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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)

**GRANT OF OPTIONS PURSUANT TO THE POST-IPO
SHARE OPTION PLAN
AND
GRANT OF RSUS PURSUANT TO THE RSU SCHEME**

The Board announces that, on April 11, 2023, the Company granted a total of 30,647,500 Options and 7,026,500 RSUs to certain eligible participants pursuant to the terms of the Post-IPO Share Option Plan and the RSU Scheme, respectively.

GRANT OF OPTIONS PURSUANT TO THE POST-IPO SHARE OPTION PLAN

The Board announces that, on April 11, 2023, the Company granted a total of 30,647,500 Options to 166 Option Grantees pursuant to the terms of the Post-IPO Share Option Plan, subject to acceptance.

Details of the Grant of Options

The details of the Options granted to the Option Grantees are as follows:

Grant Date	:	April 11, 2023
Number of Option Grantees	:	166 Option Grantees
Total number of Options granted	:	30,647,500
Total number of Shares to be subscribed upon exercise of the Options granted	:	30,647,500 Shares
Consideration for the Grant of Options	:	US\$0.001 to be paid by each Option Grantee upon acceptance of the Options granted

- Closing price of the Shares on the Grant Date** : HK\$1.82 per Share
- Exercise price of the Options granted** : HK\$1.82 per Share, representing the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Grant Date, being HK\$1.638; and (iii) the nominal value of the Shares
- Validity period of the Options** : 10 years from the Grant Date
- Vesting period of the Options** : (i). *Mr. Joshua G LIANG and Dr. Peng LIANG*
- Twenty-five percent (25%) of the Options will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the Options granted will vest in three equal installments on an annual basis thereafter.
- (ii). *Other Directors*
- 100% of the Options will vest on the first anniversary of April 1, 2023.
- (iii). *Other Option Grantees*
- Twenty-five percent (25%) will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the Options will vest in six equal installments on a semi-annual basis thereafter.

The Remuneration Committee and the Board note that certain vesting dates are less than 12 months from the Grant Date, and consider such arrangement to be appropriate as the vesting period is only slightly shorter than 12 months due to administrative reasons. 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 Option Grantees and enhance operational efficiency.

**Performance targets
of the Options**

: The vesting of the Options granted to the Option Grantees will be subject to both the group level performance targets and the individual annual and/or semi-annual performance targets as stipulated in the respective grant letter issued by the Company to each of the Option Grantees.

Group level performance:

The Board and management of the Company will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as progress of research and development programs and pipeline, product commercialization performance and the Company's financial conditions.

Individual level performance:

The Group has established a standard performance appraisal system for the Directors, senior management and employees to evaluate their performance and contribution to the Group. The Company will determine whether the Option Grantees meet the individual performance targets based on their performance appraisal results for the relevant vesting period. The Options will only be vested if the Option Grantees pass their respective performance evaluation in the annual and/or semi-annual assessment (as the case may be) for the corresponding vesting period.

Clawback mechanism of the Options:	<p data-bbox="590 110 1485 457">: The Options granted were subject to the clawback mechanism as set out in the terms of the Post-IPO Share Option Plan. In particular, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option Grantee ceases to be an eligible participant for any reason including his resignation, ill-health, injury, disability or by reason of the termination of his relationship with the Company and/or any of the Subsidiaries and/or any of the Invested Entities on any one or more of the following grounds:</p> <ul style="list-style-type: none"> <li data-bbox="590 489 1485 532">(i). that he has been guilty of serious misconduct; <li data-bbox="590 563 1485 702">(ii). that he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries and/or any of the Invested Entities; <li data-bbox="590 734 1485 840">(iii). that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or <li data-bbox="590 872 1485 1234">(iv). on any other ground as determined by the Board that would warrant the termination of his employment at common law or pursuant to any applicable laws or under the Option Grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity. A resolution of the Board or the board of directors of the relevant Subsidiary or the relevant Invested Entity to the effect that the relationship of an Option Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive.
Number of Shares available for future grant under the Post-IPO Share Option Plan after the Grant of Options	: 50,877,065 Shares
Financial Assistance	: The Group did not provide any financial assistance to the Option Grantees to facilitate the purchase of Shares under the Post-IPO Share Option Plan.

