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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT

THE LEASE AGREEMENT

The Board hereby announces that on November 26, 2021, the Company, through its indirect wholly-owned subsidiary, Shanghai Clover as the tenant, entered into the Lease Agreement with Shanghai Pinjiasheng as the landlord in relation to the lease of the Premises (as defined below).

IMPLICATION UNDER THE LISTING RULES

Pursuant to IFRS 16, as a result of the entering into the Lease Agreement, the Group will recognise additions to right-of-use assets in the consolidated financial statements of the Group in respect of the Premises from the commencement of the Term (as defined below). As such, this transaction will be regarded as acquisition of assets by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. Based on preliminary estimation of the Company, the value of the right-of-use assets in respect of the Premises, after the relevant addition adjustments, shall amount to approximately RMB336 million to RMB378 million in aggregate for the proposed lease term of eight years.

The value of the right-of-use assets represents the best estimate of the present value of aggregated lease payments with the lease in accordance with IFRS 16.

Since the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% and below 25%, the Lease Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirement but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

BACKGROUND

The Board hereby announces that on November 26, 2021, the Company, through its indirect wholly-owned subsidiary, Shanghai Clover, entered into the Lease Agreement with Shanghai Pinjiasheng in relation to the leasing of the Premises.

THE LEASE AGREEMENT

A summary of the principal terms of the Lease Agreement is set forth below:

- Date : November 26, 2021
- Parties : (i) Shanghai Clover, as the tenant; and
(ii) Shanghai Pinjiasheng, as the landlord.
- Premises : A partial area of Building No.1, the entire Building No.3, Building No. 4, Building No. 5 and Building No. 6 (the “**Premises**”) with an aggregate rentable area of approximately 25,989.39 sq.m., at No. 255, Cailun Road, Pudong New Area, Shanghai, the PRC.
- Term : For a maximum term of eight (8) calendars years commencing on May 1, 2022 (the “**Term**”). At least six months prior to the end of the fifth year of the Term (i.e., April 30, 2027), Shanghai Clover and Shanghai Pinjiasheng will confirm whether they will continue to perform the Lease Agreement for the remaining three years of the Term.
- Uses : For office use and R&D laboratory.
- Security Deposit : A security deposit of approximately RMB14 million (the “**Security Deposit**”) shall be payable by Shanghai Clover to Shanghai Pinjiasheng for securing the performance of Shanghai Clover’s obligations under the Lease Agreement.
- Total rent payable : The base rent shall be payable in accordance with the terms of the Lease Agreement, the particulars of which are set forth below (the “**Base Rent**”):
- (i) the amount of Base Rent payable for the period commencing on May 1, 2022 and ending on April 30, 2027 shall be approximately RMB276 million; and
 - (ii) the amount of Base Rent payable for the period commencing on May 1, 2027 and ending on April 30, 2030 shall be approximately RMB211 million;
- The Base Rent shall be payable by Shanghai Clover on a bimonthly basis and is expected to be satisfied by the internal resources of the Group.
- Property management fee and utilities fees : Shanghai Clover shall be responsible for property management fees, which is RMB18 per sq.m. per month in relation to the Premises payable to Shanghai Pinjiasheng subject to the terms and conditions of the relevant property management agreement to be entered into between Shanghai Clover and Shanghai Pinjiasheng.

Shanghai Clover shall also be responsible for utilities fees in relation to the Premises.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

To cater to and for the purposes of preparing the R&D and commercialisation of the Group's pipeline products, the Group intends to rent additional space for the purpose of office use and R&D laboratory.

The Premises will provide the Group with supplemental office area, laboratory area and pilot GMP facility area to carry out the R&D work for the purposes of the commercialisation of the Group's developmental candidates. The terms (including the Base Rent) of the Lease Agreement were determined after arm's length negotiations with reference to the prevailing market rent for comparable premises in the vicinity. As such, the Board considers that the Lease Agreement was entered into on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND SHANGHAI PINJIASHENG

The Company was incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange. The Group is a global clinical-stage biotechnology company committed to developing novel vaccines and biologic therapeutic candidates for infectious diseases as well as cancer and autoimmune disease.

Shanghai Clover is an operating subsidiary of the Group which is principally engaged in R&D of biopharmaceutical products. It is an indirectly wholly-owned subsidiary of the Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) Shanghai Pinjiasheng is principally engaged in engineering services and lease of non-residential real estate; and (ii) Shanghai Pinjiasheng and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, as a result of the entering into the Lease Agreement, the Group will recognise additions to right-of-use assets in the consolidated financial statements of the Group in respect of the Premises from the commencement of the Term. As such, this transaction will be regarded as acquisition of assets by the Group under the definition of transaction set out in Rule 14.04(1) (a) of the Listing Rules. Based on preliminary estimation of the Company, the value of the right-of-use assets in respect of the Premises, after the relevant addition adjustments, shall amount to approximately RMB336 million to RMB378 million in aggregate for the proposed lease term of eight years.

The value of the right-of-use assets represents the best estimate of the present value of aggregated lease payments with the lease in accordance with IFRS 16.

Since the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% and below 25%, the Lease Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirement but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: The Company cannot guarantee that it will be able to ultimately commercialize the Core Products (as defined in the Company's prospectus dated October 25, 2021) successfully.

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

DEFINITIONS

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

“Board”	the Board of Directors
“Company”	Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司) incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange (stock code: 2197)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GMP”	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standard(s) issued by the International Accounting Standards Board from time to time
“Lease Agreement”	the formal lease agreement dated November 26, 2021 entered into between Shanghai Clover as the tenant and Shanghai Pinjiasheng as the landlord in relation to the lease of the Premises
“Listing”	listing of the shares of the Company on the Main Board of the Stock Exchange on November 5, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	means the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“R&D”	research and development
“RMB”	Renminbi Yuan, the lawful currency of China

“Shanghai Clover”	Clover Biopharmaceuticals (Shanghai) Co., Ltd. (愷洛菲生物製藥(上海)有限公司), a limited liability company established in the PRC on February 9, 2021, and an indirectly wholly-owned subsidiary of the Company
“Shanghai Pinjiasheng”	Shanghai Pinjiasheng Enterprise Management Co., Ltd. (上海品佳生企業管理有限公司), a company incorporated in the PRC, being the landlord under the Lease Agreement
“Shareholder(s)”	shareholder(s) of the Company
“sq.m”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Chengdu, PRC, November 26, 2021

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.