

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 EXTENSION OF WAIVER FROM STRICT  
COMPLIANCE WITH RULE 14A.53 OF THE LISTING RULES  
UNDER THE LICENSE AGREEMENT**

Reference is made to the prospectus issued by Clover Biopharmaceuticals, Ltd. (the “**Company**”) dated October 25, 2021 (the “**Prospectus**”) in relation to the non-exempt continuing connected transaction under a license agreement between GenHunter Corporation (“**GenHunter**”) and Sichuan Clover Biopharmaceuticals, Inc. (四川三葉草生物製藥有限公司) (“**Sichuan Clover**”), a wholly-owned subsidiary of the Company, in October 2019 (the “**License Agreement**”). Unless indicated otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

**BACKGROUND OF THE LICENSE AGREEMENT**

Pursuant to the License Agreement, GenHunter agreed to grant to Sichuan Clover, and Sichuan Clover agreed to accept, worldwide and in the field of all biological drug products and research and development applications an exclusive license under relevant patents and patent applications, trademarks, and copyrights related to Trimer-Tag™ technology platform (together the “**GenHunter IP Rights**”) to develop, manufacture and commercialize drug products (including the right to grant sublicense subject to GenHunter’s approval). In consideration, Sichuan Clover agreed to pay GenHunter (i) a royalty of 2% on net sales of drug products (the “**Products**”) developed by the Group using the GenHunter IP Rights (the “**Net Sales Royalty**”) and (ii) a royalty of 20% of sublicense income (the “**Sublicense Income Royalty**”, together with the Net Sales Royalty, the “**Royalty Fee**”). Details of the continuing connected transactions under the License Agreement are disclosed in the section headed “Connected Transactions — Non-exempt Continuing Connected Transaction — License Agreement — Principal Terms” in the Prospectus.

Pursuant to the License Agreement, after the commencement of the first commercial sale of the Products or receipt of sublicense income, the Group is required to submit a royalty report within 60 days after each calendar year ending December 31, and to pay the Royalty Fee to Genhunter after such report is submitted. The royalty report sets forth, among other things, the amount of the Royalty Fee due to Genhunter for that year. Therefore, in accordance with the terms of the License Agreement, the Group normally reconciles and settles the amount of Royalty Fee with Genhunter on an annual basis. The amount of the Royalty Fee for the year ending December 31, 2023 was not available as of the date of this announcement. It will be reconciled in the royalty report to be submitted to Genhunter within 60 days after December 31, 2023, and will be disclosed in the Company's forthcoming annual report for the year ending December 31, 2023. For the revenue derived from the commercial launch of SCB-2019 (CpG 1018/Alum) in China for the six months ended June 30, 2023, please refer to the Company's 2023 interim report dated September 15, 2023.

## **THE ANNUAL CAPS**

The Company proposes to adopt the same arrangement as disclosed in the Prospectus, which is to set the annual caps for (i) the Net Sales Royalty and (ii) the Sublicense Income Royalty as formulas as below:

### **(i) Net Sales Royalty**

The amount of the Net Sales Royalty to be paid by Sichuan Clover to GenHunter will be determined in accordance with the following formula:

$$\text{Amount of Net Sales Royalty} = 2\% \times \text{net sales of Products}$$

### **(ii) Sublicense Income Royalty**

The amount of the Sublicense Income Royalty to be paid by Sichuan Clover to GenHunter will be determined in accordance with the following formula:

$$\text{Amount of Sublicense Income Royalty} = 20\% \times \text{sublicense income}$$

## **LISTING RULES IMPLICATIONS AND WAIVER GRANTED BY THE STOCK EXCHANGE**

Dr. Liang, the executive Director of the Company, wholly owns GenHunter. Therefore, GenHunter is an associate of Dr. Liang. Pursuant to Rule 14A.07 of the Listing Rules, GenHunter is a connected person of the Company. Therefore, the transactions contemplated under the License Agreement with GenHunter constitute continuing connected transactions of the Company under the Listing Rules.

Rule 14A.53 of the Listing Rules requires the listed issuer to set an annual cap for the continuing connected transaction and the annual cap must be expressed in monetary terms.

On October 21, 2021, the Company applied for and the Stock Exchange granted a waiver from strict compliance with the requirements under the Rule 14A.53 of the Listing Rules such that the annual caps in relation to continuing connected transactions under the License Agreement as formulas in accordance with the terms as set out in the License Agreement for a period ending December 31, 2023 (the “**Previous Waiver**”). For details of the conditions, please refer to the section headed “Connected Transactions — Non-exempt Continuing Connected Transaction — License Agreement — Annual Caps” in the Prospectus.

