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**EVEREST MEDICINES**

**云 頂 新 耀**

**Everest Medicines Limited**

**雲 頂 新 耀 有 限 公 司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1952)**

- (1) GRANT OF OPTIONS**
- (2) PROPOSED GRANT OF OPTIONS**
- (3) GRANT OF AWARDS**
- (4) NON-EXEMPTED CONNECTED TRANSACTIONS — PROPOSED AWARD GRANT TO CONNECTED PERSONS**
- (5) NON-EXEMPT CONNECTED TRANSACTION — PROPOSED PERFORMANCE TARGET AWARD GRANT TO CONNECTED PERSONS**
- (6) UPDATE ON THE PREVIOUS PROPOSED PERFORMANCE TARGET AWARD GRANT TO A CONNECTED PERSON**

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

On 3 April 2023, the Board granted and proposed to grant 8,920,924 Options in aggregate under the Post-IPO Share Option Scheme (among which the proposed grant of 1,559,349 Options is subject to Independent Shareholders' approval), 4,386,111 Awards in aggregate under the Pre-IPO ESOP and Post-IPO Share Award Scheme (among which 135,100 Awards were granted to Connected Award Grantees and subject to Independent Shareholders' approval), and 1,593,863 Performance Target Awards in aggregate under the Pre-IPO ESOP (among which 529,805 Performance Target Awards were granted to Connected Performance Target 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 3 April 2023, the Company granted 7,361,575 Options to the Option Grantees under the Post-IPO Share Option Scheme.

The details of the Option Grants are as follows:

<b>Date of grant:</b>	3 April 2023
<b>Number of Option Grantees:</b>	170, of which 6 are Connected Option Grantees and 164 are Non-connected Option Grantees
<b>Number of Options granted:</b>	7,361,575
<b>Exercise price of the Options granted:</b>	HK\$15.632
<b>Market price of the Shares on the date of the grant:</b>	HK\$14.04 per Share
<b>Exercise period:</b>	7 years after the date of grant
<b>Vesting period:</b>	25% of the Options will vest on each anniversary of the commencement date as stipulated in the offer letter of each of the Grantees and all Options will be vested within 4 years. For the avoidance of doubt, the commencement dates range from 14 February 2022 to 1 April 2023.
	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 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.
<b>Performance targets:</b>	There are no performance targets attached to the Options granted.

Having considered that the Connected Option Grantees and Mr. Luo (for the Proposed Option Grant as mentioned below) 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 Connected Option Grantees and the Proposed Option Grant 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.

**Clawback mechanism:**

Where 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:

- (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 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 Connected Option Grantees are as follows:

<b>Name of Grantee</b>	<b>Position</b>	<b>Number of Options Granted</b>
Mr. Ian Ying Woo	Executive Director and chief financial officer	779,675
5 other Grantees	Employees of the Company and the directors of subsidiaries of the Company	789,983

The Option Grant to Mr. Ian Ying Woo was approved by the independent non-executive Directors.

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

The above grant of Options would not result in the options and awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the Shares in issue.

## (2) PROPOSED GRANT OF OPTIONS

The Board announces that on 3 April 2023, it has resolved to grant 1,559,349 Options to Mr. Luo, an executive Director and chief executive officer of the Company under the Post-IPO Share Option Scheme, subject to the acceptance by Mr. Luo and Independent Shareholders' approval at the AGM.

The details of the Proposed Option Grant are as follows:

<b>Date of grant:</b>	3 April 2023
<b>Name and position of the grantee:</b>	Mr. Yongqing Luo, an executive Director and chief executive officer of the Company
<b>Number of Options proposed to be granted:</b>	1,559,349
<b>Exercise price of the Options proposed to be granted:</b>	HK\$15.632
<b>Market price of the Shares on the date of the grant:</b>	HK\$14.04 per Share
<b>Exercise period:</b>	7 years after the date of grant
<b>Vesting period:</b>	25% of the Options will vest on 1 April 2024 and on each anniversary of such date thereafter.

The Remuneration Committee notes that the first vesting date (1 April 2024) is less than 12 months from the date of grant (3 April 2023), and considers such arrangement to be appropriate as all the previous regular grants under its existing share schemes were made on 1 April, by setting 1 April as the vesting dates is consistent with the prior practices and approach of the Company so that the Company can better manage all the vesting schedules and enhance operational efficiency.

