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 2021

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 2021 (the "**Reporting Period**"). These results have been reviewed by the Company's 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	
	2021	2020
	US$ in thousand	*US$ in thousand*
	(Unaudited)	(Audited)
Revenue	**2,212**	6,070
Cost of sales	**–**	(287)
Other income and gains	**2,681**	349
Research and development costs	**(41,183)**	(15,198)
Administrative expenses	**(25,268)**	(5,306)
Finance costs	**(39)**	(235)
Other expenses	**–**	(667)
Income tax (expense)/credit	**(18)**	54
Loss for the period	**(61,615)**	(48,382)
Loss per share (Basic and diluted) (USD)	**(0.08)**	(0.39)

	As at 30 June 2021	As at 31 December 2020
	US$ in thousand	*US$ in thousand*
	(Unaudited)	(Audited)
Cash and bank balances	**281,024**	356,794
Total assets	**327,242**	388,738
Total liabilities	**23,147**	27,730
Total equity	**304,095**	361,008

BUSINESS HIGHLIGHTS

1. BATOCLIMAB HBM9161

a. Obtained Breakthrough Therapy Designation ("**BTD**") to therapy for MG from The China Center for Drug Evaluation (the "**CDE**") in January 2021.

b. Announced positive topline results from Phase II clinical trial for MG in July 2021, as the first clinical evidence of anti-FcRn therapies in Chinese patients, which showed a statistically and clinically meaningful efficacy of batoclimab over placebo, as well as a favorable safety and tolerability profile.

c. Obtained a new IND approval of ITP from the NMPA in February 2021.

d. Completed patient recruitment for Phase II clinical trial for ITP in China in January 2021.

e. Achieved the first dosing of last patient in Phase Ib/IIa trial of NMOSD in China in June 2021.

f. Submitted an IND application to NMPA for CIDP indication in May 2021.

g. Submitted an IND application to NMPA for PV indication in August 2021.

2. TANFANERCEPT HBM9036

a. Completed first dosing in ongoing Phase III trial of HBM9036 in China in March 2021.

3. HBM4003

a. Obtained IND approvals of combination therapy with PD-1/chemotherapy for NSCLC and other advanced solid tumors in February 2021 from the NMPA and achieved its first patient dosing in June 2021.

b. Achieved the first dosing in a Phase I clinical trial for the combination therapy with PD-1 for melanoma and other advanced solid tumors in China in March 2021.

c. Achieved the first dosing of the part 2/dose expansion cohorts for a global monotherapy trial with advanced solid tumors, including melanoma, hepatocellular carcinoma (HCC), renal cell carcinoma (RCC), in May 2021.

d. Achieved the first data readout of the global Phase I trial for mono therapy, the abstract has been accepted by the European Society For Medical Oncology (ESMO) 2021 and will be published at its annual Congress in September 2021.

e. Submitted 2 new IND applications to NMPA for both HCC and NEN, with PD-1 combination therapy in June 2021.

4. BUSINESS DEVELOPMENT

a. Entered into a strategic collaboration agreement in May 2021 with BioMap, an AI driven research and development platform focusing on precision medicine that is co-founded by Baidu Corporate's founder/CEO Robin Li and former Baidu Ventures' CEO Wei Liu, for scientific research, development and transform on novel antibodies products, which will be based on the Harbour Mice® platform with integration of advantages of BioMap in AI technology.

b. Entered into a multi-year, multifaceted research collaboration agreement in May 2021 with Dana-Farber Cancer Institute ("**Dana-Farber**"), a teaching hospital of Harvard Medical School, to co-develop novel biotherapies in cancer treatment.

c. Further advanced academic collaboration with Icahn School of Medicine at the Mount Sinai ("**Mount Sinai**") in connection with an exclusive license agreement between Mount Sinai and a third party over a collection of antibodies having SARS-CoV-2 (COVID-19) neutralizing properties generated from Harbour Mice® platform, which entitled the Company to receive 25% of the proceeds Mount Sinai derives from the license.

5. ACADEMIC CONVENTION

a. Presented HBM1020, a newly discovered fully human anti-B7H7 monoclonal antibody, at the American Association for Cancer Research ("**AACR**") Annual Meeting in April 2021.

b. Presented HBM7022 (CLDN18.2xCD3), a novel bispecific antibody at the Antibody Engineering & Therapeutics ("**AET**") Conference in June 2021.

c. Presented a speech about our unique technology in the field of cell engager bispecific antibody by Dr. Yiping Rong, the Vice President of Discovery of the Group, on the Cell Engager Summit in July 2021.

6. MANUFACTURING AND COMMERCIALIZATION

a. Announced the appointment of Dr. Amy Que as Chief Technology Officer ("**CTO**") in June 2021.

b. Initiated the Clinical Manufacturing Supply Project for the internal manufacturing capabilities and capacities to satisfy the clinical supply needs of the Group.

c. Initiated the relevant works including market access and pre-launch effects preparation.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are a global clinical-stage biopharmaceutical company committed to the discovery, development and commercialization of novel antibody therapeutics focusing on immunology and oncology. We have built a robust portfolio and differentiated pipeline focusing on the global market, by leveraging on our unique antibody technology platforms as well as based on our biological expertise and industry experiences. Our portfolio also contains strategically selected, in-licensed and risk-mitigated clinical assets with near-term revenue potential targeting diseases with high unmet medical needs and taking the lead in filling the gap of Greater China market.

