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# HARBOUR BIOMED

和 鉑 醫 藥 控 股 有 限 公 司

**HBM Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 02142)**

## DISCLOSEABLE TRANSACTION DISPOSAL OF ASSETS

### THE ASSETS TRANSFER AGREEMENT

The Board announces that on 15 November 2022, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Assets Transfer Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Assets at a total consideration of RMB146,000,000.

### THE LISTING RULES IMPLICATIONS

As all the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### THE ASSETS TRANSFER AGREEMENT

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Details of the Assets Transfer Agreement are as follows:

**Date:** 15 November 2022

**Parties:** (i) the Vendor, a wholly-owned subsidiary of the Company; and  
(ii) the Purchaser.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

## **Target Assets**

Pursuant to the Assets Transfer Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Assets, being the Production Plant in relation to the Biomacromolecule R&D Innovation Center Project (生物大分子研發創新中心項目), also known as the Clinical Supply Manufacturing Facility Project in the Interim Report 2022 of the Company, which includes, machinery and equipment, various vehicles, tools and instruments, furniture, communication facilities and equipment, fixtures in the Leased Premises (including equipment and facilities installed by the Vendor), office equipment and furniture related to the Production Plant, and certain assignments of the related underlying agreements related to the Production Plant (the “**Assignments**”). Details of the Target Assets are set out in the Assets Transfer Agreement.

The Production Plant is still under construction at the date of the Assets Transfer Agreement. The Vendor shall continue to complete the relevant work as set out in the Assets Transfer Agreement before the Delivery Commencement Date.

The total net book value of the Target Assets shown in the unaudited account of the Vendor as at 31 October 2022 is approximately RMB167,000,000. Such amount does not include any unfinished part of the Target Assets as at 31 October 2022. As of the date of this announcement, since the Production Plant has not yet been put into operation, there is no corresponding profit for the Target Assets (before and after tax) for the financial years ended 31 December 2020 and 31 December 2021.

## **Leased Premises**

The Production Plant is situated at the Leased Premises, industrial unit at Unit 101, Building 2 (8,649 square meters) and office space at Unit 202, Building 9 (1,252 square meters) of Area A, Phase III, Biomedical Industrial Park, No. 1, Xinze Road, Industrial Park, Suzhou, Jiangsu Province, the PRC, which is currently leased by the Vendor from an Independent Third Party lessor. For the avoidance of doubt, such transfer is not part of the Disposal.

## **Consideration and Payment Terms**

The total consideration for the Disposal of RMB146,000,000 shall be settled in the following manner:

- (i) RMB21,900,000, being 15% of the total consideration, shall be paid by the Purchaser to the Vendor in cash upon the satisfaction of the conditions that the Vendor having obtained all the necessary internal approvals and the Assets Transfer Agreement having been duly signed by both Purchaser and Vendor;
- (ii) RMB36,500,000, being 25% of the total consideration, shall be paid by the Purchaser to the Vendor in cash upon the satisfaction of the conditions that the Purchaser having duly executed the relevant agreement(s) for the Leased Premises, and the construction of the Production Plant having met the quality standard and reached the completion progress as stipulated in the Assets Transfer Agreement;

- (iii) RMB65,700,000, being 45% of the total consideration, shall be paid by the Purchaser to the Vendor in cash (the “**Third Instalment**”) upon the satisfaction of the conditions that, among others, the Target Assets and the Leased Premises having been duly delivered to the Purchaser, the Vendor or its associates having paid the Purchaser and/or its associates all relevant amounts payable due on or before 30 November 2022 under the relevant agreements as set out in the Assets Transfer Agreement, and the parties having completed the relevant Assignments;
- (iv) RMB7,300,000, being 5% of the total consideration, shall be paid by the Purchaser to the Vendor in cash (the “**Last Instalment**”) upon the satisfaction of the conditions, among others, that the Retention Period having been expired, the Vendor having obtained relevant approvals from the relevant authorities, and the Vendor or its associates having paid the Purchaser and/or its associates all relevant amounts payable due on or before 31 December 2022 under the relevant agreements; and
- (v) RMB14,600,000, being 10% of the total consideration, as the special retention payment, shall be paid by the Purchaser to the Vendor in cash upon the satisfaction of the condition that the Vendor or its associates having executed an agreement with the Purchaser or its associates in relation to the provision of the CDMO services.

The consideration for the Disposal was determined based on arm’s length negotiations between the Vendor and the Purchaser with reference to, inter alia, (i) the net book value of the Target Assets as at 31 October 2022 and its development potential; (ii) the Vendor’s fixed asset classification and asset depreciation policies; (iii) the funds required for the subsequent development and construction of the Production Plant and the Biomacromolecule R&D Innovation Center Project (生物大分子研發創新中心項目); and (iv) other factors as stipulated under the “Reasons and benefits for the Assets Transfer Agreement” section in this announcement, in particular, the benefits associated with establishing a long-term strategic relationship with the Purchaser. Having considered the potential benefits of the Disposal to the Group, the Directors believe that the consideration is fair and reasonable.