Among the above Options granted, 13,834,000 Options were granted to the Directors, chief executive and substantial Shareholders, or an associate of any of them, as follows. The remaining 16,813,500 Options were granted to employees of the Group.

Name of Option Grantee	Position held in and relationship with the Group	Number of Shares to be subscribed upon exercise of the Options granted
Mr. Joshua G LIANG	executive Director, chief executive officer and substantial Shareholder	10,080,500
Dr. Peng LIANG	executive Director, chairman of the Board and substantial Shareholder	1,716,500
Dr. Xiaodong WANG	non-executive Director	291,000
Dr. Donna Marie AMBROSINO	non-executive Director	291,000
Dr. Ralf Leo CLEMENS	non-executive Director	291,000
Dr. Xiaobin WU	independent non-executive Director	291,000
Mr. Xiang LIAO	independent non-executive Director	291,000
Mr. Jeffrey FARROW	independent non-executive Director	291,000
Mr. Thomas LEGGETT	independent non-executive Director	291,000
Total		<u>13,834,000</u>

GRANT OF RSUS PURSUANT TO THE RSU SCHEME

The Board announces that, on April 11, 2023, the Company granted a total of 7,026,500 RSUs to 107 RSU Grantees pursuant to the RSU Scheme, subject to acceptance.

Details of the Grant of RSUs

The details of the RSUs granted to the RSU Grantees are as follows:

Grant Date	:	April 11, 2023
Number of RSU Grantees	:	107 RSU Grantees
Total number of RSUs granted	:	7,026,500
Total number of underlying Shares representing the RSUs granted	:	7,026,500 Shares
Consideration for the Grant of RSUs	:	Nil

Closing price of the Shares on the Grant Date : HK\$1.82 per Share

Vesting period of the RSUs : (i). *Mr. Joshua G LIANG and Dr. Peng LIANG*

Twenty-five percent (25%) of the RSUs will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the RSUs granted will vest in three equal installments on an annual basis thereafter.

(ii). *Other Directors*

100% of the RSUs will vest on the first anniversary of April 1, 2023.

(iii). *Other RSU Grantees*

Twenty-five percent (25%) of the RSUs will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the RSUs will vest in six equal installments on a semi-annual basis thereafter.

The Remuneration Committee and the Board note that certain vesting dates are less than 12 months from the Grant Date, and consider such arrangement to be appropriate as the vesting period is only slightly shorter than 12 months due to administrative reasons. 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 RSU Grantees and enhance operational efficiency.

Performance targets of the RSUs : The vesting of the RSUs granted to the RSU Grantees will be subject to both the group level performance targets and the individual annual and/or semi-annual performance targets as stipulated in the respective grant letter issued by the Company to each of the RSU Grantees.

Group level performance:

The Board and management of the Company will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as progress of research and development programs and pipeline, product commercialization performance and the Company's financial conditions.

Individual level performance:

The Group has established a standard performance appraisal system for the Directors, senior management and employees to evaluate their performance and contribution to the Group. The Company will determine whether the RSU Grantees meet the individual performance targets based on their performance appraisal results for the relevant vesting period. The RSUs will only be vested if the RSU Grantees pass their respective performance evaluation in the annual and/or semi-annual assessment (as the case may be) for the corresponding vesting period.