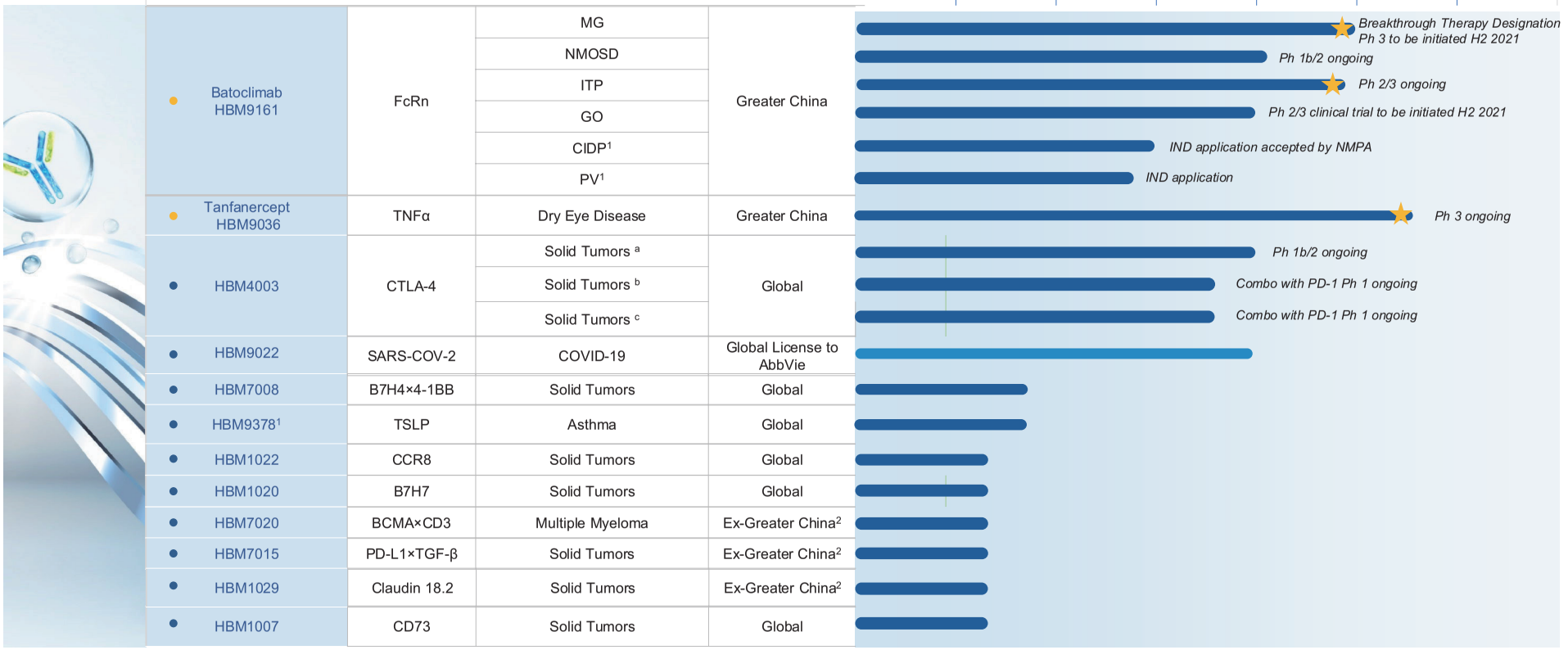
Our proprietary antibody technology platforms, Harbour Mice®, generate fully human monoclonal antibodies in the classical two heavy and two light chain (H2L2) format, as well as heavy chain only (HCAb) format. Building upon our HCAb antibodies, the HCAb-based immune cell engagers (HBICE®) are capable 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 to drive innovation and sustainable growth of the Company.

In order to become the leader in the development of the next generation of antibody therapy in immunology and oncology, we not only innovate through our internal research and development capability, but also expand our business collaborations with leading academic institutions and selected industry partners across the world. We believe our flexible business models which are built around our proprietary technologies and platforms can and will maximize our platform value by leveraging on the complementary advantages from the Company and our collaborators.

Portfolio:

We have 12 drug candidates focused on immunology and oncology 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
Batoclimab HBM9161	FcRn	MG	Greater China
		NMOSD	
		ITP	
		GO	
		CIDP[1]	
		PV[1]	
Tanfanercept HBM9036	TNFα	Dry Eye Disease	Greater China
HBM4003	CTLA-4	Solid Tumors [a]	Global
		Solid Tumors [b]	
		Solid Tumors [c]	
HBM9022	SARS-COV-2	COVID-19	Global License to AbbVie
HBM7008	B7H4×4-1BB	Solid Tumors	Global
HBM9378[1]	TSLP	Asthma	Global
HBM1022	CCR8	Solid Tumors	Global
HBM1020	B7H7	Solid Tumors	Global
HBM7020	BCMA×CD3	Multiple Myeloma	Ex-Greater China[2]
HBM7015	PD-L1×TGF-β	Solid Tumors	Ex-Greater China[2]
HBM1029	Claudin 18.2	Solid Tumors	Ex-Greater China[2]
HBM1007	CD73	Solid Tumors	Global



1. New achievements in H1 2021
2. Greater China rights out-licensed to Hualan Genetics

a. Melanoma, HCC, RCC and Other Advanced Solid Tumors
b. Melanoma, HCC, NEN and Other Advanced Solid Tumors
c. NSCLC and Other Advanced Solid Tumors

HARBOUR BIOMED

Notes:

ITP: Immune thrombocytopenia
GO: Graves' ophthalmopathy
MG: Myasthenia Gravis
NMOSD: Neuromyelitis optica spectrum disorder
CIDP: Chronic Inflammatory demyelinating polyneuropathy
PV: Pemphigus Vulgaris
HCC: Hepatocellular carcinoma
RCC: Renal cell carcinoma
NSCLC: Non-Small Cell Lung Cancer
NEN: Neuroendocrine neoplasm

Business Review

Since 2021, 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. On one hand, the newly revised "Drug Registration Regulation" (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. On the other hand, the new policy imposes new requirements on the quality of clinical trials and the protection of patient privacy. We are also paying attention to relevant policy changes in major countries around the world to align our product development with the rules and regulations of the region where the products are registered. Overall, against the backdrop of healthcare services upgrades and acceleration of the aging of the population, industry demand is still huge and growing steadily, and the industry as a whole is still on an upward trend which brings greater market opportunities for differentiated innovative drugs. Since the promulgation of the Drug Administration Law, especially in 2021, policies orientation has continued to encourage clinical value-oriented drug innovation. The Company has been upholding the clinical value-oriented product line layout, and the forward-looking clinical development.

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 and patent, focus on the development of highly differentiated products with clear value that can meet clinical needs, plan the product cycles adequately and initiate market education and marketing cycle. We believe that the Company's pipeline products will have broad market prospects in the future.