### **Delivery under the Assets Transfer Agreement**

Under the Assets Transfer Agreement, during the Delivery Commencement Date and the Delivery Completion Date, the Vendor shall deliver the Target Assets to the Purchaser. The parties shall inspect the Target Assets delivered and sign the Target Assets inventory and handover list once delivery has been completed. As agreed by the parties, the period between the Delivery Commencement Date and the Delivery Completion Date shall not be more than five business days.

## **REASONS AND BENEFITS FOR THE ASSETS TRANSFER AGREEMENT**

The Company is of the view that the Disposal is beneficial and in the best interest of the Company as a whole and also in line with the global innovation strategy currently implemented by the Company. In the meantime, considering the overall market status, the Company will develop strategically prioritized programs into clinical stage, which may reduce in programs utilizing the Target Assets. The Disposal serves to realize the assets of the Company that are under construction, and, due to the reduction of costs in operations after the Disposal, the Company may reallocate its financial and other resources on drug development, in the expansion of other business cooperation while maximizing the Group's platform value and to focus on its core competencies, invest in projects with growth prospects that can derive more steady income. With the Disposal and the strategic partnership as mentioned above, the Group intends to establish a long-term strategic relationship with the Purchaser and its associates which will be beneficial to the Group in the long run, create synergy and enhance the Group's reputation and brand. In addition, given the recent economic downturn, the Disposal will bring immediate cash to support the operations and drug development of the Group, and improve the financial structure, cash flow and liquidity of the Company at the same time.

The Disposal will not have material effect on the business and operation of the Group. The terms of the transactions under the Assets Transfer Agreement were negotiated on an arm's length basis. The Directors are of the view that the terms of the Assets Transfer Agreement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

No Director has a material interest in the transactions under the Assets Transfer Agreement.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

It is expected that the Group will record a loss on the Disposal of approximately RMB61,930,000. Such loss is estimated based on the gross proceeds from the Disposal of RMB146,000,000 less the unaudited net asset value of the Target Assets of RMB167,000,000 as at 31 October 2022 and the estimated value of the unfinished part of the Target Assets. Such calculation is only an estimate provided for illustrative purposes and the accounting treatment of the Disposal will be subject to further review by the auditors of the Company. It is expected that the net proceeds from the Disposal will be used for other potential investments and/or business opportunities that may arise and as general working capital of the Group. In any event, the Board does not envisage that the Disposal will create any significant adverse impact on the Group's financial position.

## **INFORMATION OF THE PARTIES**

### **The Group**

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.

### **The Vendor**

The Vendor is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in discovering and developing innovative therapeutics.

## The Purchaser

The Purchaser is a company established in the PRC with limited liability. According to the information provided by the Purchaser, the Purchaser is indirectly wholly owned by WuXi Vaccines (Cayman) Inc., whose 70% equity interest is owned by WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司\*, a company listed on the Stock Exchange, stock code 2269). The Purchaser, together with its associates under WuXi Vaccines (Cayman) Inc., focuses on human vaccine development and manufacturing. As an industry-leading vaccines CDMO, it provides world-class integrated development and manufacturing end-to-end services to expedite global partners' vaccines from concept to commercial manufacturing.

## IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Assets Transfer Agreement”	the agreement dated 15 November 2022 entered into between the Purchaser and the Vendor in respect of the Disposal
“Board”	the board of Directors
“CDMO”	Contract Development and Manufacturing Organization
“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
“Delivery Commencement Date”	the date on which the transfer of the Target Assets commences, being the later of (i) 7 December 2022, or (ii) the date the Purchaser executes the relevant agreement for the Leased Premise
“Delivery Completion Date”	The date on which the transfer of the Target Assets has been completed, and the Purchaser and the Vendor having signed the Target Assets inventory and handover list
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Assets by the Vendor to the Purchaser pursuant to the Assets Transfer Agreement
“Group”	collectively, the Company and its subsidiaries from time to time

“Independent Third Parties”	third party(ies) independent of and not connected with the Company and its connected persons
“Leased Premises”	industrial unit at Unit 101, Building 2 (8,649 square meters) and office space at Unit 202, Building 9 (1,252 square meters) of Area A, Phase III, Biomedical Industrial Park, No. 1, Xinze Road, Industrial Park, Suzhou, Jiangsu Province, the PRC, where the Production Plant is situated
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Region
“Production Plant”	a production plant of the Group situated in the Leased Premises in relation to the Biomacromolecule R&D Innovation Center Project (生物大分子研發創新中心項目)
“Purchaser”	蘇州藥明海德生物科技有限公司(Suzhou Vaccines Co., Ltd.*), a company established in the PRC with limited liability
“Retention Period”	the four-month period from the Delivery Completion Date
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	the Production Plant and related assets, details of which are set out in the “Target Assets” section in this announcement
“Vendor”	和鉑醫藥(蘇州)有限公司(Habour BioMed (Shanghai) Co., Ltd.*), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company

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

Hong Kong, 15 November 2022

\* *for identification purposes*

*As at the date of this announcement, the board of directors of the Company 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.*