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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Overall Coordinator and Placing Agent

CREDIT SUISSE 

The Board is pleased to announce that on December 6, 2022 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Company to procure subscribers, on a best effort basis, to subscribe for a total of 128,000,000 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The 128,000,000 Placing Shares represent (i) approximately 11.00% of the issued share capital of the Company as of the date of this announcement; and (ii) approximately 9.91% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the total number of issued Shares from the date of this announcement to completion of the Placing, save for the allotment and issue of the Placing Shares).

The net proceeds to be received by the Company from the Placing, after deducting related fees and expenses, are estimated to be approximately HK\$500.5 million.

The Placing will strengthen the financial position of the Company and facilitate future development, also enlarge the shareholders base of the Company and increase the liquidity of the Shares.

Completion of the Placing is subject to the fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on December 6, 2022 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Company to procure subscribers, on a best effort basis, to subscribe for a total of 128,000,000 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The principal terms of the Placing Agreement are summarized below:

THE PLACING AGREEMENT

Date: December 6, 2022 (before trading hours)

Parties: (1) the Company (as the issuer); and
(2) the Placing Agent.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of, and not connected with, the Company and the connected persons of the Company.

The Placing and the number of the Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has agreed to act as agent of the Company to procure subscribers, on a best effort basis, to subscribe for a total of 128,000,000 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The 128,000,000 Placing Shares represent (i) approximately 11.00% of the issued share capital of the Company as of the date of this announcement; and (ii) approximately 9.91% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the total number of issued Shares from the date of this announcement to completion of the Placing, save for the allotment and issue of the Placing Shares).

Such 128,000,000 Placing Shares have an aggregate nominal value of US\$12,800 based on the par value of US\$0.0001 per Share and a market value of HK\$581,120,000 based on the closing price of HK\$4.54 per Share as quoted on the Stock Exchange on the Last Trading Day.

Rights of the Placing Shares

The Placing Shares will, upon allotment and issue, be free from all liens, charges and encumbrances, and together with all rights attaching to them as of the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares. The Placing Shares, when issued and fully paid, will rank *pari passu* in all aspects among themselves and with the Shares in issue on the date of the allotment and issue of the Placing Shares.

Placees

The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules.

Pursuant to the Placing Agreement, the Placing Agent has agreed to procure the Placing Shares to be placed to not less than six Placees, who/which will be professional, institutional, and/or other investors, on a best effort basis.

It is expected that the Placees to be procured by the Placing Agent and their respective ultimate beneficial owners will be independent of the Company and its connected persons.

Immediately after completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company.

Placing Price

The Placing Price is HK\$3.95 per Share and represents:

- (i) a discount of approximately 13.00% to the closing price of HK\$4.54 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 19.94% to the average closing price of HK\$4.934 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares and such listing and permission not subsequently being revoked prior to the closing of the Placing;
- (ii) before the closing of the Placing, there shall not have occurred:
 - (A) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Group taken as a whole; or

- (B) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange or any other exchange or over the counter market on which the Company's securities are admitted or listed for trading, or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq Global Market; or
- (C) any event, or a series of events beyond the control of the Placing Agent, outbreak, epidemic or pandemic of virus or infectious diseases, outbreak or escalation of hostilities, act of terrorism, riot, the declaration by Hong Kong, the Cayman Islands, the PRC, Singapore, the United States, the United Kingdom or any other member of the European Economic Area or any other jurisdictions relevant to the Group or the Placing (together, the "**Relevant Jurisdictions**", each a "**Relevant Jurisdiction**") of a national emergency or war or other calamity or crisis; or
- (D) any material disruption in commercial banking or securities settlement or clearance services in any Relevant Jurisdiction and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any Relevant Jurisdiction; or
- (E) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in any Relevant Jurisdiction or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agent, would make the Placing or the enforcement of contracts to subscribe for or purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (iii) the representations and warranties made by the Company pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Closing Date;
- (iv) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Closing Date;
- (v) the Placing Agent having received on the Closing Date an opinion of Maples and Calder (Hong Kong) LLP, counsel for the Company as to Cayman Islands laws, relating to such matters as the Placing Agent shall reasonably request, such opinion to be in form and substance reasonably satisfactory to the Placing Agent; and
- (vi) the Placing Agent having received on the Closing Date an opinion of Allen & Overy, U.S. counsel to the Placing Agent, to the effect that the offer and sale of the Placing Shares by the Placing Agent as set forth in the Placing Agreement are not required to be registered under the U.S. Securities Act and such other matters as the Placing Agent shall reasonably request, such opinion to be in form and substance reasonably satisfactory to the Placing Agent.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2022 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the total number of Shares in issue as of the date of the 2022 AGM. Under the General Mandate, the Company is authorized to issue up to 232,164,344 new Shares.