Our Product Development

Development Progress of Main Products

1. Batoclimab HBM9161

As the first anti-FcRn therapy being developed in Greater China, we have formulated a tiered "portfolio-in-a-product" development strategy for batoclimab with an aim to submit the BLA to NMPA for the first indication in 2022. We are very excited to bring this novel therapy to patients in China and are optimistic about its market potential. During the Reporting Period, we continued to move forward with the clinical development of batoclimab and announced the positive topline results of its Phase II trial in Chinese generalized myasthenia gravis ("**gMG**") patients which is also the first clinical evidence of anti-FcRn therapies in Chinese patients. Batoclimab entered into comprehensive clinical development stage:

For MG

A. Obtained BTD to therapy for MG from the CDE in January 2021.

B. Announced positive topline results from Phase II clinical trial for MG in July 2021, as the first clinical evidence of anti-FcRn therapies in Chinese patients, which showed a statistically and clinically meaningful efficacy of batoclimab over placebo, as well as a favorable safety and tolerability profile. Key results of the Phase II Study include: (i) analysis of primary endpoint revealed both 340 mg and 680 mg of batoclimab treatment resulted in rapid, clinically meaningful, and statistically significant improvements over placebo by MG-ADL score reduction from baseline on Day 43, a week after the last dose of batoclimab (4.4 for batoclimab, 2.2 for placebo, p =0.043); (ii) batoclimab induced rapid, substantial and persistent clinical improvement over placebo as measured by all four predefined clinical efficacy Scales-MG-ADL, QMG, MGC and MG-QoL15; (iii) 57%, and 76% of patients in the treatment arm showed persistent clinical improvements (≥2 points in MG-ADL and ≥3 points in QMG for a period of 6 consecutive weeks) versus 33% in MG-ADL and 11% in QMG in placebo; and (iv) all patients on treatments showed robust IgG reduction (decreased 57% and 74% from baseline on Day 43 in 340-mg and 680-mg groups, respectively) strongly correlated with clinical improvements.

   Batoclimab treatment was shown to be overall safe and well-tolerated, with incidence of treatment-emergent adverse events ("**TEAE**") comparable to placebo, majority of AEs characterized as mild, no serious adverse events ("**SAE**") and no discontinuation due to AEs.

C. Carried out the "end of Phase II" meeting with CDE, NMPA and obtained their full support on proceeding to the Phase III study.

D. Plan to initiate Phase III study of MG in the second half of 2021, and to file the BLA in 2022.

For ITP

A. Completed the patient recruitment of a Phase II trial for ITP indication in January 2021, and plan to have data analysis in the second half of 2021.

B. Obtained a new IND approval in February 2021 from the NMPA with new dose regimen in ITP patients.

C. Furthermore, we plan to file the BLA to NMPA in 2023.

For NMOSD

A. Completed the patient recruitment for a Phase Ib/IIa trial with NMOSD patients in July 2021.

B. Plan to have data readout of this Phase Ib/IIa trial in second half 2021 and start regulatory interactions for pivotal trial strategy by end of 2021.

C. Plan to file the BLA in 2022.

For GO

A. Plan to initiate a Phase II/III registrational trial for GO in the second half of 2021 and submit the BLA to the NMPA in 2023.

For Other Indications

A. Submitted an IND application to NMPA for CIDP indication in May 2021.

B. Submitted an IND application to NMPA for PV indication in August 2021.

2. Tanfanercept HBM9036

For tanfanercept, we see great potential to seize a sizeable market share in a fast-growing dry eye disease drug market in China. With a growing aging population and dramatic increase in screen usage time, the incidence of dry eye disease has rapidly increased and we believe the trend will sustain. We aim to provide effective therapy to fight against DED and we are fully engaged in the clinical development:

A. Achieved the first patient dosing of ongoing Phase III clinical trial in March 2021.

B. We plan to file the BLA in 2022.

3. HBM4003

HBM4003 is the next-generation, fully human heavy chain only anti-CTLA-4 antibody generated from HCAb platform. It is also the first fully human heavy chain only antibody entered into clinical development around the world in history. In 2021, we have implemented the global development plan of multiple types of solid tumors with adaptive treatment design for HBM4003. This flagship program is a great combination of our R&D capabilities and technology platform and has made significant progress:

A. Obtained IND approvals of combination therapy with PD-1/chemotherapy for NSCLC and other advanced solid tumors in February 2021 from the NMPA.

B. Achieved the first data readout of a Phase I clinical trial of monotherapy in Australia with encouraging data. The abstract has been accepted by the ESMO and will be published at its annual conference in September 2021.

C. Achieved the first dosing of part 2/dose expansion cohort of the Phase I clinical trial with monotherapy in May 2021. In this PhIb/II studies conducted globally the following advanced solid tumors will be investigated: melanoma, HCC, RCC.

D. Achieved the first dosing in a Phase I clinical trial for the combination therapy with PD-1 for melanoma and other advanced solid tumors in China in March 2021.

E. Achieved the first dosing in a Phase I clinical trial for combination therapy with PD-1/chemotherapy for NSCLC and other advanced solid tumors in China in June 2021.

F. Submitted 2 IND applications for new indications, HCC and NEN, with PD-1 combination therapy in June 2021. The Approvals are expected in the second half of 2021 and we plan to start patient dosing early 2022

G. With the full-speed advancement of our clinical development globally, we are excited to see the encouraging data from the our first Phase I trial with mono therapy, and we expect to see more data coming up especially the Proof of Concept evidence in selective solid tumors in the first half of 2022.

Other development projects

Besides the main products mentioned above, we also developed multiple programs and we aim to continuously deliver two or more IND submissions generated from our discovery engine each year from 2021 and beyond.

1. HBM9022

HBM9022 (47D11) is a fully human antibody that targets SARS-CoV-2.

In December 2020, the Company and UU jointly announced to license out the global right of HBM9022 to AbbVie and authorise it to initiate clinical trial. The Company's H2L2 Harbour Mice® platform could find and develop effective drug candidates quickly, of which the neutralizing nature of HBM9022's cross-reactiveness makes it an ideal drug candidate for fighting against COVID-19 or its mutations. Please see the Company's announcement dated 8 December 2020 for further details.

2. HBM1007

HBM1007 is a fully human mAb against CD73 generated from our H2L2 Platform. HBM1007 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: first, it can block the enzymatic activity of both membrane and soluble CD73 independent of AMP concentration, suggesting its sustainable activity in tumor microenvironment (TME), and second, it reduces the surface expression of CD73. As a result, both enzymatic and non-enzymatic dependent functions of CD73 were significantly reduced.

