和鉑醫藥控股有限公司

HBM Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02142)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of HBM Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2023 (the "**Reporting Period**"). These results have been reviewed by the Company's audit committee (the "**Audit Committee**").

In this announcement, "**we**", "**us**" and "**our**" refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2023	2022
	US$ in thousand	*US$ in thousand*
	(Unaudited)	(Unaudited)
Revenue	**40,996**	27,630
Cost of sales	**(23)**	(68)
Other income and gains	**3,226**	2,755
Research and development costs	**(28,378)**	(83,619)
Administrative expenses	**(8,576)**	(15,339)
Finance costs	**(2,347)**	(574)
Other expenses	**(1,995)**	(3,635)
Income tax expense	**11**	(229)
Profit/(Loss) for the period	**2,914**	(73,079)
Earnings/(Loss) per share (Basic and diluted) (USD)	**0.00**	(0.10)

	As of 30 June 2023	As of 30 June 2022
	US$ in thousand	*US$ in thousand*
	(Unaudited)	(Unaudited)
Cash and cash equivalents	**179,339**	202,856
Total assets	**223,513**	268,307
Total liabilities	**123,152**	111,508
Total equity	**100,361**	156,799

BUSINESS HIGHLIGHTS

PROGRESS ON HARBOUR THERAPEUTICS

1. BATOCLIMAB (HBM9161)

a. Completed the Phase III clinical trial for generalized myasthenia gravis ("**gMG**") in March 2023.

b. The Biologics License Application ("**BLA**") for the treatment of gMG was accepted by the National Medical Products Administration of China (the "**NMPA**") in June 2023.

2. PORUSTOBART (HBM4003)

Combination with PD-1 for Hepatocellular Carcinoma ("HCC")

a. Presented the results of Phase Ib clinical trial in combination of toripalimab in patients with hepatocellular carcinoma (HCC) at the American Society of Clinical Oncology (ASCO) Annual Meeting 2023 in June.

Combination with PD-1 for Neuroendocrine Neoplasms ("NET/NEC")

b. Presented the results of Phase Ib clinical trial in combination of toripalimab in patients with advanced high-grade neuroendocrine neoplasms ("**NENs**") at the American Association for Cancer Research (AACR) Annual Meeting 2023.

3. HBM9378

a. Completed subjects recruitment of ongoing Phase I trial in March 2023.

4. HBM1020

a. Obtained the Investigational New Drug ("**IND**") clearance to commence Phase I trial for solid tumors from US Food and Drug Administration ("**U.S. FDA**") in January 2023.

b. Completed first dosing of first patient in Phase I trial in U.S. in June 2023.

5. OTHER PRODUCTS

a. Obtained the IND clearance to commence Phase I trial of HBM1007 for solid tumors from U.S. FDA in January 2023.

b. Obtained the IND clearance to commence Phase I trial of HBM1022 for solid tumors from U.S. FDA in February 2023.

BUSINESS DEVELOPMENTS

1. COLLABORATIONS ON ASSETS

a. In April 2022, we entered into a global out-license agreement with AstraZeneca to develop and commercialize HBM7022, a novel bispecific antibody generated from the HBICE® Platform of the Company. In the first half of 2023, AstraZeneca obtained the IND clearance from U.S. FDA and IND approval from NMPA and initiated global Phase I trial for solid tumors.

b. In February 2023, we entered into a license and collaboration agreement with Cullinan Oncology Inc. ("**Cullinan**"), pursuant to which an exclusive sub-licensable license was granted to Cullinan to exploit HBM7008 in the U.S. and its territories and possessions (including the District of Columbia and Puerto Rico) with an upfront payment of US$25 million, up to approximately US$600 million in milestone payments and tiered royalties up to high teens.

c. Further advanced the strategic collaboration with Hualan Genetic Engineering Co., Ltd. ("**Hualan Genetic**") in respect of three innovative monoclonal antibody and bispecific antibody drugs, two of which have received the IND approvals in 2022 and the first half of 2023, respectively.

2. PLATFORM-BASED COLLABORATIONS

a. Further advanced the collaboration with BioMap to explore the integration of Harbour Mice® Platform and AI technology developed by BioMap.

b. In 2022, we entered into a collaboration on antibody-drug conjugate ("**ADC**") projects with Duality Biotherapeutics, Inc. ("**Duality Biologics**"), and in July 2023, Beigene, Ltd. acquired an exclusive option for a global clinical and commercial license of an investigational preclinical ADC therapy developed under the collaboration between Duality Biologics and the Company for patients with select solid tumors.

c. In February 2023, Nona Biosciences entered into a collaboration agreement with Mythic Therapeutics, a biotechnology company focused on the development of ADC therapies for the treatment of a wide range of cancers.

d. In April 2023, Nona Biosciences entered into a collaboration agreement with Washington University in St. Louis to discover viral targets for which few or no human monoclonal antibodies (mAbs) currently exist, such as western equine encephalitis virus (WEEV), rabies and severe fever with thrombocytopenia syndrome virus (SFTSV).

e. In May 2023, Nona Biosciences entered into a strategic collaboration agreement with Massachusetts-based PharmaEssentia Innovation Research Center (PIRC) on our proprietary Harbour Mice® fully human antibody transgenic mice platform.

f. In May 2023, Nona Biosciences entered into an agreement with ModeX Therapeutics, an OPKO Health company, for the use of Nona's platforms to support ModeX's development of multispecific antibody therapeutics.

3. INCUBATION TO ADVANCE CUTTING-EDGE AREAS

We advanced the collaboration with Boston Children's Hospital, an affiliate of Harvard Medical School, by leveraging state of the art target discovery and antibody design platform in the identification of novel antibody therapeutics. HBM Alpha Therapeutics ("**HBMAT**"), a joint venture between the Company and Boston Children's Hospital completed its seeds round financing in January 2023.

For details of any of the foregoing, please refer to the rest of this announcement and, where applicable, the Company's prior press releases and announcements.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

About Harbour Therapeutics

Harbour Therapeutics is committed to the discovery, development and commercialization of novel antibody therapeutics focusing on oncology and immunology. We have built a robust portfolio and differentiated pipeline by leveraging our unique antibody technology platforms as well as our biological understanding and industry experience. Our portfolio also consists of strategically selected clinical assets with near-term revenue potential targeting diseases with high unmet needs.

About Nona Biosciences

Our proprietary antibody technology platforms, Harbour Mice®, generate fully human monoclonal antibodies in the classical two heavy and two light chain (H2L2) format, as well as heavy chain only (HCAb) format. Building upon our HCAb antibodies, the HCAb-based immune cell engagers (HBICE®) are capable of delivering tumor killing effects unachievable by combination therapies. Integrated with our single B cell cloning platform, our antibody discovery engine is highly productive and efficient in driving the innovation and sustainable growth of the Company.

With a unique leading edge and technological advantage of our technology platform, we established Nona Biosciences in 2022 to better empower the innovators in the industry and enable our collaborators from I to I™ (Idea to IND). Nona Biosciences is a global biotechnology company committed to providing a total solution for partners worldwide, from academies, biotech startups to biopharma giants. The integrated antibody discovery services range from antigen preparation, animal immunization, single B cell screening, to antibody lead generation and engineering, developability assessment and pharmacological evaluation, leveraging the advantages of Harbour Mice® Platforms and the experienced therapeutic antibody discovery team.

