和鉑醫藥控股有限公司

HBM Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02142)

INSIDE INFORMATION – LICENSE AGREEMENT WITH CSPC NBP PHARMACEUTICAL CO. LTD. FOR BATOCLIMAB (HBM9161) AND CHANGE IN USE OF PROCEEDS

THE LICENSE AGREEMENT

The Board is pleased to announce that on 10 October 2022, Shanghai HBM (a wholly-owned subsidiary of the Company, as the licensor) and NBP Pharma (a wholly-owned subsidiary of CSPC, as the licensee) entered into the License Agreement, pursuant to which Shanghai HBM granted NBP Pharma an exclusive sublicensable license under the Licensed Technology to develop, manufacture and commercialize the Licensed Products (any pharmaceutical or biological product that incorporates batoclimab (HBM9161)). Batoclimab (HBM9161) is one of the core products of the Company and developed as a breakthrough treatment for a wide spectrum of autoimmune diseases in Greater China.

CHANGE IN USE OF PROCEEDS

The Shares were listed on the Stock Exchange on 10 December 2020 and the Net Proceeds raised from the Global Offering amounted to approximately HK$1,656.6 million, among which HK$480.4 million was allocated for funding the development of the batoclimab (HBM9161), which is a core product of the Company. Given that the Company entered into the License Agreement in licensing-out its core product (batoclimab (HBM9161)), the Board has resolved to re-allocate its unutilised Net Proceeds allocated for batoclimab (HBM9161) accordingly.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 10 October 2022, Shanghai HBM (as the licensor) and NBP Pharma (as the licensee) entered into the License Agreement, pursuant to which Shanghai HBM granted NBP Pharma an exclusive license under the Licensed Technology to develop, manufacture and commercialize the Licensed Products, one of the core products of the Company and was developed as a breakthrough treatment for a wide spectrum of autoimmune diseases in Greater China.

THE LICENSE AGREEMENT

The principal terms of the License Agreement are set out below:

Date: 10 October 2022

Parties: (i) Shanghai HBM (as the licensor)

(ii) NBP Pharma (as the licensee)

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge, information and belief, NBP Pharma and CSPC and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Term: Unless terminated earlier in accordance with the terms of the License Agreement, the License Agreement shall be effective as of 10 October 2022 and shall continue to be in full force until the expiration of the Royalty Term.

Grant of License

Pursuant to the License Agreement, Shanghai HBM has granted NBP Pharma an exclusive, sublicensable, royalty-bearing license under the Licensed Technology to Exploit the Licensed Products in the Territory. The License Agreement is subject to and does not contradict with the exclusive sublicensable in-license agreement entered into between Harbour BioMed and HanAll Biopharma in relation to batoclimab (HBM9161) in 2017 and for clarity, the Company has taken into account of, among other factors, the fee under the said in-license agreement when determining the license fee under the License Agreement. NBP Pharma shall be solely responsible for all costs and activities associated with the further development and commercialization of the Licensed Products upon entering into the License Agreement.

In addition, subject to further agreement on the technology sharing plan to be agreed between the parties, as part of the license arrangement, the Company is expected to provide access to and/or share with NBP Pharma all technology under Shanghai HBM's control that are necessary or reasonably useful for NBP Pharma to Exploit the Licensed Products in the Territory. For the avoidance of doubt, details of the said sharing arrangement are to be further agreed by the parties.

License Fee

The license fee under the License Agreement shall comprise (i) an upfront payment of RMB150 million; (ii) development milestone payments of up to RMB400 million; (iii) sales milestone payments of up to US$57.5 million (approximately RMB411 million) in aggregate; (iv) technology milestone payment of up to RMB50 million in aggregate; and (v) tiered royalties based on annual Net Sales of the Licensed Products in the Territory.

Upfront Payment

NBP Pharma shall pay RMB150 million to Shanghai HBM within 30 days from the date of the License Agreement.

Development Milestone Payments

NBP Pharma shall pay Shanghai HBM various specified non-refundable and non-creditable development milestone payments for the BLA related regulatory events and each indication in respect of the Licensed Products. The maximum development milestone payments payable by NBP Pharma to Shanghai HBM shall be RMB400 million in aggregate.