Clawback mechanism of the RSU: : The RSUs granted were subject to the clawback mechanism as set out in the terms of the RSU Scheme. In particular, an unvested RSU shall be lapsed and cancelled automatically on the date on which the RSU Grantee ceases to be an eligible participant for any reason including his resignation, ill-health, injury, disability, dismissal, or by reason of the termination of the RSU Grantee's relationship, employment or service with the Company and/or any of the Subsidiaries and/or any of the Invested Entities on any one or more of the following grounds:

- (i). that he has been guilty of serious misconduct;
- (ii). that he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries and/or any of the Invested Entities;

- (iii). that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or
- (iv). on any other ground as determined by the Board that would warrant the termination of his employment at common law or pursuant to any applicable laws or under the RSU Grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity. A resolution of the Board or the board of directors of the relevant Subsidiary or the relevant Invested Entity to the effect that the relationship of a RSU Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive.

Number of Shares available for future grant under the RSU Scheme after the Grant of RSUs : 25,092,407 Shares

Financial Assistance : The Group did not provide any financial assistance to the RSU Grantees to facilitate the purchase of Shares under the RSU Scheme.

Among the above RSUs granted, 2,381,500 RSUs were granted to Directors, chief executives and substantial Shareholders, or an associate of any of them, as follows. The remaining 4,645,000 RSUs were granted to employees of the Group.

Name of RSU Grantee	Position held in and relationship with the Group	Number of RSUs granted
Mr. Joshua G LIANG	executive Director, chief executive officer and substantial Shareholder	1,752,000
Dr. Peng LIANG	executive Director, chairman of the Board and substantial Shareholder	286,500
Dr. Xiaodong Wang	non-executive Director	49,000
Dr. Donna Marie AMBROSINO	non-executive Director	49,000
Dr. Ralf Leo CLEMENS	non-executive Director	49,000
Dr. Xiaobin WU	independent non-executive Director	49,000
Mr. Xiang LIAO	independent non-executive Director	49,000
Mr. Jeffrey FARROW	independent non-executive Director	49,000
Mr. Thomas LEGGETT	independent non-executive Director	49,000
Total		2,381,500

The Company has appointed Super Novel as the trustee to assist with the administration and vesting of the RSUs. A certain amount of Shares have been allotted and issued to Super Novel holding these Shares in trust for the satisfaction of vesting of the RSUs under the RSU Scheme (including all the RSUs granted as mentioned above). As the vesting of RSUs granted to the RSU

Grantees will be satisfied by the Shares currently held by Super Novel, no new Shares will be issued by the Company, and accordingly, the Grant of RSUs will not result in any dilution effect on the shareholdings of existing Shareholders.

LISTING RULES IMPLICATIONS

Pursuant to Rule 17.04(1) of the Listing Rules, any grant of Options or RSUs to a Director, chief executive, or substantial Shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the Options or RSUs). The grant of Options and RSUs to the Directors set out above have been reviewed and approved by the independent non-executive Directors accordingly and each independent non-executive Director has abstained from voting on the resolution in respect of the grant of Options and RSUs to himself.

Pursuant to Rule 17.04(2) of the Listing Rules, where any grant of RSUs (excluding grant of Options) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates, would result in the Shares issued and to be issued in respect of all RSUs granted (excluding any RSUs lapsed in accordance with the terms of the RSU Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of RSUs must be approved by Shareholders in general meeting whereby such grantee and his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Pursuant to Rule 17.04(3) of the Listing Rules, where any grant of Options or RSUs to an independent non-executive Director or a substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options and RSUs granted (excluding any Options or RSUs lapsed in accordance with the terms of the relevant schemes) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of Options or RSUs must be approved by Shareholders in general meeting whereby such grantee and his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

As the total number of Shares issued and to be issued in respect of all RSUs granted to Mr. Joshua G LIANG, who is an executive Director and the chief executive officer of the Company, would in a 12-month period up to and including the Grant Date, represent over 0.1% of the Shares in issue, the grant of RSUs to Mr. Joshua G LIANG is subject to the approval by independent Shareholders pursuant to the Listing Rules at a general meeting to be held by the Company. Pursuant to Rule 17.04(4) of the Listing Rules, Mr. Joshua G LIANG, his associates and all core connected persons of the Company must abstain from voting in favor at the meeting.