We believe our flexible business models, which are built based on both Harbour Therapeutics and Nona Biosciences, can and will maximize our platform value by leveraging the complementary advantages of the Company and our collaborators.

Portfolio:

We have over 10 drug candidates focusing on oncology and immunology diseases in pre-clinical to late clinical stages. The following table summarizes our product pipeline and the development status of each drug candidate in the areas indicated in the chart.

Project	Target	Indication	Commercial Rights	Status
Batoclimab HBM9161	FcRn	Myasthenia Gravis	Greater China Rights Out-licensed[1]	BLA submission (CSPC)
Porustobart HBM4003	CTLA-4 [2]	Solid Tumors [a]	Global	Monotherapy Ph 1b/2
		Solid Tumors [b]		Combo with PD-1 Ph 1b/2
		Solid Tumors [c]		Combo with PD-1/PD-1+Chemo Ph 1
HBM7008	B7H4×4-1BB	Solid Tumors	Ex-U.S. [3]	Ph 1 (cullinan ONCOLOGY)
HBM9378	TSLP	Asthma	Global	Ph 1
HBM1020	B7H7/HHLA2	Solid Tumors	Global	Ph 1
HBM7022	CLDN18.2xCD3	Solid Tumors	Global Out-license	Ph 1/2 (AstraZeneca)
HBM1007	CD73	Solid Tumors	Global	US IND clearance in January 2023
HBM1022	CCR8	Solid Tumors	Global	US IND clearance in February 2023
HBM9033	MSLN ADC	Solid Tumors	Global	US IND clearance in August 2023
HBM9027	PD-L1xCD40	Solid Tumors	Global	Discovery / Pre-Clinical
HBM7004	B7H4×CD3	Solid Tumors	Global	Discovery / Pre-Clinical
HBM1047	CD200R1	Solid Tumors	Global	Discovery / Pre-Clinical
HBM9014	LIFR	Solid Tumors	Global	Discovery / Pre-Clinical (Yinuoke)

HARBOUR BIOMED

1. HBM in-license the Greater China Rights of HBM9161 from HanAll in 2017, and the rights is out-license to CSPC in Oct 2022
2. HBM4003 is a next-gen anti-CTLA-4 antibody with enhanced ADCC for Treg depletion
3. The U.S. rights of HBM7008 is out-licensed to Cullinan in Feb 2023

* MG: Myasthenia Gravis; TED: Thyroid Eye Disease;

a. Melanoma, HCC, RCC and Other Advanced Solid Tumors
b. Melanoma, HCC, NEC/NET and Other Advanced Solid Tumors
c. NSCLC and Other Advanced Solid Tumors

Business Review

Since 2023, China's healthcare reform has further deepened, and the reform of the pharmaceutical industry has gradually developed in depth and breadth amidst policy and market changes. Looking back at the overall industry landscape, the adjustment of medical insurance catalogs, medical insurance price negotiations and the new round of volume-based procurement have brought continuous challenges to drug prices, especially for the pricing of less differentiated products. Meanwhile, the exploration of medical insurance payment reform has also driven the industry to focus more on the drugs' potency-price ratio. The newly revised "Drug Registration Regulation of PRC" (the "**DRR**") took effect on 1 July 2020. The DRR and its complementary measures provide an accelerated pathway for new drug launches, aiming to encourage clinical value-oriented drug innovation, accelerate the filing of clinically urgent drugs and address unmet clinical needs, which will ultimately benefit more patients.

At the same time, we have also seen opportunities and challenges in the global industry. On the one hand, biopharmaceutical companies are facing challenges in global development and commercialization of innovative medicines in recent years, due to changes in policy and orientation. Successive new policies impose new requirements on the quality of clinical trials and the protection of patient privacy. We are also closely monitoring relevant policy changes in major countries around the world to align our product development with the rules and regulations of the region where clinical trials are registered. On the other hand, against the backdrop of healthcare services upgrades and the acceleration of the aging of the population, industry demand is still large and growing steadily. The industry as a whole is still on an upward trend which brings greater market opportunities for differentiated innovative drugs. The Company has been upholding the clinical value-oriented product line layout, and the forward-looking clinical development by itself and its worldwide collaborators.

With the gradual improvement of the structural adjustment of the pharmaceutical industry, a new ecosystem has formed in the industry. The Company will further optimize its strategies such as research, development, registration, patent and global collaborations, focus on developing highly differentiated products with clear value that can meet clinical needs and plan the product cycles adequately. We believe that the Company's pipeline products, cutting-edge platform and leading global collaborations will have broad market prospects in the future.

Products Development of Harbour Therapeutics

Products in Clinical Stage

Batoclimab (HBM9161)

We completed the treatment of patients in early 2023 and announced the positive topline results of the phase III clinical trial of batoclimab for the treatment of gMG in March, which is also the first positive pivotal trial outcome for batoclimab worldwide. This marks a major milestone as it is the Company's first product to complete phase III clinical trial and be poised for commercialization to benefit the gMG patients. In June 2023, NMPA has accepted the BLA of batoclimab (HBM9161) for the treatment of gMG. This is also the first BLA accepted by NMPA since Harbour BioMed's establishment. We believe that the collaboration with CSPC Group enables the Company to optimize the market potential and advance the clinical development of HBM9161, so as to further maximize the value of batoclimab in Greater China.

Porustobart (HBM4003)

HBM4003 is the next-generation, fully human heavy chain only anti-CTLA-4 antibody generated from the HCAb Platform. It is also the first fully human heavy chain only antibody entered into clinical development around the world in history. In 2023, we implemented the global development plan for multiple types of solid tumors with adaptive treatment designed for HBM4003, and positive data of efficacy and safety profile have been read out in the ongoing trials of NET/NEC and HCC. This flagship program is a great combination of our R&D capabilities with technology platform, and has made significant progress:

Combination Therapy with PD-1 for NET/NEC

A. Released the results of Phase Ib clinical trial of porustobart (HBM4003) in combination of toripalimab at the AACR Annual Meeting 2023.

   This is an open-label Phase Ib clinical study to evaluate the safety, tolerability, PK/PD and preliminary efficacy of HBM4003 combined with toripalimab in patients with advanced NEN and other solid tumors. Patients (pts) with pretreated advanced high-grade NENs received porustobart at one of the two dose levels (0.3 mg/kg and 0.45 mg/kg) plus toripalimab 240 mg every three weeks (Q3W). The primary endpoint is objective response rate (ORR) per RECIST 1.1 by investigator.

   – Porustobart in combination of toripalimab showed promising anti-tumor activity in advanced high-grade NENs. No significant difference in efficacy was observed between the two dose groups.

   – The overall objective response rate (ORR) and disease control rate (DCR) were 38.9% and 61.1%, respectively, and 3-month duration of response (DOR) rate was 80%, while the median DOR was not reached.

   – For patients with NEC the ORR and DCR were 38.5% and 69.2%, respectively.

Combination Therapy with PD-1 for HCC

B. Released the results of phase Ib clinical trial of porustobart (HBM4003), in combination of toripalimab in patients with HCC at ASCO Annual Meeting 2023.

This is an open-label Phase Ib dose expansion study to evaluate the safety, tolerability, PK/PD and preliminary efficacy of HBM4003 in combination with toripalimab in patients with advanced HCC and other solid tumors. Patients with advanced HCC (n=28) received porustobart 0.45 mg/kg plus toripalimab 240 mg every three weeks (Q3W) in both Cohort 1 and Cohort 2. Cohort 1 recruited patients who failed previous anti-VEGFR multikinase inhibitor(s) treatment while have not received anti-PD-(L)1 treatment (n=16); Cohort 2 recruited patients who failed previous anti-PD-(L)1 and anti-VEGF(R) treatments (n=12). The primary endpoint was objective response rate (ORR) per RECIST 1.1.