HBM1007 is being studied in pre-clinical settings. We expect to file an IND for HBM1007 in 2022.

3. HBM7008

HBM7008 is a bispecific antibody targeting Tumor Associated Antigen B7H4x4-1BB that not only displays high potency in the T cell co-stimulation and tumor growth inhibition, and potentially may also translate to better safety due to its strict dependency on TAA-mediated crosslinking T cell activation. HBM7008 is another fully human bispecific antibody discovered from the HBICE® platform of the Company. It is the only bispecific against these two targets globally. Its unique specificity in tumors and immune modulation activity makes it a promising therapeutics in PD-L1 negative or PD1/PD-L1 resistant patients. It also has the potential to avoid 4-1BB liver toxicity risk observed in other products due to its innovative biology mechanisms and bispecific design.

HBM7008 is being studied in pre-clinical setting. We expect to file a CTA/IRB submission for HBM7008 in second half of 2021.

4. HBM1022

CCR8 is a novel G protein-coupled receptor ("**GPCR**") target on Treg cells. It serves as a specific tumor infiltrated Treg cell surface marker and can be targeted by antibody. We have developed a CCR8 antibody (HBM1022) which is cross-reactive with monkey CCR8 and demonstrated its significant tumor growth inhibition efficacy in mouse tumor models.

HBM1022 is being studied in pre-clinical settings. We expect to file an IND for HBM1022 in 2022.

5. HBM1020

HBM1020 is a first-in-class fully human monoclonal antibody generated from H2L2 platform, against a target in B7 family. The antibody can enhance anti-tumor immunity by blocking the immune checkpoint target. Preclinical data demonstrated its immune activation and anti-tumor functional activities. The molecule has entered into preclinical development and we plan to file an IND in 2022.

6. HBM9378

HBM9378 is a fully human monoclonal antibody against TSLP (thymic stromal lymphopoietin) 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 comparing to the other TSLP target competitors. The long half-life optimization and outstanding biophysical properties support its favorable dosing and formulation advantages. We expect to file an IND application in the second half of 2021.

7. HBM1029, HBM7015 & HBM7020

In 2020, we licensed-out the Greater China rights of three pre-clinical products (HBM1029, HBM7015 and HBM7020) developed by our in-house technology platform to Hualan Genetic, a Chinese biopharmaceutical corporation. After completing technology transfer, the two companies co-advanced the development of these three projects.

HBM1029 is a fully human monoclonal antibody developed based on our H2L2 platform equipped with higher CLDN18.2 binding affinity, stronger ADCC and CDC anti-tumor activities. In addition, HBM1029 was shown to have a longer half-life in mouse PK studies. We believe HBM1029 has the potential to become a highly efficacious antibody to specifically kill CLDN18.2 high expressed tumor cells and represent a differentiated therapeutic biologics for patients with gastric or gastroesophageal junction ("**GEJ**") cancer and pancreatic cancer.

HBM1029 is being studied in pre-clinical settings. It is expected that an IND for HBM1029 will be filed in 2022.

HBM7015 is a bifunctional fusion protein, consisting of a fully human PD-L1 monoclonal antibody generated from our H2L2 Platform and the soluble extracellular domain transforming growth factor, beta receptor II (TGFBR2) from the natural human TGFbRII protein sequence, which acts as a TGF-β trap. By our in-house antibody engineering design, these two parts are fused together to generate the bifunctional fusion protein. HBM7015 has better stability and developability due to its optimized structure design. In in-vitro studies, HBM7015 has shown better PD-L1 binding activity and TGF-β blocking potency than competitor drugs.

HBM7015 is being studied in pre-clinical settings. We expect to file an IND for HBM7015 in 2022.

HBM7020 is a BCMAxCD3 bispecific antibody equipped with HCAb-based immune cell engagers (HBICE® technology) potentially capable of delivering tumor-killing effects unachievable by combination therapies. HBM7020 is a new "2+1" format bispecific antibody. It has optimized or attenuated anti-CD3 activity and its format and geometry design have improved selectivity to kill BCMA positive multiple myeloma cells without affecting BCMA negative/low normal cells to minimize the cytokine storm risk. It has the potential to expand the therapeutic window and achieve the balance between high efficacy and low cytokine storm toxicity. The intact Fc and smaller molecule size further represent its best-in-class potential as BCMA targeted therapy. We believe HBM7020 has the potential to become a highly efficacious bispecific antibody to specifically kill BCMA-positive Multiple Myeloma (MM) cells and represent a differentiated immunotherapeutic antibody for patients with MM.

HBM7020 is being studied in pre-clinical settings. We expect to file an IND for HBM7020 in 2022.

Research, Development and Technology

We focus on innovative next-generation therapies in immunology and oncology areas. Our discovery and pre-clinical research teams conduct drug discovery, formulation development, process development and pre-clinical studies on new candidates.

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

- Applied for nearly 28 patents during the Reporting Period. 4 patents got issued including 1 US and 3 HK applications. These patent applications have further strengthened the protection of intellectual property rights of the Company's core products and technology platforms.

- Developed a fully human antibody HBM1020, a newly discovered fully human anti-B7H7 monoclonal antibody, which was presented at the AACR Annual Meeting.

- Developed HBM7022 (CLDN18.2xCD3), a novel bispecific antibody and was presented at AET. HBM7022 is a HBICE® 2+1 CLDN18.2xCD3 bispecific antibody. It includes potent and specific killing of CLDN18.2+gastric cancer cells and triggers little to none cytokine release in vitro cytokine release assays. The bispecific antibody is easily manufactured and purified. These results support clinical testing of HBM7022 as a potential therapeutic option for patients with CLDN18.2+gastric cancer.

The Company has established a robust antibody discovery platform and GPCR drug development platform. Based on these technology platforms, the Company may move towards more novel and challenging drug targets globally.

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

Business Development

During the Reporting Period, we continued to expand our business collaborations with leading academic institutions and selected industry partners focusing on innovation and efficiency across the world. 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.

The Company entered into a strategic collaboration agreement in May 2021 with BioMap, an AI driven research and development platform focusing on precision medicine that is co-founded by Baidu Corporate's founder/CEO Robin Li and former Baidu Ventures' CEO Wei Liu, for scientific research, development and transform on novel antibodies products, which will be based on the Harbour Mice® platform with integration of advantages of BioMap in AI technology.