The performance targets and the clawback mechanism of the Proposed Option Grant are the same as the Option Grants as disclosed above. For details, please refer to the section headed "(1) GRANT OF OPTIONS".

The Proposed Option Grant has been approved by the independent non-executive Directors.

Pursuant to the terms of the Post-IPO Share Option Scheme, where the total number of Shares issued and to be issued upon exercise of the Options granted to a person (including both exercised and outstanding Options) in any 12-month period exceeds 1% of the relevant class of Shares in issue, such grant must be approved by the Shareholders in general meeting and the grantee and his associates must abstain from voting. Upon the exercise of the Options granted to him in the 12-month period up to and including the date of grant, Mr. Luo will be entitled to subscribe for 6,259,349<sup>(1)</sup> Shares, representing approximately 2.0% of the Shares in issue as at the date of this announcement. Accordingly, the Proposed Option Grant is subject to Independent Shareholders' approval at the AGM and Mr. Luo and his associates shall abstain from voting.

*Note:*

- (1) among the 6,259,349 Shares, 4,700,000 Shares represent Shares which shall be issued upon exercise of the options granted under the Post-IPO Share Option Scheme on 19 September 2022 and such grant is also subject to Independent Shareholders' approval at the AGM. For the avoidance of doubt, no Shares will be issued or allotted unless and until Independent Shareholders' approval is obtained.

### **Reasons for and Benefits of the Option Grants and the Proposed Option Grant**

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

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

The Board announces that on 3 April 2023, the Company granted (i) 2,283,215 Awards and a maximum number of 1,064,058 Performance Target Awards to 56 (including 3 service providers) and 37 Non-connected Award Grantees under the Pre-IPO ESOP, respectively, and (ii) 1,967,796 Awards to 159 Non-connected Award Grantees under the Post-IPO Share Award Scheme, subject to acceptance by the Non-connected Award Grantees.

The details of the grant of Awards are as follows:

<b>Date of grant:</b>	3 April 2023
<b>Number of Awards granted</b>	<ul style="list-style-type: none"> <li>● 2,283,215 Awards under the Pre-IPO ESOP (among which 116,377 Awards were granted to 3 service providers)</li> <li>● a maximum number of 1,064,058 Performance Target Awards under the Pre-IPO ESOP</li> <li>● 1,967,796 Awards under the Post-IPO Share Award Scheme</li> </ul>
<b>Purchase price of the Awards granted:</b>	Nil

**Market price of the Shares on the date of the grant:** HK\$14.04 per Share

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.

**Vesting period and performance targets:**

*Grant of Awards (except for the Performance Target Awards)*

116,377 Awards granted to 3 service providers under the Pre-IPO ESOP shall vest between 3 April 2023 and 1 October 2023.

Except for the Performance Target Awards and the aforementioned 116,377 Awards, 25% of the Awards granted under the Pre-IPO ESOP and the Post-IPO Share Award Scheme will vest on each anniversary of the commencement date as stipulated in the offer letter of each of the Grantees and all Awards will be vested within 4 years. For the avoidance of doubt, the commencement dates range from 4 January 2022 to 1 April 2023.

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 the previous grants under its existing share schemes were granted under the same mechanism to award the employees and service providers 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.

There are no performance targets attached to the grants of Awards (other than the Performance Target Awards).

*Grant of Performance Target Awards*

The Performance Target Awards shall become immediately vested upon the achievement of certain operational targets as set out in the relevant offer letter.

**Clawback mechanisms:**

*Grant of 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.

*Grant of Awards under the Post-IPO Share Award Scheme*

Where 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 is not subject to approval by the Shareholders, and none of the Non-connected Award Grantees is a connected person (as defined in the Listing Rules) of the Company or an associate (as defined in the Listing Rules) of any of them.

The above grant of Awards would not result in the options and awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the Shares in issue.

The Non-connected Award Grantees comprise of employee participants and service provider participants which provide certain consultancy services to the Group on a continuing or recurring basis which are in the interests of the long term growth of the Group. The above grant of Awards enables the Company to attract, retain, incentivize, reward and remunerate the Non-connected Award Grantees (including the service

provider participants) 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.