– In Cohort 1, the ORR and disease control rate (DCR) were 46.7% and 73.3%, respectively in 15 patients with post-treatment tumor assessments.

– In Cohort 2, the ORR and DCR were 9.1% (18.2% per mRECIST) and 54.5%, respectively in 11 patients with post-treatment tumor assessments.

Porustobart in combination of toripalimab showed promising anti-tumor activity. Greater effects were observed in Cohort 1, suggested a larger available pool of effectors to induce anti-tumor activity in the presence of effective Treg depletion.

HBM9378

We rely on in-house technology platforms to co-develop fully human monoclonal antibody drugs of immunology targets, such as HBM9378, in collaboration with Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. ("**Kelun-Biotech**"). This collaboration of HBM9378 has entered into clinical development stage.

HBM9378 is a fully human monoclonal antibody against thymic stromal lymphopoietin ("**TSLP**") generated from H2L2 platform. It inhibits the TSLP mediated signaling pathway by blocking the interaction between TSLP and TSLP receptor. TSLP plays important roles in DC cell maturation, T helper 2 (Th2) cell polarization and inflammation, particularly in both eosinophilic and non-eosinophilic inflammation asthma. HBM9378 has fully human sequences with less immunogenicity risk and better bioavailability compared to other TSLP target competitors. The long half-life optimization and outstanding biophysical properties support its favorable dosing and formulation advantages.

HBM9378 completed the healthy Chinese subjects recruitment of ongoing Phase I trial in March 2023.

HBM1020

HBM1020 is a first-in-class fully human monoclonal antibody generated from H2L2 transgenic mice platform, targeting B7H7. The antibody can enhance anti-tumor immunity by blocking the novel immune checkpoint target. Preclinical data demonstrated its immune activation and anti-tumor functional activities.

B7H7, also known as HHLA2, is a novel immune modulatory molecule belongs to B7 family members. The B7 family is of central importance in regulating the T-cell response, making these pathways very attractive in cancer immunotherapy. Most of the validated targets in immuno-oncology so far are related to B7 family, including PD-(L)1, and CTLA-4. The therapies against B7 family targets have already shifted the paradigm for cancer therapy with outstanding clinical benefit. As a newly discovered member of the B7 family, B7H7 expression is found non-overlapping with PD-L1 expression in multiple tumor types, which indicates an alternative immune evasion pathway besides PD-(L)1. In PD-L1 negative/refractory patients, B7H7 potentially play a more important role for tumor cells to escape immune surveillance.

In January 2023, we obtained the IND clearance to commence Phase I trial for solid tumors in the U.S. and completed the first dosing of this trial in June.

Other Development Projects

Apart from the main products mentioned above, we also developed multiple programs and we aim to deliver at least one IND submission generated from our discovery engine each year.

1. HBM1022

HBM1022 is a monoclonal antibody generated from Harbour integrated G protein-coupled receptor (GPCR) antibody platform. The antibody can enhance anti-tumor immunity by depleting CCR8 positive regulatory T cells, activating effector T cells. HBM1022 presented cynomolgus cross-reactive and demonstrated its anti-tumor functional activities in preclinical studies.

CCR8 is a novel G protein-coupled receptor (GPCR) target on tumor-specific Treg cells. The GPCRs is essential in the immunoregulation, especially for immuno-oncology, where numerous chemokines work through GPCRs. It has been an extremely challenging target due to the structure complexity and low immunogenicity. CCR8 is expressed in tumor infiltrated Treg cells, and functionally involved in Treg cells migration and infiltration. Tumor resident CCR8 positive Treg have been shown to be a major driver for immunosuppression.

Generated from the Company's platform, HBM1022 is one of the few functional monoclonal antibodies that are cross-reactive to human and cynomolgus CCR8 with GPCR signaling modulation. With its unique characteristics, HBM1022 is expected to present therapeutic potentials in a variety of solid tumors with enriched CCR8-positive Tregs, including breast cancer, colon cancer, gastric cancer, non-small cell lung cancer and head and neck cancer.

In February 2023, HBM1022 obtained the IND approval from U.S. FDA to initiate Phase I trial in the U.S..

2. HBM1007

HBM1007 is a fully human mAb against CD73 generated from our H2L2 platform. CD73 is an ecto-enzyme expressed on stromal cells and tumors that converts extracellular adenosine monophosphate (AMP) to adenosine. With unique epitopes to recognize CD73, HBM1007 works through dual modes of action: (1) it can block the enzymatic activity of both membrane and soluble CD73 independent of AMP concentration, suggesting its sustainable activity in TME, and (2) it reduces the surface expression of CD73 via internalization. As a result, both enzymatic and non-enzymatic dependent functions of CD73 were significantly reduced.

In January 2023, HBM1007 obtained the IND approval from FDA to initiate Phase I trial in the U.S..

3. HBM9033

HBM9033 is an ADC drug that specifically targets human Mesothelin ("**MSLN**"), a TAA that upregulated in various solid tumors, including mesothelioma, ovary cancer, lung cancer, breast cancer, and pancreatic cancers. The fully human mAb in HBM9033 is generated from the Harbour Mice® Platform with a well-tuned property that it showed decreased binding to shedding MSLN (sMSLN) while maintaining good binding and internalization to membrane bound MSLN. The ADC utilized a tumor specific cleavable linker with novel topoisomerase inhibitor for improved stability and activity. The unique design for both mAb and linker-payload together ensured the superior potency and safety of HBM9033 in different preclinical tumor models with different MSLN expressing level. This product was developed by the Company, based on the collaboration with Medilink and we believe that HBM9033 will display a strong potential in Phase I trial as a globally best-in-class therapy.

4. HBM9027

HBM9027 is a novel PD-L1xCD40 bispecific antibody. Using our proprietary fully human HBICE® bispecific technology and Harbour Mice® Platform, we discovered a crosslinking dependent PD-L1xCD40 bispecific antibody to provide novel solutions for cancer immunotherapy from both efficacy and safety angles. The development of PD-L1xCD40 bispecific HBICE® further expands our bispecific immune cell engager into the cutting-edge DC/myeloid cell engager field and demonstrates HBICE® Platform's versatile geometry formats and plug-and-play advantages.

- Mediates both PD-1/PD-L1 inhibitory pathway and CD40 agonistic pathway to achieve synergistic anti-tumor immune responses.

- Combination effects on both myeloid cells and lymphocytes in the innate and adaptive immune systems by stimulating APC cells and relieving the immunosuppression on T cells.

- Potent in vivo anti-tumor efficacy and remarkable in vivo stability.

- Preclinical toxicology studies indicated that the crosslinking-dependent CD40 activation can overcome the liver and systemic toxicity of traditional anti-CD40 monoclonal antibody.

- The bispecific design on geometry and targets provides the cis-and trans-mode of actions on APC, DC, tumor and T cells, indicating the encouraging therapeutic window.

5. HBM7004

HBM7004 is a novel B7H4xCD3 bispecific antibody. Using our proprietary fully human HBICE® bispecific technology and Harbour Mice® Platform (H2L2&HCAb), we discovered a B7H4xCD3 bispecific antibody to provide novel solutions for cancer immunotherapy from both efficacy and safety angles. The development of B7H4xCD3 bispecific HBICE® further consolidates our bispecific immune cell engager platform and demonstrates HBICE® platform's versatile geometry formats and plug-and-play advantages.

