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**Clover Biopharmaceuticals, Ltd.**

**三葉草生物製藥有限公司**

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

**(Stock Code: 2197)**

## **WAIVER FROM STRICT COMPLIANCE WITH RULE 10.07(1)(B) OF THE LISTING RULES**

Reference is made to the prospectus (the “**Prospectus**”) of Clover Biopharmaceuticals, Ltd. (the “**Company**”) dated October 25, 2021. Unless indicated otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

### **1. RELEVANT REQUIREMENTS UNDER THE LISTING RULES**

Pursuant to Rule 10.07(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” or “**Exchange**”) (the “**Listing Rules**”), the controlling shareholders of the issuer shall not and shall procure that the relevant registered holder(s) shall not, in the period of 6 months commencing on the date on which the period referred to in Rule 10.07(1)(a) of the Listing Rules expires (the “**Second Lock-up Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in Rule 10.07(1)(a) of the Listing Rules if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a controlling shareholder.

### **2. BACKGROUND OF THE WAIVER APPLICATION**

Dr. Peng Liang (“**Dr. Liang**”) and Mr. Joshua Liang (together with Dr. Liang the “**Controlling Shareholders**”) are entitled to exercise the voting rights attached to the Shares held by themselves, Dr. Xiaodong Wang, Dr. Jianwei Zhu, Mr. Zheng Ping and Mr. Pu Jiang pursuant to the Acting-in-concert Deed and the Voting Proxy Agreements. Furthermore, Mr. Joshua Liang is the adviser of the ESOP Trust and is entitled to exercise the voting rights attached to the Shares held by Super Novel. Accordingly, immediately following the completion of the Global Offering and the expiration of the Over-allotment Option, the Controlling Shareholders were entitled to exercise the voting rights attached to approximately 30.86% of the total issued Shares of the Company (without taking into account any Shares that will be issued upon the exercise of the outstanding options under the Pre-IPO Share Option Plan). Accordingly, Dr. Liang and Mr. Joshua Liang have been continuing to be the Controlling Shareholders upon the Listing. For details, please refer to the Prospectus.

As of the date of this announcement, 64 grantees were granted with RSUs underlying a total of 46,071,396 Shares pursuant to the RSU Scheme, among which, RSUs underlying 20,951,315 Shares shall vest (the “**Vesting**”) during the Second Lock-up Period. Following the Vesting, the Shares will be transferred from the Trustee to the relevant RSU grantees. As a result, taking into account of the RSUs vested to the Controlling Shareholders after the Vesting, the Controlling Shareholders were entitled to exercise the voting rights attached to approximately 29.23% of the total issued Shares of the Company (without taking into account any Shares that will be issued upon the exercise of the outstanding options under the Pre-IPO Share Option Plan). Accordingly, Dr. Liang and Mr. Joshua Liang will cease to be the Controlling Shareholders of the Company during the Second Lock-up Period as a result of the Vesting.

### **3. GROUNDS FOR THE WAIVER APPLICATION**

In light of the facts mentioned above, the Controlling Shareholders have applied to the Stock Exchange for a waiver from strict compliance with Rule 10.07(1)(b) of the Listing Rules based the following grounds:

- (a) **The RSU Scheme was adopted and the grants thereunder were approved by the Board and/or the Shareholders as a whole and the Controlling Shareholders did not have the authority to control the RSU Scheme and the Grants thereunder recklessly.**

The RSU Scheme was adopted by the Board and the Shareholders on April 15, 2021 (the “**Adoption**”) and further amended on September 26, 2021 (the “**Amendment**”). All of the RSUs involved in the Vesting were granted by the Board throughout April to October 2021, which was a period before the Listing (the “**Grants**”), with the vesting schedule and conditions thereof determined around the same time. The Adoption of and the Amendment to the RSU Scheme complied with the procedures as required under the constitutional documents of the Company and the shareholders’ agreement then in effect and was approved by the Board and the Shareholders as a whole. Despite that the Controlling Shareholders held more than 30% of the voting rights attached to the total issued share capital of the Company at that time, they did not have the authority to recklessly control the RSU Scheme by themselves.

- (b) **The Controlling Shareholders are not involved in the operation or administration by Super Novel of the RSU Scheme.**

Pursuant to the RSU Scheme, the Trustee, Super Novel and the Company are responsible for the operation and administration of the RSU Scheme. Although Mr. Joshua Liang is entitled to exercise the voting rights attached to the Shares held by Super Novel, the Controlling Shareholders are not involved in the operation or administration by the Trustee and/or Super Novel of the RSU Scheme, in particular, the vesting and exercise of the RSUs, nor do they have any access to or knowledge about the entire operation process, including the disposal of Shares by the Trustee or Super Novel upon the Vesting.

- (c) Any delay in the current vesting schedule would adversely affect the interests of the grantees and defeat the purpose of incentive as originally planned.**

As a biotechnology company, it is extremely important for the Company to recruit and retain talents and the success of the Company's long-term development plan will highly depend on the loyalty and contribution of its employees. The Grants and the vesting schedule were already made by the Company several months ago and were recognized as incentives to the grantees for their previous contributions to and future commitment in the Company. If the Company were to recklessly postpone the vesting solely for the purpose of maintaining the Shares held by Super Novel, this would definitely jeopardize the incentive to the grantees of the RSUs and in turn may cause loss of senior human resource of the Company, and furthermore, trap the Company in a seriously disadvantaged position in the future recruitment, which will highly disrupt the business operation and management of the Company, and accordingly not be in the best interests of the Company and its Shareholders as a whole.

