和鉑醫藥控股有限公司

HBM Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02142)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 audited consolidated annual results of the Group for the year ended 31 December 2021 (the "**Reporting Period**"). These annual 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

	As of December 31/year ended December 31			
	2021	2020	2019	2018
	US$ in thousands	*US$ in thousands*	*US$ in thousands*	*US$ in thousands*
Revenue	**4,308**	14,107	5,419	1,483
Cost of sales	**(137)**	(449)	(623)	(647)
Other income and gains	**5,965**	5,270	1,581	528
Research and development expenses	**(107,103)**	(55,244)	(49,477)	(31,630)
Administrative expenses	**(40,067)**	(46,294)	(10,587)	(6,496)
Finance costs	**(176)**	(280)	(213)	(532)
(Loss)/gain on fair value change of convertible redeemable preferred shares	**–**	(213,703)	(13,387)	2,853
Other expenses	**(619)**	(45)	(301)	(198)
Income tax (expense)/credit	**(49)**	99	92	56
Loss for the year	**(137,878)**	(296,539)	(67,496)	(34,583)
Loss per share (Basic and diluted) (USD)	**(0.19)**	(1.69)	(0.57)	(0.30)
Cash and bank balances	**216,304**	356,794	33,391	60,292
Total assets	**282,361**	388,738	69,499	83,499
Total liabilities	**59,447**	27,730	222,946	169,370
Total equity/(deficit)	**222,914**	361,008	(153,447)	(85,871)

BUSINESS HIGHLIGHTS

1. BATOCLIMAB HBM9161

For MG

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. Completed the first dosing in the Phase III clinical trial for MG in September 2021.

For TED

d. Completed the first dosing in the Phase II/III seamless trial for TED in October 2021.

For ITP

e. Completed the study of Phase II clinical trial for ITP in China in the second half of 2021.

f. Completed the data analysis of Phase II clinical trial. The results showed a favourable safety and well tolerability, a significant dose-dependent IgG reduction and the potential to improve platelet counts in ITP patients.

For NMOSD

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

h. Completed the data analysis of the Phase Ib/IIa trial of NMOSD in August 2021, which showed a statistically and clinically meaningful efficacy, as well as a favorable safety and tolerability profile.

For CIDP&PV

i. Obtained an IND approval to NMPA for CIDP indication in August 2021.

j. Obtained an IND approval to NMPA for PV indication in November 2021.

2. TANFANERCEPT HBM9036

a. Completed first dosing in currently ongoing Phase III trial of HBM9036 in China in March 2021 and completed half of the recruitment process by the end of 2021.

b. Completed the first interim analysis of Phase III trial in January 2022.

3. HBM4003

Monotherapy

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

b. Released the first data readout of the global Phase I trial for monotherapy, the abstract was published in the 2021 European Society For Medical Oncology (ESMO) Congress in September 2021.

c. Submitted the topline data of the Phase Ib/II monotherapy trial to American Society of Clinical Oncology (ASCO) 2022 in February 2022.

Combo for Melanoma

d. Completed 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. Completed the first dosing of the last patient in the Phase I trial for the combination therapy for melanoma in January 2022.

f. Completed the topline data readout of Phase I trial, which showed promising efficacy and well tolerability.

g. Completed the dosing of the first patient in its Phase Ib/IIa trial at the stage of dose expansion in combination therapy with PD-1 antibody for Chinese patients suffering from advanced melanoma and other solid tumors in January 2022.

h. Submitted the topline data of the Phase I trial to ASCO 2022 in February 2022.

Combo for NSCLC

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

j. Completed the first dosing of the last patient in the Phase I clinical trial for the combination therapy with PD-1/PD-1+chemotherapy for NSCLC in February 2022.

k. Submitted the topline data of the Phase I trial to World Conference on Lung Cancer (WCLC) 2022 in March 2022.

Combo for HCC&NET/NEC

l. Obtained 2 new IND approvals from NMPA for both HCC and NET/NEC, with PD-1 combination therapy in September 2021.

m. Completed the first dosing of the two Phase I trials in January 2022.

4. HBM7008

a. Obtained the IRB approval to commence Phase I trial in Australia in February 2022.

5. HBM9378

b. Obtained the IND approval from NMPA for moderate-to-severe asthma in February 2022.

6. BUSINESS DEVELOPMENT

a. Entered into a subscription agreement with Shanghai NK Cell Technology Limited ("**NK Cell Tech**"), a start-up company engaged in the research and development of novel NK cell therapies in June 2021, with a consideration of a combination of cash and technologies.

b. 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. The collaboration covers scientific research, development and transformation of novel antibody products, which will be based on the Harbour Mice® platform integrated with the advantages of BioMap in AI technology.

c. 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-develop novel biotherapies in cancer treatment.

d. 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.