- Binds to target cells via bivalent B7H4 binding arms and demonstrates an intratumor B7H4-dependent T cell activation manner.

- Optimized CD3-agonistic activity has stronger in vivo antitumor activity and reduced systemic toxicity.

- Engages endogenous T cells to cancer cells and mediates potent cytotoxicity in an MHC-TCR independent manner.

- Potent in vivo anti-tumor efficacy and remarkable in vivo stability in multiple animal models.

- Shows strong synergistic effect when combining with B7H4x4-1BB bispecific antibody at low Effector: Target cell ratio, indicating the encouraging therapeutic window.

6. HBM9014

HBM9014 is a first-in-class, fully human antibody targeting Leukemia Inhibitory Factor Receptor (LIFR) for cancer treatment. It has been discovered using Harbour Mice® Platform. It:

- Blocks multiple IL6 family cytokine pathways via LIFR to inhibit their function in promoting tumor progression, metastasis and chemo-resistance.

- Shows significant in vivo antitumor efficacy, enhanced efficacy in combination with Cisplatin in multiple tumor models.

- Shows great tolerability in monkey toxicology study.

7. HBM1047

HBM1047 is a fully human anti-CD200R1 antagonistic mAb generated from Harbour Mice® Platform (H2L2). HBM1047 selectively binds to CD200R1 that is highly expressed on tumor infiltrating T cells and myeloid cells. HBM1047 blocks CD200-induced CD200R1 inhibitory signaling and enhances immune responses.

- HBM1047 is a fully human anti-CD200R1 antibody with potent antagonistic activities.
- HBM1047 preferentially binds to tumor infiltrating T cells and myeloid cells.
- HBM1047 shows dramatic anti-tumor efficacy in different preclinical models.
- HBM1047 exhibits superior developability, PK and safety profile.
- HBM1047 was well tolerated up to the highest dose at 200 mg/kg in cynomolgus.

Business Development of Harbour Therapeutics

During the Reporting Period, Harbour Therapeutics continued to expand our business collaborations with selected industry partners focusing on innovation and efficiency across the world. The collaboration and co-development of our pipeline products with leading industry partners not only demonstrates the industry-wide recognition of our products and technology platform, but will also help the Company to improve the efficiency of our portfolio advancement, spread costs and risks, thus leading to the robust development of the Company.

1. Collaboration Progress on HBM7022 with AstraZeneca

In April 2022, we entered into a global out-license agreement with AstraZeneca to develop and commercialize HBM7022, a novel bispecific antibody generated from the HBICE® Platform of the Company. In the first half of 2023, AstraZeneca obtained the IND clearance from U.S. FDA and IND approval from NMPA and initiated global Phase I trial for solid tumors.

2. HBM7008 Out-licensed to Cullinan Oncology

In February 2023, we entered into a license and collaboration agreement with Cullinan, pursuant to which an exclusive sub-licensable license was granted to Cullinan to exploit HBM7008 in the U.S. and its territories and possessions (including the District of Columbia and Puerto Rico) with an upfront payment of US$25 million, up to approximately US$600 million in milestone payments and tiered royalties up to high teens.

3. Advancement of the Strategic Collaboration with Hualan Genetic

The strategic collaboration with Hualan Genetic was further advanced by the two parties in 2023. In September 2020, the Company entered into a strategic partnership agreement with Hualan Genetic to develop our three proprietary innovative monoclonal and bispecific antibodies, including HBM1029, HBM7015 and HBM7020. Two products under the collaboration have received the IND approvals to initiate Phase I trial in China during 2022 and the first half of 2023.

4. Collaboration with Boston Children's Hospital

The Company established a collaboration initiative with Boston Children's Hospital in 2018, leveraging state-of-the-art target discovery and antibody design platform in the identification of novel antibody therapeutics. HBMAT is a joint venture between the Company and Boston Children's Hospital and it completed its seeds round financing in January 2023. HBM9013, the lead candidate developed by HBMAT, has advanced in CMC development. Boston Children's Hospital has been consecutively named the No.1 pediatric hospital by the U.S. News & World Report for nine years. We believe this collaboration will integrate both parties' strengths and advantages in drug development and bring innovative therapies to pediatric medicine.

Business Development of Nona Biosciences

With our unique leading edge and technological advantage of our technology platform, we established Nona Biosciences in 2022 to better empower the innovators in the industry and enable our collaborators from I to I™ (Idea to IND). Nona Biosciences is a global biotechnology company committed to providing a total solution for partners worldwide, from academies, biotech startups to biopharma giants.

We believe our flexible business models built around our proprietary technologies and our strong internal discovery capabilities can and will maximize our platform value by leveraging complementary advantages from the Company and our collaborators. To give full play to the value of our unique platform technologies, we continued to explore the expandability of platform technology application scenarios which generate impactful values to the Company. We have established partnerships with more than 25 industry pioneers and academic researchers in 2023 to further expand our network of collaborations in China and globally.

1. Strategic Collaboration on AI and digitization with BioMap

In 2023, we have further advanced the collaboration with BioMap in relation to the co-development of innovative therapies to explore the integration of Harbour Mice® Platform and AI technology developed by BioMap. In 2021, the Company entered into a strategic collaboration agreement with BioMap for scientific research, development and transformation on novel antibodies products, which will be based on the Harbour Mice® Platform incorporating the benefits of the AI technology developed by BioMap. We believe that the collaboration with BioMap can optimize the discovery and pre-clinical development of innovative therapy through AI and digitization and empower the discovery engine of the Company.

2. Collaborations with Duality Biologics

In 2022, we entered into a collaboration on antibody-drug conjugate ("**ADC**") projects with Duality Biologics. In July 2023, BeiGene, Ltd. acquired an exclusive option for a global clinical and commercial license of an investigational preclinical ADC therapy developed under the collaboration between Duality Biologics and the Company for patients with select solid tumors.

3. Collaborations with Mythic Therapeutics

In February 2023, Nona Biosciences entered into a collaboration agreement with Mythic Therapeutics, a biotechnology company focused on the development of antibody-drug conjugate-based (ADC) therapies for the treatment of a wide range of cancers. Through the collaboration, Nona Biosciences will provide Mythic Therapeutics with access to its proprietary fully human heavy chain only antibody (HCAb) transgenic mice platform and antibody generation services to serve as input for Mythic Therapeutics' proprietary FateControl™ antibody engineering approach to generate next-generation ADCs for a wide range of cancers.

4. Collaborations with Washington University

In April 2023, Nona Biosciences entered into a collaboration agreement with Michael S. Diamond, MD, PhD, of Washington University in St. Louis to discover viral targets for which few or no human monoclonal antibodies (mAbs) currently exist, such as western equine encephalitis virus (WEEV), rabies and severe fever with thrombocytopenia syndrome virus (SFTSV).

5. Collaborations with PIRC

In May 2023, Nona Biosciences entered into a strategic collaboration agreement with Massachusetts-based PharmaEssentia Innovation Research Center (PIRC) on Harbour Mice® fully human antibody transgenic mice platform (H2L2 & HCAb). PharmaEssentia's therapeutic solutions reflect its motivation for reshaping the treatment path for progressive cancers, and we believe that by leveraging Nona Biosciences' antibody discovery ability, we can accelerate the R&D process of novel therapies.