The Company entered into a multi-year, multifaceted research collaboration agreement in June 2021 with Dana-Farber Cancer Institute ("**Dana-Farber**"), a teaching hospital of Harvard Medical School, to co-discover/develop novel biotherapies in cancer treatment. Researchers from the Company and Dana-Farber will be working together to develop novel oncologic drugs, including bispecific antibodies and CAR-T cell products. In recent years, bispecific antibodies and CAR-T cell therapies are both considered as the next-generation solutions in the tumor immunology field. For their ability to engage two different targets, bispecific antibodies are expected to extend the possibilities of monoclonal antibody (mAb) therapeutics, and CAR-T cell therapy is an innovative immunotherapy that uses specially altered T-cells to redirect them to target cancer cells.

The Company further advanced academic collaboration with the Icahn School of Medicine at Mount Sinai ("**Mount Sinai**"), a part of Mount Sinai Healthcare System, in connection with an exclusive license agreement between Mount Sinai and a third party over a collection of antibodies having SARS-CoV-2 (COVID-19) neutralizing properties generated from Harbour Mice® platform, which entitled the Company to receive 25% of the proceeds Mount Sinai derives from the license.

Manufacturing and Commercialization

With the maturity of our pre-clinical products, we planned to build internal manufacturing capability and capacity in due course. In 2021, we initiated the Clinical Supply Manufacturing Facility Project in order to support clinical development of our pipeline projects. The facility is located at Suzhou, Jiangsu Province. The facility which covers about 8,500 m^2, is designed to have capacity of production scale up to 4,000L. We believe that, with our expectation on the explosive growth of our pre-clinical products in the future, the internal manufacturing capability is very important for us to support the clinical medication needs. With the initiation and fast building of our CMC team, we expect the facility to be ready for manufacturing by 2022.

Besides, we have commenced building the internal commercial team with in-depth knowledge, experience and expertise of sales, marketing and market access strategies across a range of therapeutical areas. During the Reporting Period, the commercial team initiated relevant works including market access and pre-launch effects to prepare for the future launch of our leading products. We believe that the internal commercial team has a deeper understanding of the Company's portfolio, which is conducive to academic promotion and channel expansion in the future.

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 of the Company.

Material Investment, Acquisition and Disposals

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

We have no current plan for material investment, acquisition and disposals.

Impact of and Response to COVID-19

In 2021, we did not have any suspected or confirmed cases of COVID-19 at our sites or among our employees. To prevent the spread of COVID-19 in our offices and research facilities, we have implemented a comprehensive disease prevention program to protect our employees from COVID-19 infection. The measures we have taken include:

During severe outbreak period –

a. The Company's management set up an epidemic prevention management team and hold regular meetings to guide epidemic prevention measures;

b. Track the travel history and health status of employees and their immediate family members/ household members;

c. Send guidance notices such as epidemic prevention guidelines to employees regularly;

d. Perform declaration and registration on employees who return to work each day;

e. Temperature check and registration before employees enter the office premises;

f. Provide masks and alcohol disinfectant wipes for employees;

g. Require employees to reduce the number of physical meetings and use video and telephone conferencing as much as possible, and sit apart from each other in offline meetings with open windows and ventilation;

h. Place disinfectant instant hand sanitizer in office/laboratory venues to strengthen disinfection and ventilation measures;

i. Require employees to sit apart from each other while having meals in the offices;

j. Reduce visitor arrivals, check health code verification and check temperature for visitors, and request visitors to wear masks, among other epidemic prevention measures.

During normalized managing period –

a. Strengthen reminders and requirements for employees' personal protection through email, WeChat groups, bulletin boards, etc.;

b. Provide masks and alcohol disinfectant wipes for employees;

c. Temperature check before employees enter the office premises;

d. Arrange instant hand sanitizer and other epidemic prevention materials in office, regular disinfection and ventilation;

e. Carry out registration and temperature check for visitors;

f. Arrange COVID-19 nucleic acid tests for employees according to the epidemic situation.

During the Reporting Period, the impact of the epidemic on the Company's business was insignificant. The Company's offices and laboratories in Rotterdam, the Netherlands and Boston, the U.S. have taken effective measures in response to the epidemic, such as telecommuting and site disinfection. As at the publication date of this interim results announcement, all of the Company's offices and laboratories are in good operating condition. The epidemic has minimal impact on the Company's overseas operations and there was no significant delay, suspension or termination due to the epidemic. In 2021, the Company will continue to closely monitor the epidemic and take proactive and effective measures to ensure the smooth operation of its global business, R&D and operations.

Prospect and Outlook

Despite the challenges posed by the global COVID-19 epidemic, the Company is well prepared in terms of research and development and operations, and we expect the epidemic to have a relatively limited impact on our operations in 2021. The Company's achievements and growth momentum in 2021 give us confidence that we will be able to successfully address the complex market environment and provide innovative therapeutic drugs for immune diseases and cancer patients in the near future.

Since the establishment of the Company, we have been committed to developing innovative therapies for patients around the world and become an innovative biopharmaceutical company with core technology edges and differentiated portfolio. The Company will further accelerate the progress of its portfolio. We will advance the multiple clinical trials of our core products, batoclimab and tanfanercept, and get prepared for their commercial launch in the near future. The launch readiness work has already been initiated. We will further invest in HBM4003 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 two new products, and we will continue to identify new quality candidates through Harbour Mice®, our highly effective drug discovery engine.

With pre-clinical products maturing and commercialization of late stage clinical products getting closer, we will continue to build internal manufacturing capabilities and capacities, as well as our internal commercialization capabilities. It is a phased long-term plan to meet the needs of the fast growth of the Group.

FINANCIAL REVIEW

Overview

For the six months ended 30 June 2021, the Group recorded a revenue of US$2.2 million, and a loss of US$61.6 million. Other income and gains was US$2.7 million for the six months ended 30 June 2021, as compared with US$0.3 million for the six months ended 30 June 2020. The research and development costs of the Group was US$41.2 million for the six months ended 30 June 2021, as compared with US$15.2 million for the six months ended 30 June 2020. The administrative expenses was US$25.3 million for the six months ended 30 June 2021, as compared with US$5.3 million for the six months ended 30 June 2020. The fair value losses of convertible redeemable preferred shares was nil for the six months ended 30 June 2021, as compared with US$33.2 million for the six months ended 30 June 2020.