## **GROUND FOR APPROVAL SOUGHT IN RELATION TO THE WAIVER**

As the Previous Waiver will expire on December 31, 2023, the Company applied to the Stock Exchange for a waiver in respect of strict compliance with Rule 14A.53 for a further term of three years ending December 31, 2026 on the following grounds:

- (i) **commercially impractical:** as of the date of this announcement, the Company’s historical sales of Products are far from being complete and indicative for preparation of the monetary caps for the next three financial years under the License Agreement due to the following reasons: (1) given that the sales of SCB-2019 (CpG 1018/Alum) only commenced from February 2023, it is commercially impractical for the Company to develop a reliable model for forecasting the future sales volume of SCB-2019 (CpG 1018/Alum) with such limited data, (2) for Products other than SCB-2019 (CpG 1018/Alum), their commercialization schedules are uncertain due to unforeseen factors, including the feasibility and progress of relevant clinical trials, regulatory approval processes, potential regulatory changes, and other unforeseeable circumstances. Additionally, their actual addressable markets are not easily quantified or ascertained at this stage, influenced by various factors such as market acceptance, patient access, drug pricing, reimbursement, and the number of patients who can afford them. These uncertainties hinder the Company to accurately forecast the royalties payable by Sichuan Clover to GenHunter under the License Agreement, and (3) as for the Sublicense Income Royalty, which may constitute part of the transaction amount under the License Agreement, the Company is not in an appropriate position to make reliable predictions on the sublicense income because (a) the Company did not have concrete plans for granting sublicense under the License Agreement as of the date of announcement and (b) sublicensing opportunities are highly uncertain and subject to intensive negotiation before materialization and the relevant commercial terms (for example, sublicense royalty fee) are also unpredictable since they are widely influenced by various factors, including the research and development status, commercial feasibility, market demand driven by geographical health trends, and the regulatory landscape with respect to the relevant sublicensed product. Even if the Company were to establish a projection model for calculation purpose, such a model would only present hypothetical predictions, which is not based on scientific analysis supported by sufficient data, and could be inaccurate, unreliable and even misleading;

- (ii) **in the interest of the Company and the Shareholders as a whole:** imposing an arbitrary cap on the potential sales volume of the Product and/or the sublicense income does not demonstrate commercial reasonableness and would be counter-productive as far as the interests of the Group, GenHunter as well as their respective shareholders are concerned. In the absence of a factually and mathematically reliable model to estimate the annual net sales of the Products and/or sublicense income, imposing an arbitrary monetary cap may become an arbitrary ceiling on the transaction amount under the License Agreement. In addition, a fixed annual cap is not helpful to incentivize the Group to generate more revenue and profit from selling the Products and/or granting sublicense, and will restrict business growth of the two groups, which would go against the commercial objective of the License Agreement. Also, if the actual Net Sales Royalty/Sublicense Income Royalty exceeds the cap, the Group would be suspended from selling the Products and/or granting sublicenses until relevant shareholder approval is obtained, which will affect not only the business of the Group but also the patients who need the Products for treatment, and further affect the Group's market recognition among the doctors and hospitals because the Company is not able to sustain a stable supply of the Products. As far as the transactions are on normal commercial terms, and the percentages prescribed in the formulas for the calculation of the Net Sales Royalty and/or the Sublicense Income Royalty are commercially reasonable and in line with market standards, the interests of the Group, GenHunter and their respective shareholders are protected, and there is no reason or benefit for the two groups to impose such fixed cap;
- (iii) **market sensitivity:** the disclosure of the annual caps in monetary terms would in effect provide the Shareholders and investors as well as competitors of the Company with an indication of the Company's estimated revenue. The disclosure of such information is highly sensitive and would therefore put the Company in disadvantageous position in relation to its business operation and competition with other market players; and
- (iv) **re-compliance with the Listing Rules:** instead of setting a fixed annual cap on the Net Sales Royalty and/or the Sublicense Income Royalty, if there is any material change to the percentage prescribed in the formulas for the calculation of the Net Sales Royalty and/or the Sublicense Income Royalty, the Company will re-comply with the applicable rules under Chapter 14A of the Listing Rules, including seeking independent shareholders' approval where the case may so require, so as to further ensure the interest of the shareholders of both the Company and GenHunter.

On November 28, 2023, the Stock Exchange has granted a waiver in respect of strict compliance with Rule 14A.53 of the Listing Rules for a further term of three years ending December 31, 2026, subject to the conditions set out below:

- (i) the Company will comply with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the License Agreement;
- (ii) the Company will designate a team to execute and ensure that the transactions under the License Agreement are undertaken in accordance with the terms of the License Agreement;

- (iii) the chief executive officer of the Company will use his best endeavors to supervise the compliance with the terms of the License Agreement and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;
- (iv) the independent non-executive Directors and the auditors of the Company will review the transactions under the License Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;
- (v) the Company will disclose the grounds for and conditions of the waiver sought in the relevant announcement; and
- (vi) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of when the waiver is granted by the Stock Exchange on the above continuing connected transactions, the Company will take immediate steps to ensure compliance with such new requirements.

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

Shanghai, PRC, December 28, 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.*