6. Collaborations with ModeX Therapeutics

In May 2023, Nona Biosciences entered into an agreement with ModeX Therapeutics, an OPKO Health company, for the use of Nona Biosciences' platforms to support ModeX's development of multispecific antibody therapeutics. Under the terms of the agreement, ModeX will have access to Harbour Mice® platforms to accelerate discovery of monoclonal antibodies to be integrated into ModeX's MSTAR platform. This is intended to significantly reduce an often-time-consuming step of the preclinical development process. The collaboration aims to leverage each company's unique strengths to drive forward the discovery of cutting-edge treatments.

Research, Development and Technology

We focus on innovative next-generation therapies in oncology and immunology. Our discovery and pre-clinical research teams conduct drug discovery, formulation development, process development and pre-clinical studies on new candidates. During the Reporting Period, we achieved multiple progress on the academic research on our clinical development:

- Presented the results of Phase Ib clinical trial of porustobart (HBM4003) in combination of toripalimab in patients with NET/NEC at the AACR Annual Meeting 2023.

- Presented the results of Phase Ib clinical trial of porustobart (HBM4003), in combination of toripalimab in patients with HCC at ASCO Annual Meeting 2023.

  For details of our progress in clinical development of our products, please see the section titled "Business Review – Products Development of Harbour Therapeutics" in this section.

  Meanwhile, we have a professional team of scientists at Nona Biosciences to optimize, upgrade and further develop our technology platforms. During the Reporting Period, the Company has made major progress in discovery, platform and patents as follows:

- Applied for 268 patents, and 12 patents have been granted invention patent license by the China National Intellectual Property Administration, with 174 patent applications still in progress as at 30 June 2023. These patent applications have further strengthened the protection of intellectual property rights of the Company's core products and technology platforms.

Nona Biosciences has established a robust antibody discovery platform, protein engineering platform, ADC development platform, GPCR drug development platform and delivery technology platform to use mRNA-encoding target gene as immunogen to tackle difficult targets. Leveraging these technology platforms, the Company may move towards more novel and challenging drug targets globally.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

Material Investments, Acquisitions and Disposals

The Group did not make any investments, acquisitions or disposals in any company amounting to 5% or more of the value of the Group's total assets during the Reporting Period.

To give full play to the value of our unique platform technologies, we continued to explore the expandability of platform technology application scenarios which generate impactful values to the Company. With limited investments, we are incubating several joint ventures focusing on next generation innovation varying from multivalent to cell therapies, etc. Their common objective is to increase the application scenarios of our technology platform and create the incremental value for the Company. In other words, this "technology for equity" model allows us to integrate incremental resources for the diversification deployment of our next generation innovation which will constantly bring us more new value growth points with minimal marginal investment.

Investment in NK Cell Tech

In June 2021, the Company entered into an agreement with NK Cell Tech, a startup company established in the PRC with globally leading technology and talents in the NK cell field, in respect of the co-development of novel NK cell therapy. The Company, via Harbour BioMed (Shanghai) Technology Development Co., Ltd ("**HBM Shanghai**"), a subsidiary of the Company, as the co-founder, made an investment in NK Cell Tech. Pursuant to the shareholders' agreement entered into by the parties, HBM Shanghai subscribed for redeemable ordinary shares with preferential shares of NK Cell Tech, representing 15.8% of the equity interest in the registered capital of NK Cell Tech, for a consideration of cash and technology sublicense agreement. Upon completion of the subscription, the Company, through its subsidiary, held 15.8% of the total equity interest of NK Cell Tech and has the right to appoint a person as a director of NK Cell Tech. This investment shows the expandability of our platform technology application scenarios which generate impactful values to the Company in the diversified deployment of next generation innovation. It opens a new channel for our platform technology value creation and conversion. In June 2022, NK Cell Tech announced that it has completed its A round financing with a fund raising over RMB100 million. As of 30 June 2023, the Company, through its subsidiary, held 11.75% of the total equity interest of NK Cell Tech.

As of 30 June 2023, the fair value of the investment is US$6.13 million, which represented 2.74% of the Company's total assets. During the Reporting Period, the Group did not record any unrealized gain of its investment in NK Cell Tech.

Save as disclosed above and in this interim results announcement, we have no current plans for material investments, acquisitions and disposals.

Prospects and Outlook

The Company's achievements and growth momentum in the first half of 2023 give us confidence that we will be able to successfully address the complex market environment and provide innovative therapeutic drugs to patients with immune diseases and cancer in the near future.

Since its establishment, we have been committed to developing innovative therapies for patients around the world and have become an innovative biopharmaceutical company with core technological advantages and a differentiated portfolio. In 2023, Harbour Therapeutics will further accelerate the progress of its portfolio. We will advance the multiple clinical trials of HBM4003, HBM1020 and other projects generated from our discovery engine with an approach of designing molecules against novel targets or innovative molecules against known targets. In addition, we expect to file INDs for at least one new product, and we will continue to identify new quality candidates through Harbour Mice® and HBICE®, our highly effective drug discovery engine.

The values of the antibody discovery platforms and flexible partnership models of Nona Biosciences have been well validated through the collaboration achieved in 2022 and 2023. With a big success of the launch of Nona Biosciences, we will enhance the approaches with partners worldwide, from academies, biotech startups to biopharma giants, providing a total solution. The platform-valued-maximized business collaborations will further drive the Company along the path of global development. We have seen very exciting value through these platform-based collaborations with top institutions around the world as our preclinical products become increasingly mature, and more extensive global collaborations are expected in 2023.

We will re-allocate our internal resources to focus on the development of portfolio in which all assets are generated from our platforms, and the exploration on expanding of collaboration networks by Nona Biosciences.

Events after the Reporting Period

Reference is made to the announcements of the Company dated 23 December 2022 and 4 August 2023 in relation to the collaboration between Nona Biosciences and Kelun-Biotech. In December 2022, Nona Biosciences entered into two agreements with Kelun-Biotech, pursuant to which Kelun-Biotech is entitled to license two ADC products (product 1 and product 2) jointly developed by the Nona Biosciences and Kelun-Biotech to a licensed third party. In August 2023, the Company provided further update on Nona Biosciences' entitlement to receive 30% of the payments of product 1, including 30% of US$30 million of upfront payment (the Company has received the related proceeds during the Reporting Period), 30% of approximately US$1,300 million in aggregate of milestones payment and tired royalties.

FINANCIAL REVIEW

Overview

The Group recorded a revenue of US$41.0 million and a profit of US$2.9 million for the six months ended 30 June 2023, as compared with a revenue of US$27.6 million and a loss of US$73.1 million for the six months ended 30 June 2022.

Other income and gains was US$3.2 million for the six months ended 30 June 2023, as compared with US$2.8 million for the six months ended 30 June 2022. The research and development costs of the Group was US$28.4 million for the six months ended 30 June 2023, as compared with US$83.6 million for the six months ended 30 June 2022. The administrative expenses was US$8.6 million for the six months ended 30 June 2023, as compared with US$15.3 million for the six months ended 30 June 2022.

Revenue

Our total revenue increased significantly from US$27.6 million for the six months ended 30 June 2022 to US$41.0 million for the six months ended 30 June 2023, primarily due to the increase in our revenue from recognizing molecule license fees. Our molecule license fees increased from US$27.1 million for the six months ended 30 June 2022 to US$39.5 million for the six months ended 30 June 2023, primarily due to the increase of upfront/milestone income arising from our license and collaboration agreements. Our research service fee and technology license fee increased from US$0.5 million for the six months ended 30 June 2022 to US$1.5 million for the six months ended 30 June 2023.