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

The Board announces that on 3 April 2023, the Company resolved to grant 135,100 Awards to 4 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:

<b>Date of grant:</b>	3 April 2023
<b>Number of Awards proposed to be granted:</b>	135,100
<b>Purchase price of the Awards proposed to be granted:</b>	Nil
<b>Market price of the Shares on the date of the grant:</b>	HK\$14.04 per Share
<b>Vesting period:</b>	25% of the Awards will vest on 1 April 2024 and on each anniversary of such date thereafter.

The Remuneration Committee notes that the first vesting date (1 April 2024) is less than 12 months from the date of grant (3 April 2023), and considers such arrangement to be appropriate as all the previous regular grants under its existing share schemes were made on 1 April, by setting 1 April as the vesting dates is consistent with the prior practices and approach of the Company so that the Company can better manage all the vesting schedules and enhance operational efficiency.

**Performance targets:** There are no performance targets attached to the Awards granted.

Having considered that the Connected Award Grantees 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 Connected Award Grantees 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 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:

<b>Name of Grantee</b>	<b>Position</b>	<b>Number of Awards proposed to be granted</b>
Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park	Employees of the Company and directors of subsidiaries of the Company	135,100 <sup>(1)</sup>

*Note:*

- (1) each individual employee, being a connected person at the subsidiary level, received between approximately 24,150 and 40,950 Awards.

**(5) PROPOSED PERFORMANCE TARGET AWARD GRANT TO CONNECTED PERSONS**

The Company announces that on 3 April 2023, the Board resolved to grant a maximum number of 529,805 Performance Target Awards to 5 Connected Performance Target Award Grantees under the Pre-IPO ESOP, each subject to acceptance by the Connected Performance Target Award Grantees and Independent Shareholders' approval at the AGM.

**Date of grant:** 3 April 2023

**Number of Performance Target Awards proposed to be granted:** 529,805

**Purchase price of the Performance Target Awards proposed to be granted:** Nil

**Market price of the Shares on the date of the grant:** HK\$14.04 per Share.

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.

**Vesting period and performance targets:** The Performance Target Awards granted to the Connected Performance Target Award Grantees shall become immediately vested upon the achievement of certain operational targets as set out in the relevant grant letter. For the grant to Mr. Ian Ying Woo, in addition to the operational targets, part of the vesting is also subject to the stock price targets as stated in the grant letter. The performance period for the Performance Target Awards is 3 years and the performance targets are expected to be achieved over the 3-year period from the date of grant.

Given the nature of the Performance Target Awards, vesting may occur at any time within the 12-month period from the date of grant. The Remuneration Committee considers that since vesting is subject to the achievement of certain performance targets which aligns the interests of the grantees with that of the Company and the Shareholders, reward and provide incentive to the grantees to work towards success of the Group, and reinforce their commitment to long-term services of the Group, the Remuneration Committee is of the view that such arrangement is in line with the purpose of the Pre-IPO ESOP.

**Clawback mechanisms:**

Pursuant to the Pre-IPO ESOP, subject to 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.

Details of the Connected Performance Target Award Grantees are as follows:

Name of Grantee	Position	Maximum number of Performance Target Awards proposed to be granted
Mr. Ian Ying Woo	Executive Director and chief financial officer	280,683
Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu	Employees of the Company and directors of subsidiaries of the Company	249,122 <sup>(1)</sup>

*Note:*

- (1) each individual employee, being a connected person at the subsidiary level, received between approximately 14,000 and 187,122 Performance Target Awards.

**Reasons for and Benefits of the Proposed Award Grants and the Proposed Performance Target Award Grants**

The Proposed Award Grants and the Proposed Performance Target 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 the Connected Performance Target 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 and the Connected Performance Target 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 and the Connected Performance Target 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 and the Connected Performance Target 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 and the Connected Performance Target 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.

The Proposed Award Grants and the Proposed Performance Target Award Grants will provide the Connected Award Grantees and the Connected Performance Target Award Grantees with incentive to maximize Shareholder value and drive Share price performance. Such grant that can be realized when performance targets are attained is akin to payment of a performance bonus and hence an effective incentive.