Revenue

We currently have no products for commercial sale. Our revenue primarily consists of molecule license fee, technology license fee and platform-based research fee. Our total revenue decreased from US$6.1 million for the six months ended 30 June 2020 to US$2.2 million for the six months ended 30 June 2021, primarily due to a major molecule license fee realized in first half of 2020.

Cost of Sales

Our cost of sales decreased from US$0.3 million for the six months ended 30 June 2020 to nil for the six months ended 30 June 2021.

Other Income and Gains

Our other income and gains primarily consist of interest income, government grants income and other miscellaneous income. For the six months ended 30 June 2021, other income and gains increased by US$2.3 million to US$2.7 million, compared to US$0.3 million for the six months ended 30 June 2020. The increase was primarily due to an increase of bank deposit interest, as well as increase of government subsidy and grants.

Research and Development Costs

Our research and development costs increased from US$15.2 million for the six months ended 30 June 2020 to US$41.2 million for the six months ended 30 June 2021. This increase was primarily attributable to the combined impact of (i) increased investments in our key clinical programs; (ii) increased investments in our molecule assets in discovery and pre-clinical stages; and (iii) employee cost caused by an increase of research scientist and development clinician headcount to support driving R&D programs, as well as share-based compensation expense.

	For the six months ended			
	2021		2020	
	US$ in thousands		*US$ in thousands*	
Upfront and milestone fees	**2,000**	**4.9%**	1,000	6.6%
Employee costs	**13,015**	**31.6%**	5,366	35.3%
Materials	**2,366**	**5.7%**	1,653	10.9%
Third-party contracting costs	**19,631**	**47.7%**	4,252	28.0%
Depreciation and amortization	**2,392**	**5.8%**	2,129	14.0%
Others	**1,779**	**4.3%**	798	5.2%
	41,183	**100.0%**	15,198	100.0%

Administrative Expenses

Our administrative expense increased from US$5.3 million for the six months ended 30 June 2020 to US$25.3 million for the six months ended 30 June 2021. The significant increase was caused by (i) hiring of new commercial staff to support future commercial launches of our key clinical stage products; (ii) hiring of new administrative staff to support operations of the Group as the Company listed on the Hong Kong Stock Exchange in December 2020; and (iii) certain one-time compensation expenses (see Note 16(b) to Interim Condensed Consolidated Financial Information).

	For six months ended 30 June			
	2021		2020	
	US$ in thousands		*US$ in thousands*	
Employee costs	**21,415**	**84.8%**	2,593	48.9%
Professional expenses	**2,537**	**10.0%**	1,201	22.6%
Depreciation and amortization	**616**	**2.4%**	597	11.3%
Listing expenses	**–**	**0.0%**	590	11.1%
Others	**700**	**2.8%**	325	6.1%
	25,268	**100.0%**	5,306	100.0%

Loss on Fair Value Change of Convertible Redeemable Preferred Shares

For the six months ended 30 June 2021, we recorded nil of the fair value losses of convertible redeemable preferred shares, compared to US$33.2 million of the fair value losses of convertible redeemable preferred shares for the six months ended 30 June 2020, primarily attributable to all Preferred Shares were automatically converted into ordinary shares on a 1:1 basis immediately upon completion of the share subdivision pursuant to the shareholders' resolution passed on 23 November 2020 as a result of the successful IPO of the Company on 10 December 2020. Since then, the Company has had no outstanding preferred shares.

Loss for the Period

As a result of the above factors, the loss for the period of the Group increased by US$13.2 million from US$48.4 million for the six months ended 30 June 2020 to US$61.6 million for the six months ended 30 June 2021.

Aging Analysis of Accounts Receivable

A majority of the accounts receivables aged less than one year.

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 proceeds from IPO and pre-IPO fund raising. 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 for the periods indicated:

	As at 30 June 2021	As at 31 December 2020
Current ratio[(1)]	**17.31**	14.45
Gearing ratio[(2)]	**N/A[(3)]**	N/A[(3)]

(1) Current ratio is calculated using current assets divided by current liabilities as at the 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 bank balances. Adjusted capital includes convertible redeemable preferred shares and equity attributable to owners of the parent.

(3) As at 30 June 2021 and 31 December 2020, the Group's cash and bank balances exceeded the financial liabilities. As such, no gearing ratio as at 30 June 2021 and 31 December 2020 was presented.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2021.

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 at 30 June 2021, the Group had no pledge of assets.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2021.

Foreign Exchange Exposure

During the six months ended 30 June 2021, 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 at 30 June 2021.

Bank Loans and Other Borrowings

As at 30 June 2021, we had lease liabilities of US$5.3 million.

The table below summarizes the maturity profile of the Group's lease liabilities as at 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 at 30 June 2021			
Lease liabilities	**1,841**	**3,659**	**5,500**
As at 31 December 2020			
Lease liabilities	1,447	290	1,737

Employees and Remuneration

As at 30 June 2021, 307 of our employees were located in the PRC, 10 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 at 30 June 2021:

Function	Number of Employees	% of Total Number of Employees
Research and Development	204	64.2%
General and Administrative	114	35.8%
Total	318	100.0%

The total remuneration cost incurred by the Group for the six months ended 30 June 2021 was US$34.4 million (including share-based payment expenses and certain one-time compensation expenses amounting to US$18.2 million), as compared to US$8.0 million (nil for share-based payment expenses) for the six months ended 30 June 2020.

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 2021.

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

The Company was only listed on the Main Board of the Stock Exchange on 10 December 2020. Throughout the six months ended 30 June 2021, the Company has complied with all applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except for the following deviations.

Pursuant to code provision A.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 with 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 six months ended 30 June 2021.

3. Audit Committee

The Company has established an 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, Mr. Yu Min Qiu. 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 2021.

4. Other Board Committees

In addition to the audit committee, the Company has also established a nomination committee and a remuneration committee.

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

Other than the global offering, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares during six months ended 30 June 2021.