Cost of Sales

Our cost of sales was US$0.02 million for the six months ended 30 June 2023, as compared with US$0.07 million for the six months ended 30 June 2022.

Other Income and Gains

Other income and gains were US$3.2 million for the six months ended 30 June 2023, and US$2.8 million for the six months ended 30 June 2022. Other income and gains primarily consist of interest income and government grants related to income.

Research and Development Costs

Our research and development costs decreased significantly from US$83.6 million for the six months ended 30 June 2022 to US$28.4 million for the six months ended 30 June 2023. This decrease was primarily attributable to (i) decreased investments in clinical trials after multiple out-licensing transactions; and (ii) a decrease in employee cost from US$17.7 million to US$8.8 million due to the decrease of our R&D staffs and share-based payment expenses.

	For the six months ended			
	2023		2022	
	US$ in thousands		*US$ in thousands*	
Upfront and milestone fees	**233**	**0.8%**	400	0.5%
Employee costs	**8,849**	**31.2%**	17,725	21.2%
Materials	**1,563**	**5.5%**	2,103	2.5%
Third-party contracting costs	**14,725**	**51.9%**	58,425	69.9%
Depreciation and amortization	**1,946**	**6.9%**	3,251	3.9%
Others	**1,062**	**3.7%**	1,715	2.0%
	28,378	**100.0%**	83,619	100.0%

Administrative Expenses

Our administrative expenses decreased by US$6.8 million to US$8.6 million for the six months ended 30 June 2023, primarily due to the decrease in employee cost from US$10.8 million for the six months ended 30 June 2022 to US$5.5 million for the six months ended 30 June 2023, caused by the decrease of salary and welfare in relation to our administration headcount.

	For the six months ended 30 June			
	2023		2022	
	US$ in thousands		*US$ in thousands*	
Employee costs	**5,529**	**64.5%**	10,774	70.2%
Professional expenses	**1,577**	**18.4%**	2,484	16.2%
Depreciation and amortization	**508**	**5.9%**	1,635	10.7%
Others	**962**	**11.2%**	446	2.9%
	8,576	**100.0%**	15,339	100.0%

Profit/Loss for the Period

As a result of the above factors, the profit for the period of the Group increased by US$76.0 million from US$73.1 million losses for the six months ended 30 June 2022 to US$2.9 million profit for the six months ended 30 June 2023.

Ageing Analysis of Accounts Receivable

All the accounts receivables aged less than one year.

Ageing Analysis of Accounts Payables

An ageing analysis of the trade payables as at the end of each period, based on the invoice date, is as follows:

	30 June 2023 ***USD in thousands***	31 December 2022 *USD in thousands*
Within 1 month	**13,697**	36,111
1-3 months	**1,755**	3,235
3-6 months	**509**	285
6-12 months	**437**	23
	16,398	39,654

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

Liquidity and Source of Funding

Our primary uses of cash are to fund our clinical trials, research, purchase of equipment and materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through revenue generated from out-licensing, proceeds from IPO, pre-IPO fund raising and bank loans. We closely monitor cash and bank balances and strive to maintain a healthy liquidity for our operations.

Key Financial Ratios

The following table sets forth the key financial ratios as of the following dates indicated:

	As of 30 June 2023	As of 31 December 2022
Current ratio[(1)]	**3.14**	2.79
Gearing ratio[(2)]	**N/A[(3)]**	N/A[(3)]

(1) Current ratio is calculated using current assets divided by current liabilities as of same date.

(2) Gearing ratio is calculated by net debt divided by the adjusted capital plus net debt. Net debt includes lease liabilities, trade payables and financial liabilities included in other payables and accruals, less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the parent.

(3) As of 30 June 2023 and 31 December 2022, the Group's cash and cash equivalents exceeded the financial liabilities. As such, no gearing ratio as of 30 June 2023 and 31 December 2022 was presented.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended 30 June 2023.

Future Plans for Material Investments or Capital Asset

The Group did not have detailed future plans for material investments or capital assets.

Pledge of Assets

As of 30 June 2023, except for the cash in bank amounting to US$0.6 million (as of 31 December 2022: US$0.7 million) that is restricted, the Group had no pledge of assets.

Contingent Liabilities

The Group had no material contingent liabilities as of 30 June 2023 (as of 31 December 2022: nil).

Foreign Exchange Exposure

During the six months ended 30 June 2023, the Group mainly operated in China in which the majority of the transactions were settled in the Renminbi ("**RMB**"), whereas the funding source of the Company was United States dollar ("**US$**") the functional currency of the Company. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 30 June 2023.

Bank Loans and Borrowings

As of 30 June 2023, we had bank loans of US$80.9 million and lease liabilities of US$2.1 million.

The table below summarizes the maturity profile of the Group's bank loans and lease liabilities as of the dates indicated, based on contractual undiscounted payments:

	Less than 1 year *US$ in thousands*	**Between 1-5 years** *US$ in thousands*	**Total** *US$ in thousands*
As of 30 June 2023			
Lease liabilities	**998**	**1,093**	**2,091**
Bank borrowing – unsecured*	**42,493**	**45,382**	**87,875**
As of 31 December 2022			
Lease liabilities	1,299	1,438	2,737
Bank borrowing – unsecured*	43,867	49,193	93,060

The bank borrowings carry interest at rates ranging from 3.45% to 4.65% (2022: 3.45% to 4.65%) per annum.

Employees and Remuneration

As of 30 June 2023, 151 of our employees were located in the PRC, 15 were located in the United States, and one was located in the Netherlands. The following table sets forth the total number of employees by function as of 30 June 2023:

Function	**Number of Employees**	**% of Total Number of Employees**
Research and Development	108	64.7%
General and Administrative	59	35.3%
Total	167	100.0%

The total remuneration cost incurred by the Group for the six months ended 30 June 2023 was US$14.4 million (including share-based payment expenses amounting to US$2.9 million), as compared to US$28.5 million (including share-based payment expenses and certain one-time compensation expenses amounting to US$6.9 million) for the six months ended 30 June 2022.

The Group has also adopted a pre-IPO equity plan, a post-IPO share option scheme and a post-IPO share award scheme.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 20 July 2016 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 10 December 2020 (the "**Listing Date**").

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

1. Compliance with the Code on Corporate Governance Practices

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the"**CG Code**") under Appendix 14 to the Listing Rules (except for the following deviation).

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Dr. Jingsong Wang currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance and alignment with the latest measures and standards set out in the CG Code, and maintain a high standard of corporate governance practices of the Company.

2. Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

3. Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Ka Chi Yau and Dr. Xiaoping Ye, and one non-executive Director, Ms. Weiwei Chen. Mr. Ka Chi Yau is the chairperson of the Audit Committee.

The Audit Committee, together with the management of the Company, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

4. Other Board Committees

In addition to the Audit Committee, the Company has also established the Nomination Committee and the Remuneration Committee.

5. Purchase, Sale or Redemption of the Company's Listed Securities

Pursuant to the rules of the Pre-IPO Equity Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme of the Company, the Company has set up the trust and other entities for the administration of the said equity incentive plans and the treasury of the shares relating to the plans.

Save as disclosed above, during the Reporting Period, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares.