The performance period for the Performance Target Awards is 3 years and the performance targets are expected to be achieved over the 3-year period from the date of grant. The Board believes that these are appropriately challenging targets. In this regard, the Board (excluding 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 terms of the Proposed Award Grants and the Proposed Performance Target Award Grants on the attainment of the performance targets are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **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 terms of the Proposed Award Grant to each of the Connected Award Grantees are fair and reasonable 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 terms of the Proposed Performance Target Award Grant to Mr. Ian Ying Woo on the attainment of the aforementioned performance targets are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

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 terms of the Proposed Performance Target Award Grant (other than the Proposed Performance Target Award Grant to Mr. Ian Ying Woo) are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The 4 Connected Award Grantees under the Post-IPO Share Award Scheme referred to in the section headed “(4) PROPOSED GRANT OF SHARE AWARDS TO CONNECTED PERSONS” are Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park, respectively, and each of them is a director of a subsidiary of the Company, and therefore a connected persons of the Company.

The 5 Connected Performance Target Award Grantees under the Pre-IPO ESOP referred to in the section headed “(5) PROPOSED GRANT OF PERFORMANCE TARGET AWARDS TO CONNECTED PERSONS” are (a) Mr. Ian Ying Woo, who is an executive Directors, and (b) Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu, each of them is a director of a subsidiary of the Company, and therefore a connected person of the Company.

Accordingly, each of the Proposed Award Grants and the Proposed Performance Target 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. Pursuant to Chapter 14A of the Listing Rules, a Shareholder with a material interest in the transaction is required to abstain from voting on the resolutions at the AGM to approve the Proposed Award Grants and the Proposed Performance Target Award Grants.

No Director is considered to be interested in the Proposed Award Grants and therefore none of them abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Yuan Gao, Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park are interested in 49,908, 44,849, 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. Yuan Gao and his associates shall abstain from voting at the AGM on the resolution approving the Proposed Award Grant to Mr. Yuan Gao; (ii) Ms. Min Yu and her associates shall abstain from voting at the AGM on the resolution approving the Proposed Award Grant to Ms. Min Yu; (iii) 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 (iv) Ms. Heasun Park and her associates shall abstain from voting at the AGM on the resolution approving the Proposed Award Grant to Ms. Heasun Park. Save for Mr. Yuan Gao, Ms. Min Yu, 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 and transactions contemplated therein.

Mr. Ian Ying Woo did not vote on the Board resolution approving the Proposed Performance Target 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 52,702 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 Performance Target Award Grant to Mr. Ian Ying Woo and transactions contemplated therein.

No Director is considered to be interested in the Proposed Performance Target Award Grants (other than the Proposed Performance Target Award Grant to Mr. Ian Ying Woo) therefore none of them abstained from voting on the relevant Board resolution. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ms. Min Yu, Mr. Zixin Qiao, Ms. Heasun Park and Ms. Zhengying Zhu are interested in 44,849, 3,946, 33,279 and 410,299 Shares held by his/her associate respectively and the options and awards for which no voting rights may be exercisable. Accordingly, (i) Ms. Min Yu and her associates shall abstain from voting at the AGM on the resolution approving the Proposed Performance Target Award Grant to Ms. Min Yu; (ii) Mr. Zixin Qiao and his associates shall abstain from voting at the AGM on the resolution approving the Proposed Performance Target Award Grant to Mr. Zixin Qiao; (iii) Ms. Heasun Park and her associates shall abstain from voting at the AGM on the resolution approving the Proposed Performance Target Award Grant to Ms. Heasun Park; and (iv) Ms. Zhengying Zhu and her associates shall abstain from voting at the AGM on the resolution approving the Proposed Performance Target Award Grant to Ms. Zhengying Zhu. Save for Ms. Min Yu, Mr. Zixin Qiao and Ms. Heasun Park and Ms. Zhengying Zhu, no Shareholders are required under the Listing Rules to abstain from voting at the AGM on the resolutions approving the Proposed Performance Target Award Grants (other than the Proposed Performance Target Award Grant to Mr. Ian Ying Woo) and transactions contemplated therein.

## **(6) UPDATES ON THE PREVIOUS PROPOSED PERFORMANCE TARGET AWARD GRANT TO A CONNECTED PERSON**

Reference is made to the announcement of the Company dated 19 September 2022 (the “**Announcement**”) in relation to, inter alia, the proposed grant of a maximum of 1,200,000 performance target award to Mr. Luo under the Post-IPO Share Award Scheme. For the avoidance of doubt, such grant is subject to Independent Shareholders’ approval at the AGM.