As of the date of this announcement, 232,164,344 new Shares remain available for issuance under the General Mandate. Accordingly, the allotment and issue of the Placing Shares are not subject to the approval of the Shareholders.

Completion of the Placing

Subject to the fulfilment of the conditions under the Placing Agreement, the Placing will be completed on the Closing Date (or such other date as the Company and the Placing Agent may agree in writing).

LOCK-UP UNDERTAKINGS

Pursuant to the terms of the Placing Agreement, the Company shall not, without the prior written consent of the Placing Agent, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction that is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing Agreement and ending on the date that is 90 days after the Closing Date. The foregoing shall not apply to the issue of the Placing Shares under the Placing Agreement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is a global clinical-stage biotechnology company committed to developing novel vaccines and biologic therapeutic candidates.

The gross proceeds from the Placing are expected to be approximately HK\$505.6 million. The net proceeds from the Placing (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) are expected to be approximately HK\$500.5 million. The net Placing Price, after deducting such fees, costs and expenses, is therefore estimated to be approximately HK\$3.91 per Placing Share.

The Company intends to use the net proceeds from the Placing for expanding commercialization capabilities and production capacity, as well as extended working capital needs.

The Directors (including the independent non-executive Directors) are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and to broaden the shareholders base and capital base of the Group to facilitate future development and can also increase the liquidity of the Shares. The Directors are of the view that the terms of the Placing Agreement (including the Placing Agent's commission and the Placing Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no other change to the total number of Shares in issue from the date of this announcement to the date of completion of the Placing, the shareholdings in the Company (a) as of the date of this announcement; and (b) immediately after the completion of the Placing are and will be as follows:

	As of the date of this announcement		Immediately after the completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Single Largest Group of Shareholders ⁽¹⁾	339,248,803	29.15%	339,248,803	26.26%
Placees	–	–	128,000,000	9.91%
Other shareholders	824,486,430	70.85%	824,486,430	63.83%
Total	1,163,735,233	100.00%	1,291,735,233	100.00%

Note:

- Pursuant to the an acting-in-concert deed entered into by Dr. Peng LIANG and Mr. Joshua G LIANG on March 16, 2021, they agreed to act in concert by aligning their votes at Shareholders' meetings of the Company. Therefore, they were deemed to be jointly interested in the aggregate number of Shares held by each other. Pursuant to the voting proxy agreements entered into on March 16, 2021 by each of Dr. Xiaodong WANG, Mr. Jianwei ZHU, Mr. Pu JIANG and Mr. Zheng PING (the "Grantors") and Dr. Peng LIANG, respectively, each of the Grantors granted the voting right of the Shares held by them to Dr. Peng LIANG. Therefore, Dr. Peng LIANG was deemed to be interested in the Shares held by the Grantors under the SFO. Mr. Joshua G LIANG is the adviser of the trust established for the purpose of facilitating the administration of the RSU Scheme and is entitled to exercise voting rights attached to the Shares held by Super Novel International Limited, which holds the Shares underlying the awards under the RSU Scheme.

Completion of the Placing is subject to the fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“2022 AGM”	the annual general meeting of the Company held on May 27, 2022 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Closing Date”	December 13, 2022, or such other date as the Company and the Placing Agent may agree in writing
“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 and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2197)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the 2022 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the total number of Shares in issue as of the date of the 2022 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	December 5, 2022, being the last trading day prior to the signing of the Placing Agreement, which took place before trading hours on December 6, 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Placee(s)”	professional, institutional or other investor(s) selected and procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent to the Placees at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Credit Suisse (Hong Kong) Limited, incorporated in Hong Kong with limited liability and a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, each as defined under the SFO
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated December 6, 2022 in respect of the Placing
“Placing Price”	HK\$3.95 per Placing Share
“Placing Shares”	128,000,000 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RSU Scheme”	the restricted share units scheme adopted by our Company on April 15, 2021, as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of par value of US\$0.0001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Single Largest Group of Shareholders”	refers to Dr. Peng LIANG and Mr. Joshua G LIANG
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Shanghai, PRC, December 6, 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, 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.