Technology Milestone Payments

NBP Pharma shall be responsible for various specified non-refundable and non-creditable technology milestone payments of up to RMB50 million in aggregate for the sharing of technology to NBP Pharma according to the technology sharing plan to be agreed by the parties.

Sales Milestone Payments

NBP Pharma shall pay various specified non-refundable and non-creditable sales milestone payments, based on the achievement by NBP Pharma of different sales milestone figures for the annual Net Sales of the Licensed Products in the Territory. The maximum sales milestone payments payable by NBP Pharma to Shanghai HBM shall be US$57.5 million (approximately RMB411 million) in aggregate.

Royalties

NBP Pharma shall pay Shanghai HBM a royalty calculated by multiplying the amount of incremental, aggregated Net Sales of the Licensed Products in the Territory by the applicable tiered royalty rate as stipulated in the License Agreement.

Costs and Activities

NBP Pharma shall be solely responsible for all costs and activities associated with the further development and commercialization of the Licensed Products.

Non-compete

During the term of the License Agreement, NBP Pharma and Shanghai HBM shall not, and Shanghai HBM shall procure Harbour BioMed not to, directly or indirectly develop, manufacture or commercialize any competing products against the Licensed Products within the Territory.

INFORMATION ABOUT THE PARTIES

Shanghai HBM

Shanghai HBM is a company with limited liability incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company.

The Company

The Company is an investment holding company. The Group is principally engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas.

NBP Pharma

NBP Pharma is a company with limited liability incorporated under the laws of PRC and a wholly-owned subsidiary of CSPC.

CSPC

CSPC is a company listed on the Main Board of the Stock Exchange (stock code: 1093) and a constituent stock of the Hang Sang Index. CSPC is an innovation-driven pharmaceutical group in China with strong research and development, manufacture and commercialisation capabilities, committed to developing innovative medicines to fill unmet medical needs. CSPC has developed a strong product portfolio with a number of leading products in the therapeutic areas of nervous system diseases, oncology, anti-infectives and cardiovascular diseases.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENSE AGREEMENT

As the first anti-FcRn therapy being developed in Greater China, the Company has formulated a tiered "portfolio-in-a-product" development strategy for the Licensed Products. Further, given that CSPC is principally engaged in the research and development, manufacture and sales of medicines and pharmaceutical related products primarily in the PRC, it enjoys a leading position in the distribution and sales channel of innovative products in the PRC, the Directors are of the view that the strategic collaboration between Shanghai HBM and NBP Pharma under the License Agreement supports the Company's mission to further accelerate the progress of its portfolio, as well as to maximize the potential value of batoclimab in the Territory. The collaboration would allow the Company to optimize the market potential and move forward with the clinical development of the Licensed Products with the full support from NBP Pharma.

Given that the above license fee to be received under the License Agreement is revenue in nature, on one hand, the Company is able to receive revenue under the License Agreement, share the technology developed in the collaboration and also share the development cost of batoclimab at the same time. On the other hand, the Company can expand its portfolio by re-reallocating its resources to the development of other projects, such as HBM4003, HBM7008, HBM9378 and other assets in pre-clinical stage. Please refer to the interim report of the Company for the six months ended 30 June 2022 for details of these projects.

The Directors consider that the terms of the License Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE LICENSED PRODUCTS

Licensed Products refer to any pharmaceutical or biological product that incorporates batoclimab (HBM9161), including products with batoclimab (HBM9161) being the single active ingredient.

Batoclimab (HBM9161)

Batoclimab (HBM9161) is designed as a fully human monoclonal antibody that selectively binds to and inhibits the neonatal FcRn. FcRn plays a pivotal role in preventing the degradation of IgG antibodies. High levels of pathogenic IgG antibodies drive many autoimmune diseases. As the clinically most advanced FcRn inhibitor being developed in Greater China, batoclimab (HBM9161) has potential to be a breakthrough treatment for a wide spectrum of autoimmune diseases in Greater China. The Company is developing batoclimab (HBM9161) in Greater China with an initial focus on myasthenia gravis (MG), immune thrombocytopenia (ITP), neuromyelitis optical spectrum disorder (NMOSD), Thyroid Eye Disease (TED), chronic inflammatory demyelinating polyneuropathy (CIDP) and pemphigus vulgaris (PV).

