcement, 6,603,843 Shares are available for grant under the Post-IPO Share Option Scheme, 3,352,648 Shares are available for grant under the Pre-IPO ESOP, and 8,586,885 Shares are available for grant under the Post-IPO Share Award Scheme (each after taking into account the grants and proposed grants described in this announcement), respectively.

GENERAL

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

Ordinary resolutions will be proposed at the upcoming AGM to approve, among other things, the Proposed Award Grants. A circular containing, among other things, further details of the Proposed Award Grants, a letter from the Independent Board Committee, and a

letter from the Independent Financial Adviser, together with the notice convening the AGM, will be despatched to the Shareholders in due course as additional time is required by the Company to prepare and finalise certain information for inclusion in the circular.

The Pre-IPO ESOP, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme were adopted before the new Chapter 17 of the Listing Rules came into effect on 1 January 2023. The Company has complied, and will continue to comply, with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

INFORMATION ABOUT THE COMPANY

The Company is a biopharmaceutical company focused on developing, manufacturing and commercializing transformative pharmaceutical products and vaccines 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 from both leading global pharmaceutical companies and local Chinese pharmaceutical companies in high-quality discovery, clinical development, regulatory affairs, CMC, business development, and operations. The Company has built a portfolio of potentially global first-in-class or best-in class molecules in the Company's core therapeutic areas of renal diseases, infectious diseases and autoimmune disorders.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“AGM”	the annual general meeting of the Company to be held on or around June 2024
“associate”	has the meaning ascribed to it under the Listing Rules
“Award(s)”	awards(s), being a contingent right to receive Shares awarded under the Pre-IPO ESOP and/or the Post-IPO Share Award Scheme
“Award Grantees”	grantees who are granted and proposed to be granted Awards under the Pre-IPO ESOP and/or the Post-IPO Share Award Scheme
“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)

“Connected Award Grantees”	the Award Grantees who are Directors or directors or former directors (in the last 12 months) of subsidiaries of the Company and are therefore connected persons of the Company under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders on the Proposed Award Grants
“Independent Financial Adviser”	the independent financial adviser acceptable to the Stock Exchange to be appointed by the Company pursuant to Rule 14A.44 of the Listing Rules to advise the Independent Board Committee, and the Independent Shareholders on the Proposed Award Grants
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting on the resolutions relating to the Proposed Award Grants to be proposed at the AGM
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-connected Award Grantees”	the Award Grantees who are employees and senior managers of the Company and are not connected persons of the Company under the Listing Rules
“Option(s)”	option(s) to subscribe for or acquire Shares which is/are granted under the Post-IPO Share Option Scheme
“Option Grant”	7,262,380 Options granted to the Option Grantees under the Post-IPO Share Option Scheme on the date of grant
“Option Grantees”	grantees who are granted Options under the Post-IPO Share Option Scheme on the date of grant (including employees, senior managers and Directors)
“Performance Target Awards”	performance target awards granted to the Award Grantees in accordance with the Pre-IPO ESOP and the Post-IPO Share Awards Scheme

“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by the Shareholders on 21 September 2020
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Shareholders on 21 September 2020
“Pre-IPO ESOP”	the pre-IPO employee equity plan adopted on 25 December 2018, amended and restated on 17 February 2020, which terminated in relation to options upon the listing of the Company but not restricted stock units (as defined therein)
“Proposed Award Grant(s)”	the proposed grant of Awards and/or Performance Target Awards to the Connected Award Grantees in accordance with the Post-IPO Share Award Scheme
“Remuneration Committee”	remuneration committee of the Board
“Shareholders”	holder(s) of Shares in the Company
“Shares”	ordinary shares in the share capital of the Company with a par value of US\$0.0001 each
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“US\$”	U.S dollars, the lawful currency of the United States of America

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

Hong Kong, 5 April 2024

As at the date of this announcement, the Board comprises Mr. Wei Fu as Chairman and Executive Director, Mr. Yongqing Luo and Mr. Ian Ying Woo as Executive Directors, Mr. William Ki Chul Cho and Mr. Honggang Feng as Non-executive Directors, and Ms. Hoi Yam Chui, Mr. Yifan Li and Mr. Shidong Jiang as Independent Non-executive Directors.