As each of the total number of Shares issued and to be issued in respect of all Options and RSUs granted to Mr. Joshua G LIANG and Dr. Peng LIANG, who are substantial Shareholders, would in a 12-month period up to and including the Grant Date, represent over 0.1% of the Shares in issue, each of (i) the grant of Options and RSUs to Mr. Joshua G LIANG and (ii) the grant of Options and RSUs to Dr. Peng LIANG is subject to the approval by independent Shareholders pursuant to the Listing Rules at a general meeting to be held by the Company. Pursuant to Rule 17.04(4) of the Listing Rules, Mr. Joshua G LIANG and Dr. Peng LIANG, their respective associates and all core connected persons of the Company must abstain from voting in favor at the meeting.

A circular containing, amongst other things, further information in relation to the grant of Options and RSUs to Mr. Joshua G LIANG and Dr. Peng LIANG as required under the Listing Rules, together with the notice of the AGM, will be dispatched to the Shareholders in due course.

REASONS AND BENEFITS OF THE GRANT OF OPTIONS AND RSUS

The Post-IPO Share Option Plan and the RSU Scheme form parts of the incentive program of the Group. The Board considers that the Grant of Options and the Grant of RSUs are to (i) reward the Option Grantees and the RSU Grantees for their contributions to the growth and development of the Group and to give incentives thereto in order to retain them for the continual development and long-term strategic goals of the Group; and (ii) align the interests of the Option Grantees and the RSU Grantees with those of the Group through ownership of the Shares to encourage and retain them to make contributions to the long-term development and profits of our Group.

DEFINITIONS

“Board”	the board of Directors
“Business Day”	a day banks in Hong Kong are generally open for normal banking business to the public and is not a Saturday, Sunday or public holiday in Hong Kong
“core connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Company”	Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司), an exempted company incorporated in the Cayman Islands on October 31, 2018
“Director(s)”	the director(s) of the Company
“Grant of Options”	the grant of an aggregate of 30,647,500 Options to 166 Option Grantees in accordance with the terms of the Post-IPO Share Option Plan
“Grant of RSUs”	the grant of an aggregate of 7,026,500 RSUs to 107 RSU Grantees in accordance with the terms of the Post-IPO RSU Scheme
“Grant Date”	April 11, 2023
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any company in which the Company or any Subsidiary has any equity interest

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	options granted under the Post-IPO Share Option Plan
“Option Grantee(s)”	the person(s) who were granted Options in accordance with the Post-IPO Share Option Plan on the Grant Date
“Post-IPO Share Option Plan”	the post-IPO share option scheme adopted by the Company on September 26, 2021
“Remuneration Committee”	the remuneration committee of the Board
“RSU Scheme”	the restricted share units scheme adopted by the Company on April 15, 2021 and amended on September 26, 2021
“RSUs”	restricted share units granted under the RSU Scheme
“RSU Grantee(s)”	the person(s) who were granted RSUs in accordance with the RSU Scheme on the Grant Date
“Shareholder(s)”	holder(s) of shares of the Company
“Shares”	shares in the share capital of the Company, with a nominal value of US\$0.0001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary (within the meaning of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong) of the Company from time to time
“substantial Shareholder”	has the meaning ascribed to it by the Listing Rules
“Super Novel”	SUPER NOVEL INTERNATIONAL LIMITED, a BVI company which holds in trust the Shares underlying the awards under the RSU Scheme

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

Shanghai, PRC, April 11, 2023

As of the date of this announcement, the Board comprises Dr. Peng LIANG and Mr. Joshua G LIANG as executive Directors; Dr. Xiaodong WANG, Dr. Donna Marie AMBROSINO and Dr. Ralf Leo CLEMENS as non-executive Directors; and Dr. Xiaobin WU, Mr. Xiang LIAO, Mr. Jeffrey FARROW and Mr. Thomas LEGGETT as independent non-executive Directors.