Warning under Rule 18A.05 of the Listing Rules: There is no assurance that HBM9161 will ultimately be successfully marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Forward-Looking Statements

This announcement may contain certain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The words "anticipate", "believe", "estimate", "expect", "intend" and similar expressions, as they relate to the Company, are intended to identify certain of such forward-looking statements. The Company does not intend to update these forward-looking statements regularly. These forward-looking statements are based on the existing beliefs, assumptions, expectations, estimates, projections and understandings of the management of the Company with respect to future events at the time these statements are made. These statements are not a guarantee of future developments and are subject to risks, uncertainties and other factors, some of which are beyond the Company's control and are difficult to predict. Consequently, actual results may differ materially from information contained in the forward-looking statements as a result of future changes or developments in our business, the Company's competitive environment and political, economic, legal and social conditions.

The Company, the directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements contained in this announcement; and (b) no liability in the event that any of the forward-looking statements does not materialise or turn out to be incorrect.

CHANGE OF USE OF PROCEEDS

The Shares were listed on the Stock Exchange on 10 December 2020 and the Net Proceeds raised from the Global Offering amounted to approximately HK$1,656.6 million, among which HK$480.4 million was allocated for funding the development of batoclimab (HBM9161), which is one of the core products of the Company. Given that the Company entered into the License Agreement in licensing-out the Licensed Products, the Board has resolved to re-allocate its unutilised Net Proceeds for funding the development of the batoclimab (HBM9161) and change the use of the relevant unutilised Net Proceeds. As at 31 August, 2022, the unutilised Net Proceeds allocated for funding the development of the batoclimab (HBM9161) amounted to approximately HK$106.1 million and the details of its utilization are as follows:

Purpose	**Original allocation of approximate amount of Net Proceeds** *(HK$ million)*	**Approximate amount of utilised Net Proceeds up to 31 August, 2022** *(HK$ million)*	**Approximate amount of unutilised Net Proceeds as at 31 August, 2022** *(HK$ million)*	**Revised unutilised Net Proceeds as at 31 August, 2022** *(HK$ million)*
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of batoclimab (HBM9161), one of the Company's core products	480.4	374.3	106.1	31.1

Given the out-licensing of the Licensed Products, to better use the unutilised Net Proceeds, the Company decides to reallocate the use of the unutilised Net Proceeds from funding the development of batoclimab (HBM9161) to the following: (i) the amount of approximately HK$50.0 million to the development of HBM4003; and (ii) the amount of approximately HK$25.0 million for the funding of the research and development of HBM7008 and other drug candidates seeking Investigational New Drug (IND) approvals. Please refer to the interim report of the Company for the six months ended 30 June 2022 for details of these projects. The Company is of the view that the collaboration under the License Agreement is beneficial to the Company, through the collaboration, the Company can receive license fee and share the development cost in batoclimab (HBM9161), thereby reducing its funding on the development of batoclimab (HBM9161) and re-allocating the unutilized Net Proceeds from batoclimab (HBM9161) to the aforementioned projects so that the Company is able to further develop other potential projects and expand its portfolio. Save for the aforesaid changes, there are no other changes in the use of Net Proceeds since the listing of the Company. As at the date of this announcement, the Directors confirm that there is no material change in the nature of business of the Group as set out in the Prospectus.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Group is principally engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas. As provided in this announcement, the Company entered into the License Agreement with NBP Pharma pursuant to which the Company granted the exclusive license and rights for the manufacturing, development and commercialization of the Licensed Products, one of the core products of the Company and hence, the Company will reduce the investment and funding in the development of the Licensed Products. Further, in order to strengthen the Group's business foundation and to maximize the interests of the Company and its Shareholders, the Group from time to time explores for suitable and appropriate opportunities to diversify the Group's business.

