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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)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
DISPOSAL OF ASSETS**

Reference is made to the announcement of HBM Holdings Limited (the “**Company**”) dated 15 November 2022 (the “**Announcement**”) in relation to the Disposal. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to supplement the following additional information in relation to the Announcement.

The Production Plant (being the Target Assets) was developed by the Company under 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 for the six months ended 30 June 2022 of the Company (the “**Project**”). The Company initiated the Project in mid-2021 to provide support for the clinical development of the Company’s pipeline projects. The Company believes that, at that time, by constructing a self-owned production plant, the Company would be able to provide a stable supply chain for, with its own production capacity to cover, the subsequent clinical development for products. The Project was originally designed to aid the expansion of the Company’s business operations, to save costs (especially research and development costs) in the long run and to maximize profits. Therefore, at the time of the launch of the Project, the Company believed that the Project can reduce the research and development cost of the Company.

The Company has now decided to dispose of the Project pursuant to the Assets Transfer Agreement because of a change in circumstances. Such change in circumstances led the Company to believe that the Disposal would be beneficial and in the interest of the Company as a whole. The reasons of the Disposal (including the change of circumstances) are set out in the Announcement and supplemented as follows: (i) in light of the recent downturn in the global economic environment, with the aim to minimize risks and any potential exposures, the Company is determined to focus on conducting research and development of products and cooperation with external parties, rapidly pushing the current clinical assets towards pivotal trials and commercial stage, and building a global innovative biotechnology company based on its technology platforms instead of allocating resources for expanding and building new production capacities which itself would require additional capital investment; (ii) major products which were originally planned to be manufactured under the Project had been licensed-out during 2022 due to favourable offers by third parties and the manufacture right of such products have been transferred to authorized parties, the Company expects that the Project would not be fully utilized as originally designed; (iii) upon the completion of the construction of the Production Plant, the Company would need to incur fixed cost for maintaining operations of the Production Plant; and (iv) as for other products in the pipeline and developed by the Company, which are still in their preclinical stage, given the overall industry downturn, the Company has found opportunities to obtain CDMO services (as an alternative to manufacturing of products) at a lower price by outsourcing the production. Based on the above costs and benefits analysis, the Company considers that the Disposal will be a more cost-effective arrangement than continuing to invest into the Project as originally envisaged and is in the interest of the Company and its Shareholders as a whole.

Prior to the commencement of the Project and during the construction of the Production Plant, the Company has been engaging CDMO service providers for the supply of drugs used for clinical research. After the Disposal, the Company will continue with this approach to maintain its clinical operations. Hence, there will be no changes to the existing arrangement for drug supplies used for clinical research before and after the Disposal. Further, as the Company's other R&D functions and technology platforms are independent from the Project, the Disposal would not have any material adverse impact on the Company's operation.

Given that the construction of the Project was funded by the Company's pre-IPO financing and bank borrowings, there is no change to the use of the IPO proceeds as set out in the Prospectus.

Further, when determining the consideration for the Disposal, in addition to the basis of consideration as stated in the Announcement, the Board has also taken into consideration of the following factors: (i) the Company's internal valuation and assessment of the Target Assets taking into account the market information and its own analysis on recently concluded sale and purchase transactions of similar production plants in the market where the Company has arrived at an acceptable consideration range of approximately RMB120 million to RMB167 million which is in alignment with the consideration of the Disposal in the amount of RMB146 million and the unaudited net asset value of the Target Assets of RMB167 million as at 31 October 2022; (ii) the estimated fixed cost for the operation of the Production Plant once the construction has been completed; (iii) the Disposal represents a good opportunity for the Company to reduce its bank borrowings for the Project; and (iv) the Board is of the view that the Disposal is a good opportunity to dispose of the Production Plant at a reasonable consideration in the current market to avoid incurring further future losses, to improve the cash flow and liquidity of the Company and to reallocate its financial and other resources on other projects with growth prospects that can derive more steady income. The Company would like to emphasize that the terms of the Agreement (including the consideration) are arrived at after arm's length negotiations between the parties to the Agreement and after taking into account all of the factors mentioned above and as stated in the Announcement, the Board is of the view that the consideration for the Disposal is fair and reasonable.

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

Hong Kong, 22 December 2022

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.