6. Use of Proceeds

The Company's shares were listed on the Stock Exchange on 10 December 2020 with a total of 138,221,000 offer shares issued (the "**Global Offering**") and the net proceeds raised during the Global Offering were approximately HK$1,656.6 million. On 10 October 2022, the Board resolved to change the use of the remaining net proceeds allocated for the funding of HBM9161 as such product was out-licensed (the "**Reallocation**"). For details, please refer to the announcement of the Company dated 10 October 2022. The Company plans to utilize the balance of net proceeds of the global offering by the end of 2023.

Set out below is the status of use of proceeds from the Global Offering as of 30 June 2023.

Purpose	Original allocation of net proceeds (HK$ million)	Unutilized amount as at 31 December 2022	Utilized during the six months ended 30 June 2023	Unutilized amount as at 30 June 2023
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 our Core Products	405.4	0	0	0
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 tanfanercept (HBM9036), one of our Core Products	132.5	0	0	0
Funding ongoing and planned clinical trials in Greater China and Australia, preparation for registration filings and potential commercial launches of HBM4003, our anchor asset, in Greater China, the United States and other jurisdictions	431.0	172.5	85.1	87.4
Funding the research and development of our other drug candidates seeking IND approvals and yet to commence clinical trials or those in pre-clinical studies	273.5	82.7	56.3	26.4
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	198.8	43.0	25.4	17.6
Funding the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms	82.9	20.9	13.1	7.8
Working capital and other general corporate purposes	132.5	32.3	21.6	10.7
Total	**1,656.6**	**351.4**	**201.5**	**149.9**

7. Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.harbourbiomed.com).

The interim report for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**For the six months ended 30 June 2023 (Unaudited) *USD'000***	For the six months ended 30 June 2022 (Unaudited) *USD'000*
REVENUE	*4*	**40,996**	27,630
Cost of sales		**(23)**	(68)
Gross profit		**40,973**	27,562
Other income and gains		**3,226**	2,755
Administrative expenses		**(8,576)**	(15,339)
Research and development costs		**(28,378)**	(83,619)
Other expenses		**(1,995)**	(3,635)
Finance costs		**(2,347)**	(574)
PROFIT/(LOSS) BEFORE TAX	*5*	**2,903**	(72,850)
Income tax benefits/(expense)	*6*	**11**	(229)
PROFIT/(LOSS) FOR THE PERIOD		**2,914**	(73,079)
Attributable to:			
Owners of the parent		**2,922**	(73,051)
Non-controlling interests		**(8)**	(28)
		2,914	(73,079)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (USD)	*8*	**0.00**	(0.10)
Diluted (USD)	*8*	**0.00**	(0.10)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2023 (Unaudited) *USD'000*	For the six months ended 30 June 2022 (Unaudited) *USD'000*
PROFIT/(LOSS) FOR THE PERIOD	**2,914**	(73,079)
OTHER COMPREHENSIVE PROFIT		
Other comprehensive profit that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,085**	833
OTHER COMPREHENSIVE PROFIT FOR THE PERIOD, NET OF TAX	**2,085**	833
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	**4,999**	(72,246)
Attributable to:		
Owners of the parent	**5,007**	(72,218)
Non-controlling interests	**(8)**	(28)
	4,999	(72,246)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023 (Unaudited) *USD'000***	31 December 2022 (Audited) *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**4,389**	5,290
Right-of-use assets		**2,039**	2,667
Intangible assets		**7,917**	8,168
Prepayments, other receivables and other assets		**–**	629
Other financial assets	*10*	**6,127**	6,357
Total non-current assets		**20,472**	23,111
CURRENT ASSETS			
Inventories		**1,000**	1,044
Trade receivables	*11*	**7,191**	7,118
Prepayments, other receivables and other assets		**14,871**	28,482
Restricted bank balances	*12*	**640**	663
Cash and cash equivalents	*12*	**179,339**	171,705
Total current assets		**203,041**	209,012
CURRENT LIABILITIES			
Trade payables	*13*	**16,398**	22,029
Other payables and accruals		**6,861**	9,139
Contract liabilities		**1,016**	1,470
Interest-bearing bank borrowings		**39,334**	41,107
Lease liabilities		**998**	1,299
Total current liabilities		**64,607**	75,044
NET CURRENT ASSETS		**138,434**	133,968
TOTAL ASSETS LESS CURRENT LIABILITIES		**158,906**	157,079

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June 2023 (Unaudited) *USD'000*	31 December 2022 (Audited) *USD'000*
NON-CURRENT LIABILITIES		
Contract liabilities	**13,653**	13,860
Interest-bearing bank borrowings	**41,615**	47,085
Lease liabilities	**1,093**	1,438
Deferred tax liabilities	**2,184**	2,195
Total non-current liabilities	**58,545**	64,578
Net assets	**100,361**	92,501
EQUITY		
Equity attributable to owners of the parent		
Share capital	**19**	19
Treasury shares	**(8,869)**	(8,869)
Reserves	**109,544**	101,676
	100,694	92,826
Non-controlling interests	**(333)**	(325)
Total equity	**100,361**	92,501

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 20 July 2016. The registered office address of the Company is P.O. Box 472, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were engaged in the business of developing innovative therapeutics in the fields of immuno-oncology and immunology diseases.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The adoption of the above revised standards has had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative therapeutics in the fields of immuno-oncology and immunology diseases. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
United States	**25,497**	284
Mainland China	**15,153**	1,440
Europe	**131**	25,760
Others	**215**	146
	40,996	27,630

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Europe	**8,208**	8,207
Mainland China	**5,018**	7,142
United States	**1,119**	1,405
	14,345	16,754

Except for the intangible asset information which is based on the countries of the respective subsidiaries owning the assets, other non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Customer A	**25,000**	–
Customer B	**7,553**	–
Customer C	**7,284**	–
Customer D	**–**	25,617
	39,837	25,617

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Types of goods or services		
– Molecule licence fee	**39,498**	27,118
– Research service fee	**870**	–
– Technology licence fee	**628**	512
	40,996	27,630

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Timing of revenue recognition		
At a point in time		
– Molecule licence fee	**39,498**	27,118
– Research service fee	**61**	–
Over time		
– Research service fee	**809**	–
– Technology licence fee	**628**	512
	40,996	27,630

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of reporting period:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Technology licence fee	**588**	304
	588	304

4. REVENUE (CONTINUED)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Technology licence fee

The performance obligation is satisfied over time throughout the licence period as the customers are granted rights to access know-hows which the Group has exclusive rights to use. Upfront payment is generally due within 10 days after the effective date of contract, whereas other payment is generally due within 30 to 45 days from the date of billing.

Molecule licence fee

The performance obligation is satisfied at a point in time as the customers obtain rights to use the underlying licences and payment is generally due within 10 business days from the date of billing.