To encourage Mr. Luo to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholder as a whole, on 3 April 2023, the Board has resolved to amend the vesting schedule of the said grant to Mr. Luo (details of which are stated in the Announcement), the new vesting period and performance targets of such grant is that the performance target awards shall become immediately vested upon the achievement of certain operational targets and the stock price targets as set out in the grant letter. The performance period for the said award is 3 years and the performance targets are expected to be achieved over a 3-year period from the date of the amendment.

## **SHARES AVAILABLE FOR FUTURE GRANT UNDER THE SHARE SCHEMES**

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company is 28,369,038, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes). As at the date of this announcement (after taking into account of the Option Grants, the Proposed Option Grant and the proposed options grant on 19 September 2022), 8,742,909 Shares were available for grant under the Post-IPO Share Option Scheme.

The maximum number of Shares in respect of which Awards may be granted under this Pre-IPO ESOP shall not exceed 22,932,908 Shares in the aggregate, subject to any adjustments in the event of any alteration in the capital structure of the Company. As at the date of this announcement (after taking into account of the above grant of Awards to Non-connected Grantees under the Pre-IPO ESOP and the Proposed Performance Target Award Grants), 2,223,982 Awards are available for future grant under the aforementioned scheme mandate limit.

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Awards which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 18,684,519 Shares without Shareholders’ approval subject to an annual limit of 3% of the total number of issued Shares at the relevant time. As at the date of this announcement (after taking into account of the grant of Awards to Non-connected Grantees under the Post-IPO Share Award Scheme, the Proposed Award Grants and the proposed awards and performance awards grant on 19 September 2022), 7,229,265 Awards are available for future grant under the aforementioned scheme mandate limit.

## **GENERAL**

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed Award Grants, the Proposed Performance Target Award Grants and the transactions contemplated thereunder. 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 and the Proposed Performance Target Award Grants.

Ordinary resolutions will be proposed at the upcoming AGM to approve, among other things, (i) the Proposed Option Grant; (ii) the Proposed Award Grants; and (iii) the Proposed Performance Target Award Grants. A circular containing, among other things, further details of the Proposed Option Grant, the Proposed Award Grants, the Proposed Performance Target 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 will 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 2023
“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 of subsidiaries of the Company and are therefore connected persons of the Company under the Listing Rules
“Connected Option Grantees”	the Option Grantees who are Directors or directors of subsidiaries of the Company and are therefore connected persons of the Company under the Listing Rules
“Connected Performance Target Award Grantees”	the Award Grantees who are Directors and directors 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 in respect of the non-exempt connected transactions relating to the Proposed Award Grants and the Proposed Performance Target Award Grants and the transactions contemplated thereunder
“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 whether the Independent Shareholders should vote in favour of the non-exempt connected transactions relating to the Proposed Award Grants and the Proposed Performance Target Award Grants and the transactions contemplated thereunder

“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the AGM to approve the Proposed Option Grant, the non-exempt connected transactions relating to the Proposed Award Grants and the Proposed Performance Target Award Grants and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Luo”	Mr. Yongqing Luo, an executive Director and chief executive officer of the Company
“Non-connected Award Grantees”	the Award Grantees who are employees and service providers of the Company and are not connected persons of the Company under the Listing Rules
“Non-connected Option Grantees”	the Option Grantees who are employees (including 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”	7,361,575 Options granted to the Option Grantees under the Post-IPO Share Option Scheme on the date of grant
“Option Grantee(s)”	grantees who are granted Options under the Post-IPO Share Option Scheme on the date of grant (including the Connected Option Grantees)
“Performance Target Awards”	performance target awards granted or proposed to be granted to the Award Grantees in accordance with the Pre-IPO ESOP
“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 to the Connected Award Grantees in accordance with the Post-IPO Share Award Scheme
“Proposed Option Grant”	the proposed grant of 1,559,349 Options to Mr. Luo under the Post-IPO Share Option Scheme

“Proposed Performance Target Award Grant(s)”	the proposed grant of Performance Target Awards to the Connected Performance Target Award Grantees in accordance with the Pre-IPO ESOP
“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
“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
“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, 3 April 2023

*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. Yubo Gong and Ms. Lan Kang as Non-executive Directors, and Ms. Hoi Yam Chui, Mr. Yifan Li and Mr. Shidong Jiang as Independent Non-executive Directors.*