- (d) The Controlling Shareholders do not have the authority to recklessly amend the vesting schedule.**

Pursuant to the RSU Scheme, the terms and conditions of the RSU Scheme may be altered by resolutions of the Shareholders provided that no alteration shall operate to affect adversely the terms of issue of any RSU granted except with (i) the consent in writing of grantees holding in aggregate RSUs which if vested in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the vesting of all RSUs outstanding on that date; or (ii) by a resolution passed at a meeting of the grantees by not less than three-fourths of the votes cast upon a show of hands or if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll.

As at the date of this announcement, only 12.42% of the outstanding RSUs were granted to the Controlling Shareholders and thus the Controlling Shareholders do not have the authority to recklessly amend the vesting schedule by either written consent or resolution at a meeting of the grantees. Moreover, given the delay of the vesting schedule would adversely affect the interests of the grantees, it is not realistic to persuade enough additional number of grantees other than the Controlling Shareholders to issue written consents or to vote for and pass the resolution.

- (e) **The interest of the Controlling Shareholders would be significantly prejudiced if the waiver was not granted given that there are no available remedial action for the Controlling Shareholders to make up for the shortfall, which was not caused by or within any control of the Controlling Shareholders.**

Under the circumstances that the waiver was not granted, one resort that may be technically available to the Controlling Shareholders was to make purchase of Shares from the open market by themselves. However, it would be impractical and unduly burdensome for the Controlling Shareholders to make available enough cash to make such purchase to make up for the shortfall as a result of the Vesting. The Company has also considered the alternative to purchase Shares on the open market under the repurchase mandate to satisfy the Vesting. However, after due and careful consideration, the Company is of the view that it is not for the best interests of the Company and Shareholders as a whole to use its own cash to make repurchase of Shares on the open market for the purpose of satisfying the Vesting and maintaining the positions of the Controlling Shareholders.

- (f) **The Company has made sufficient disclosure of the RSU Scheme and its vesting schedule to the potential investors.**

The RSU Scheme, including the vesting schedule in Appendix A of the RSU Scheme which expressly and explicitly sets out that the IPO condition will be satisfied the day after the first half-year anniversary of the Listing Date (being within the Second Lock-up Period), had been published on the Stock Exchange's website and the Company's website during a period of 14 days from the date of the Prospectus.

- (g) **There is no breach of the spirit of Rule 10.07(1)(b) of the Listing Rules.**

The spirit and purpose of Rule 10.07(1)(b) of the Listing Rules is to avoid an impression that the controlling shareholder is lack of confidence in the listed issuer's performance and prospective, which will potentially result in fluctuations of the listed issuer's share price or even damage to the listed issuer's business and operations. Given that the Vesting is not a voluntary disposal of Shares initiated by the Controlling Shareholders, and the Adoption, the Amendment, the Grants (including the determination of the vesting schedule and conditions) were all validly approved prior to the Listing and not within the periods required under Rule 10.07(1) of the Listing Rules, the Company believes that it is unlikely that fluctuations or distorted market of the Shares will be caused and therefore such spirit and purpose is not breached or defeated by the Vesting.

- (h) **Further undertaking of the Controlling Shareholders on no other disposal.**

The Controlling Shareholders are willing to further undertake that they will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the Company in respect of which they are shown by the Prospectus to be the beneficial owners during the periods as required under Rule 10.07(1) of the Listing Rules, except as a result of the Vesting.

#### 4. GRANT OF THE WAIVER

Based on the information provided by the Company, on January 20, 2022, the Stock Exchange granted to the Company the waiver from strict compliance with Rule 10.07(1)(b) of the Listing Rules in respect of the disposal of Shares by the Trustee upon vesting of RSUs during the Second Lock-up Period (the “**Waiver**”). The Waiver is subject to the following conditions:

- (i) the Company will announce the reasons, details and conditions of the Waiver; and
- (ii) the Controlling Shareholders will submit additional undertakings that they will not dispose of any of their securities of the Company in respect of which they are shown by the Prospectus to be the beneficial owners during the periods as required under Rule 10.07(1) of the Listing Rules, except as a result of the vesting of the RSUs granted.

Shareholders and potential investors should be aware that the Waiver are subject to certain conditions to be fulfilled and thus may or may not become effective.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Clover Biopharmaceuticals, Ltd.**  
**Dr. Peng LIANG**  
*Chairman of the Board*

Chengdu, PRC, January 28, 2022

*As of the date of this announcement, the Board comprises Dr. Peng LIANG and Mr. Joshua G LIANG as executive Directors; Dr. Xiaodong WANG, Mr. Ting XIAO and Mr. Dong LYU as non-executive Directors; and Dr. Xiaobin WU, Mr. Xiang LIAO, Mr. Jeffrey FARROW and Mr. Thomas LEGGETT as independent non-executive Directors.*