Research service fee

The performance obligation is satisfied at a point in time when research results are delivered to and accepted by the customer. For certain type of the contracts, the performance obligation is satisfied over the service period based on the stage of completion of the contract. The payment is generally due within 30 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Amounts expected to be recognised as revenue:		
– Within one year	**598**	768
– After one year	**648**	579
	1,246	1,347

The above remaining performance obligations mainly relate to the contracts of licenses and research service fee. The amounts expected to be recognised after one year relate to performance obligations that will be satisfied in the coming 3 years. The amounts disclosed above do not include variable consideration which is constrained.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after (charging)/crediting:

	Notes	For the six months ended 30 June 2023 (Unaudited) *USD'000*	2022 (Unaudited) *USD'000*
Cost of sales		**(23)**	(68)
Depreciation of property, plant and equipment	*9*	**(1,463)**	(3,247)
Depreciation of right-of-use assets		**(690)**	(1,332)
Amortisation of intangible assets		**(301)**	(307)
Disposals of right-of-use assets		**21**	116
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		**(10,928)**	(20,418)
– Pension scheme contributions		**(589)**	(1,197)
– Share-based payment expenses		**(2,861)**	(6,884)
Auditors' remuneration		**(252)**	(236)
Lease expenses arising from short-term leases*		**(168)**	(205)
Foreign exchange losses, net		**(1,883)**	(3,635)

* The Group has applied the available practical expedient of IFRS 16 and applied the short-term lease exemption to leases with a lease term that ends within 12 months from the lease commencement date.

6. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the BVI.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, unless such profits are taxable at the half-rate of 8.25% (2022: 8.25%) that may apply for the first HK$2,000,000 (2022: HK$2,000,000) of the assessable profits.

6. INCOME TAX EXPENSES (CONTINUED)

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax ("**CIT**") at a rate of 25% (2022: 25%) on the taxable income, except the subsidiary, Harbour BioMed (Shanghai) Co., Ltd., which was certified as a High and New Technology Enterprise in 2020 and was entitled to a preferential CIT rate of 15% (2022: 15%), Harbour BioMed (Suzhou) Co., Ltd., which was certified as a High and New Technology Enterprise in 2021 and was entitled to a preferential CIT rate of 15% (2022: 15%).

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 15% (2022: 15%) for the first EUR395,000 (2022: EUR395,000) of taxable income, and the excess amount is subject to corporate income tax at a rate of 25.8% (2022: 25.8%) during the period.

United States

The subsidiaries which operate in the US are subject to federal income tax at a rate of 21% (2022: 21%) and the Massachusetts state income tax at a rate of 8% (2022: 8%) on the taxable income.

The major components of income tax expense of the Group are as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Current income tax	**–**	–
Deferred income tax	**11**	(229)
Total tax expense for the period	**11**	(229)

7. DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiaries during the period (six months ended 30 June 2022: Nil).

8. EARNING/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the earnings/(loss) attributable to the owners of the parent and the weighted average number of ordinary shares in issue excluding the treasury shares during the period, considering the share subdivision occurred on 10 December 2020. The share subdivision was treated as having been in issue for the whole period and also included in the earnings/(loss) per share calculation of the comparative period presented so as to give a comparable result.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

8. EARNING/(LOSS) PER SHARE (CONTINUED)

As the Group incurred loss for the six months ended 30 June 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Earnings/(loss) attributable to owners of the parent *(USD'000)*	**2,922**	(73,051)
Shares		
Weighted average number of ordinary shares in issue during the period	**732,387,673**	732,901,025
Effect of dilution – weighted average number of ordinary shares:		
Options	**26,527,138**	–
Restricted share units	**10,280,863**	–
Restricted shares	**3,513,280**	–
	772,708,954	732,901,025
Basic earnings/(loss) per share (USD per share)	**0.00**	(0.10)
Diluted earnings/(loss) per share (USD per share)	**0.00**	(0.10)

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of USD718 thousand (six months ended 30 June 2022: USD1,922 thousand).

10. OTHER FINANCIAL ASSETS

	30 June 2023		31 December 2022	
	Categories	**Carrying amount *USD'000* (Unaudited)**	Categories	Carrying amount *USD '000* (Audited)
Assets:				
Debt instruments (including hybrid contracts):				
Unlisted equity investments	**FVPL[1]**	**6,127**	FVPL	6,357
		6,127		6,357

FVPL[1]: Financial assets or financial liabilities at fair value through profit or loss.

The unlisted equity investments represent the Group's equity interests in unlisted PRC companies.

On 10 June 2021, the Group subscribed 590,625 shares of Shanghai NK Cells Technology Limited ("**NK**") and held 15.7895% interests in NK. The consideration of the subscription was RMB32,660,000 (equivalent to USD5.1 million) in the form of cash and RMB3,400,000 (equivalent to USD0.5 million) in the form of technology sublicense agreements.

10. OTHER FINANCIAL ASSETS (CONTINUED)

The investment in NK is redeemable ordinary shares with preferential rights. The Group has the right to require and demand to redeem from the investee all of the shares held by the Group at a guaranteed predetermined fixed amount upon redemption events. The investment is accounted for as a debt instrument and is measured as a financial asset at fair value through profit or loss.

As at 30 June 2023, the interests of the Group held in NK was diluted to 11.75% when NK issued 66,150 series A+ redeemable shares to an investor at a cash consideration of RMB10,000,000 (equivalent to USD1.41 million) or RMB151.17(equivalent to USD21.31) per share.

11. TRADE RECEIVABLES

	30 June 2023 (Unaudited) *USD'000*	31 December 2022 (Audited) *USD'000*
Within 1 year	**7,191**	7,118
Less: impairment	**–**	–
	7,191	7,118

The Group's trading terms with its customers are based on the payment schedule of the contracts with normal credit terms of 10 to 45 days from the day of billing.

The ageing of trade receivables as at the end of the reporting period, based on the date of invoice or the date of the service rendered, is less than three months and the expected credit loss is minimal.

Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

12. CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) *USD'000*	31 December 2022 (Audited) *USD'000*
Cash and bank balances	**169,979**	162,368
Time deposits with original maturity of more than three months but less than one year when acquired	**10,000**	10,000
	179,979	172,368
Less:		
Restricted bank balances[(a)]	**640**	663
Cash and cash equivalents	**179,339**	171,705
Denominated in:		
USD	**111,652**	98,447
RMB	**66,424**	71,735
Others	**1,263**	1,523
	179,339	171,705

(a) As at 30 June 2023, cash in bank amounting to USD640,000 (31 December 2022: USD663,000) is restricted.

12. CASH AND CASH EQUIVALENTS (CONTINUED)

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

13. TRADE PAYABLES

An analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 (Unaudited) *USD'000*	31 December 2022 (Audited) *USD'000*
Within 1 month	**13,697**	19,978
1-3 months	**1,755**	1,171
3-6 months	**509**	826
6-12 months	**437**	54
	16,398	22,029

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

14. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2023 (Unaudited) *USD'000*	2022 (Unaudited) *USD'000*
Loans provided to associates	**–**	2,980
Key management personnel service fees paid by the Company		
Ms. Weiwei Chen	**–**	169
Dr. Robert Irwin Kamen*	**12**	12
	12	181

* The fee was paid for the services in relation to the scientific advisory board of the Group provided by Dr. Robert Irwin Kamen. The fee was charged pursuant to the terms in the agreements signed between the Company and Dr. Robert Irwin Kamen on 16 December 2016, 5 January 2021 and 16 December 2021.

14. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

The Group had the following balances with related parties:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Amounts due from associates	**2,768**	2,872
	2,768	2,872

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Short term employee benefits	**2,061**	2,200
Contributions to the pension scheme	**40**	40
Share-based payment expenses	**848**	4,248
	2,949	6,488

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

Hong Kong, 28 August 2023

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; Ms. Weiwei Chen as non-executive Director; Dr. Robert Irwin Kamen, Dr. Xiaoping Ye, Mr. Ka Chi Yau and Dr. Albert. R. Collinson as independent non-executive Directors.