The Board considered the impact of the proposed change in the use of the proceeds on the Group's business and believes that, in view of the Group's operation and business development, the reallocation of the unutilised Net Proceeds will facilitate efficient allocation of financial resources and strengthen the future development of the Group, and it is appropriate and in the interests of the Company and its Shareholders as a whole. The Board will continuously assess the plans for the use of Net Proceeds to cope with the changing market conditions and strive for better performance for the Group. At the same time, the Group will continue to seek opportunities to develop other potential projects.

DEFINITIONS

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

"associate"	has the meaning under the Listing Rules
"BLA"	Biologics License Application
"Board"	the board of Directors
"Company"	HBM Holdings Limited (和鉑醫藥控股有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on 20 July 2016, with its Shares listed on the Main Board of the Stock Exchange
"CSPC"	CSPC Pharmaceutical Group Limited (石藥集團有限公司), a company with limited liability incorporated under the laws of Hong Kong, with its shares listed on the Main Board of the Stock Exchange under the stock code 1093

"Director(s)"	the director(s) of the Company
"Exploit" or "Exploitation"	develop, manufacture, commercialize, use, offer for sale, sell and import
"FcRn"	the neonatal Fc receptor
"Global Offering"	the public offering of the Shares as defined and described in the Prospectus
"Group"	the Company and its subsidiaries
"HanAll Biopharma"	HanAll Biopharma Co., Ltd, a company with limited liability incorporated under the laws of Korea and is an independent third party to the Company
"Harbour BioMed"	Harbour BioMed Therapeutics Ltd., a company with limited liability incorporated under the laws of Hong Kong, the parent company of Shanghai HBM
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"License Agreement"	the license agreement dated 10 October 2022 entered into between Shanghai HBM and NBP Pharma in relation to the Exploitation of the Licensed Products
"Licensed Products"	any pharmaceutical or biological product that incorporates batoclimab (HBM9161), including products with batoclimab (HBM9161) being the single active ingredient
"Licensed Technology"	any and all intellectual properties, including but not limited to patents and know-how controlled by Shanghai HBM or its associates that are necessary or reasonable useful to Exploit the Licensed Products
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"NBP Pharma"	CSPC NBP Pharmaceutical Co. Ltd., a company with limited liability incorporated under the laws of the PRC and is a wholly-owned subsidiary of CSPC

"Net Proceeds"	the net proceeds raised from the Global Offering were approximately HK$1,656.6 million
"Net Sales"	the gross price billed or invoiced on sales of the Licensed Products by NBP Pharma, its associates or sublicensees, less certain usual and customary deductions as agreed by all parties
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Region
"Prospectus"	the prospectus of the Company dated 30 November 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Royalty Term"	the period commencing upon the first commercial sale of a Licensed Products in the Territory and ending upon the later of (i) the expiration of the last Valid Claim within the licensed patents of such Licensed Products in the Territory, and (ii) the fifteenth anniversary of the first commercial sale of such Licensed Products in the Territory
"Shanghai HBM"	Harbour BioMed (Shanghai) Co. Ltd., a company with limited liability established under the law of the PRC and is a wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.000025 each
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Territory"	Greater China (including Hong Kong, Macau and Taiwan)
"US$"	United States dollars, the lawful currency of the United States

"Valid Claim"	either (i) a claim of an issued and unexpired patent included within the licensed patents from the Shanghai HBM to NBP Pharma, which has not been permanently revoked or declared unenforceable or invalid by an unreversed and unappealable or unreversed and unappealed decision of a court or other appropriate body of competent jurisdiction, or (ii) a claim of a pending patent application included within the aforesaid licensed patents, which claim was filed in good faith, has not been pending for more than four years from its priority date, and has not been abandoned or finally disallowed without the possibility of appeal or refiling of such application

By order of the Board
HBM Holdings Limited
Dr. Jingsong Wang
Chairman and Executive Director

Hong Kong, 10 October 2022

As at the date of this announcement, the Board comprises Dr. Jingsong Wang and Dr. Yiping Rong as executive directors; Mr. Yu Min Qiu, Mr. Junfeng Wang and Ms. Weiwei Chen as non-executive directors; Dr. Robert Irwin Kamen, Dr. Xiaoping Ye and Mr. Ka Chi Yau as independent non-executive directors.