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 and the net proceeds raised during the global offering were approximately HK$1,656.6 million. There was no change in the intended use of proceeds as previously disclosed in the Prospectus. 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 at 30 June 2021.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the six months ended 30 June 2021	Unutilised amount as at 30 June 2021
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	29%	480.4	74.1	406.3
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	8%	132.5	49.9	82.6
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	23%	381.0	67.8	313.2
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	15%	248.5	55.7	192.8
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	12%	198.8	49.2	149.6
Funding the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms	5%	82.9	13.8	69.1
Working capital and other general corporate purposes	8%	132.5	22.1	110.4
Total	**100%**	**1,656.6**	**332.6**	**1,324.0**

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 2021 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 2021 (Unaudited) *USD'000***	For the six months ended 30 June 2020 (Audited) *USD'000*
REVENUE	*5*	**2,212**	6,070
Cost of sales		**–**	(287)
Gross profit		**2,212**	5,783
Other income and gains	*5*	**2,681**	349
Administrative expenses		**(25,268)**	(5,306)
Research and development costs		**(41,183)**	(15,198)
Loss on fair value change of convertible redeemable preferred shares		**–**	(33,162)
Other expenses		**–**	(667)
Finance costs		**(39)**	(235)
LOSS BEFORE TAX	*6*	**(61,597)**	(48,436)
Income tax (expense)/credit	*7*	**(18)**	54
LOSS FOR THE PERIOD		**(61,615)**	(48,382)
Attributable to:			
Owners of the parent		**(61,560)**	(48,305)
Non-controlling interests		**(55)**	(77)
		(61,615)	(48,382)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (USD)	*9*	**(0.08)**	(0.39)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2021 (Unaudited) *USD'000*	For the six months ended 30 June 2020 (Audited) *USD'000*
LOSS FOR THE PERIOD	**(61,615)**	(48,382)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(163)**	236
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	**(163)**	236
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(61,778)**	(48,146)
Attributable to:		
Owners of the parent	**(61,723)**	(48,069)
Non-controlling interests	**(55)**	(77)
	(61,778)	(48,146)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2021 (Unaudited) *USD'000***	31 December 2020 (Audited) *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**8,912**	10,262
Right-of-use assets		**4,708**	1,351
Intangible assets		**7,878**	7,800
Other non-current assets		**14**	29
Other financial assets	*12*	**5,644**	–
Total non-current assets		**27,156**	19,442
CURRENT ASSETS			
Trade receivables	*11*	**2,210**	1,056
Prepayment, other receivables and other assets		**16,852**	11,293
Other financial assets	*12*	**–**	153
Cash and bank balances	*13*	**281,024**	356,794
Total current assets		**300,086**	369,296
CURRENT LIABILITIES			
Trade payables	*14*	**8,294**	7,960
Other payables and accruals		**5,811**	14,784
Contract liabilities		**1,389**	1,361
Lease liabilities		**1,841**	1,447
Total current liabilities		**17,335**	25,552
NET CURRENT ASSETS		**282,751**	343,744
TOTAL ASSETS LESS CURRENT LIABILITIES		**309,907**	363,186

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June 2021 (Unaudited) *USD'000*	31 December 2020 (Audited) *USD'000*
NON-CURRENT LIABILITIES		
Contract liabilities	**415**	–
Lease liabilities	**3,481**	278
Deferred tax liabilities	**1,916**	1,900
Total non-current liabilities	**5,812**	2,178
Net assets	**304,095**	361,008
EQUITY		
Equity attributable to owners of the parent		
Share capital	**19**	19
Treasury shares	**(1)**	(1)
Reserves	**304,310**	361,168
	304,328	361,186
Non-controlling interests	**(233)**	(178)
Total equity	**304,095**	361,008

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 immunology and oncology diseases.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 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 2020.

3. 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 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

4. 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 immunology and oncology diseases. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
United States	**2,086**	422
Europe	**65**	78
Mainland China	**6**	5,543
Others	**55**	27
	2,212	6,070

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

(b) Non-current assets

	As at	As at
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Mainland China	**12,591**	11,499
Europe	**7,600**	7,601
United States	**1,321**	342
	21,512	19,442

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.

Information about major customers

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Customer A	**1,750**	N/A
Customer B	**N/A**	5,359
	1,750	5,359

N/A: Revenue from these customers for the periods indicated is less than 10% of the total revenue of the Group and therefore is not disclosed.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Types of goods or services		
– Technology license fee	**462**	711
– Molecule license fee	**1,750**	5,359
– Platform-based research fee	**–**	–
	2,212	6,070

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Timing of revenue recognition		
At a point in time		
– Molecule license fee	**1,750**	5,359
– Platform-based research fee	**–**	–
Over time		
– Technology license fee	**462**	711
	2,212	6,070

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:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Technology license fee	**296**	103
Molecule license fee	**–**	2,680
Platform-based research fee	**–**	–
	296	2,783

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(ii) Performance obligations

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

Technology license fee

The performance obligation is satisfied over time throughout the license 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 license fee

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

Platform-based research fee

The performance obligation is satisfied at a point in time when research results are delivered to and accepted by the customer and 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:

	As at 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Amounts expected to be recognised as revenue:		
– Within one year	**2,573**	4,003
– After one year	**5,370**	5,421
	7,943	9,424

The above remaining performance obligations mainly relate to the contracts of licenses and platform-based research 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.

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Other income and gains		
– Interest income	**1,522**	298
– Government grants recognised*	**784**	48
– Foreign exchange gains, net	**362**	–
– Gains on fair value change of other financial assets	**8**	–
– Others	**5**	3
	2,681	349

* Government grants have been received from the PRC local government authorities to support the subsidiaries' research and development activities. There are no unfulfilled conditions relating to these government grants.

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Cost of sales	**–**	(287)
Depreciation of property, plant and equipment	**(2,155)**	(2,067)
Depreciation of right-of-use assets	**(746)**	(600)
Amortisation of intangible assets	**(107)**	(275)
Employee benefit expense (including directors' remuneration):		
– Wages and salaries	**(28,797)**	(7,828)
– Pension scheme contributions	**(768)**	(131)
– Share-based payment expenses	**(4,865)**	–
Loss on fair value change of convertible redeemable preferred shares	**–**	(33,162)
Listing expenses	**–**	(590)
Auditors' remuneration	**(298)**	–
Lease expenses arising from short-term leases*	**(179)**	(144)
Foreign exchange gains/(losses), net	**362**	(509)

* 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.

7. 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% (2020: 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% (2020: 8.25%) that may apply for the first HK$2,000,000 (2020: HK$2,000,000) of the assessable profits.

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% (2020: 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% (2020: 15%).

7. INCOME TAX EXPENSES (CONTINUED)

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 15.0% (2020: 16.5%) for the first EUR245,000 (2020: EUR200,000) of taxable income, and the excess amount is subject to corporate income tax at a rate of 25% (2020: 25%) during the period.

United States

The subsidiaries which operate in the US are subject to federal income tax at a rate of 21% (2020: 21%) and the Massachusetts state income tax at a rate of 8% (2020: 8%) on the taxable income.

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Current income tax	**(2)**	–
Deferred income tax	**(16)**	54
Total tax (expense)/credit for the period	**(18)**	54

8. DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiaries during the period (2020: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share amounts is based on the 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 loss per share calculation of the comparative period presented so as to give a comparable result.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. As the Group incurred losses for the six months ended 30 June 2021 and 2020, 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. Accordingly, the diluted loss per share amounts for the six months ended 30 June 2021 and 2020 are the same as the basic loss per share amounts of the respective periods.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
Loss		
Loss attributable to owners of the parent (USD'000)	**(61,560)**	(48,305)
Shares		
Weighted average number of ordinary shares in issue during the period	**730,192,111**	123,457,120
Basic and diluted loss per share (USD per share)	**(0.08)**	(0.39)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired new assets with a cost of USD718,000 (six months ended 30 June 2020: USD184,000).

11. TRADE RECEIVABLES

	As at 30 June 2021 (Unaudited) *USD'000*	As at 31 December 2020 (Audited) *USD'000*
Within 3 months	**2,210**	1,056
	2,210	1,056

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 aging 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. OTHER FINANCIAL ASSETS

	As at 30 June 2021		As at 31 December 2020	
	Categories	**Carrying amount *USD'000* (Unaudited)**	Categories	Carrying amount *USD'000* (Audited)
Assets:				
Debt instruments (including hybrid contracts):				
Investments in financial products (a)	**FVPL[1]**	**–**	FVPL	153
Unlisted equity investments (b)	**FVPL**	**5,644**	FVPL	–
		5,644		153
Non-current assets		**5,644**		–
Current assets		**–**		153
		5,644		153

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

(a) The balance of 31 December 2020 represents investments in certain financial products issued by a commercial bank in Mainland China. The financial products are principal-protected and their returns are not guaranteed. The expected interest rates ranged from 1.95% to 2.05% per annum and the products can be redeemed by the Group at any time.

(b) 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 holds 15.79% interests in NK. The consideration of the subscription is RMB32,660,000 in the form of cash and RMB3,400,000 in the form of technology sublicense agreements.

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 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 and loss.

13. CASH AND BANK BALANCES

	As at 30 June 2021 (Unaudited) *USD'000*	As at 31 December 2020 (Audited) *USD'000*
Cash and bank balances	**281,024**	356,794
Less:		
Time deposits with original maturity of more than three months but less than one year when acquired	**(240,000)**	(100,000)
Cash and cash equivalents	**41,024**	256,794
Denominated in:		
USD	**253,961**	342,490
RMB	**23,893**	10,612
Others	**3,170**	3,692
	281,024	356,794

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.

14. TRADE PAYABLES

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

	As at 30 June 2021 (Unaudited) *USD'000*	As at 31 December 2020 (Audited) *USD'000*
Within 1 month	**7,008**	7,740
1-3 months	**1,111**	197
3-6 months	**–**	–
6-12 months	**175**	23
	8,294	7,960

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

15. PREFERRED SHARES

Since the date of incorporation, the Company has completed several rounds of financing arrangements by issuing convertible redeemable preferred shares (the "**Preferred Shares**"). For details of the background of Preferred Shares, please refer to note 24 to the consolidated financial statements included in the Group's annual report for the year ended 31 December 2020.

All Preferred Shares were automatically converted into ordinary shares on a 1:1 basis immediately upon completion of the share subdivision pursuant to the shareholders' resolution passed on 23 November 2020 as a result of the successful IPO of the Company on 10 December 2020 (the "**Conversion Date**").

The movements of the Convertible Redeemable Preferred Shares are set out below:

	Series A1 Preferred Shares *USD'000*	**Series A3 Preferred Shares** *USD'000*	**Series B Preferred Shares** *USD'000*	**Series B2 Preferred Shares** *USD'000*	**Series C Preferred Shares** *USD'000*	**Total** *USD'000*
As at 31 December 2019 and 1 January 2020 (audited)	73,654	15,711	79,894	33,000	–	202,259
Issue	–	–	–	42,000	102,800	144,800
Changes in fair value	115,691	23,956	36,412	22,506	15,138	213,703
Converted into ordinary shares	(189,345)	(39,667)	(116,306)	(97,506)	(117,938)	(560,762)
As at 31 December 2020 and 1 January 2021 (audited)	–	–	–	–	–	–
As at 30 June 2021 (Unaudited)	–	–	–	–	–	–

16. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

The Group had the following balances with related parties:

	As at 30 June 2021 (Unaudited) *USD'000*	As at 31 December 2020 (Audited) *USD'000*
Amounts due from a shareholder		
Xiaoxi Liu – Gross	**50**	50
– Provision	**(50)**	(50)
	–	–

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. In 2019, Xiaoxi Liu resigned from the Group. Accordingly, the Group fully provided allowance on the amount due from Xiaoxi Liu of USD150,000 as management is of the opinion that the Group will no longer receive the amount. In 2020, the Group received USD100,000 from Xiaoxi Liu.

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2021 (Unaudited) *USD'000*	2020 (Audited) *USD'000*
Short term employee benefits*	**13,902**	865
Contributions to the pension scheme	**17**	3
Share-based payment expenses	**2,239**	–
	16,158	868

* It includes US$13.3 million as part of the directors' remuneration and benefits the Company agreed to pay during the Reporting Period for certain Executive Directors' tax liabilities arising from the vesting of restricted shares under the Pre-IPO Equity Plan.

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

Hong Kong, 30 August 2021

As at the date of this announcement, the board of directors of the Company comprises Dr. Jingsong Wang and Dr. Mai-Jing Liao 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.