7. 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.

d. Presented the first data readout of the global Phase I trial for monotherapy of HBM4003 and the abstract was published in the 2021 European Society For Medical Oncology (ESMO) Congress in September 2021.

e. Presented the clinical results of Phase II trial for MG of HBM9161 in the 25th World Congress of Neurology (WCN) in October 2021.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

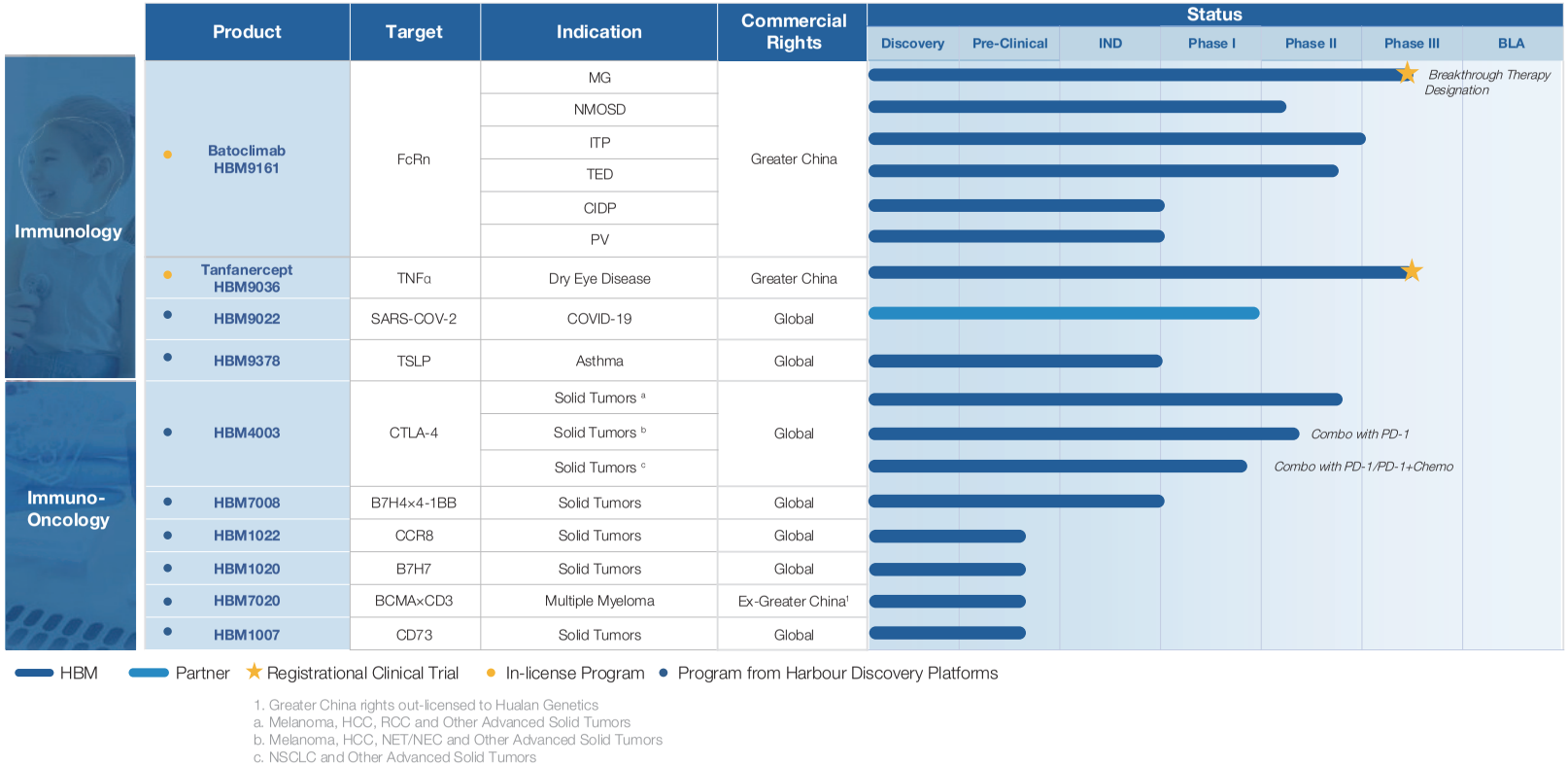
We are a global clinical-stage biopharmaceutical company committed to the discovery, development and commercialization of novel antibody therapeutics focusing on oncology and immunology. We have built a robust portfolio and differentiated pipeline by leveraging on our unique antibody technology platforms as well as based on our biological understanding and industry experiences. Our portfolio also consists of strategically selected, in-licensed and risk-mitigated clinical assets with near-term revenue potential targeting diseases with high unmet 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 oncology and immunology, we do not only innovate through our internal research and development capability, but also expand our business collaborations with leading academic institutions and selected industrial 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 10 drug candidates focused on oncology and immunological 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 at the right column.



1. Greater China rights out-licensed to Hualan Genetics
a. Melanoma, HCC, RCC and Other Advanced Solid Tumors
b. Melanoma, HCC, NET/NEC and Other Advanced Solid Tumors
c. NSCLC and Other Advanced Solid Tumors

Notes:

ITP:	Immune thrombocytopenia	PV:	Pemphigus Vulgaris
TED:	Thyroid Eye Disease	HCC:	Hepatocellular carcinoma
MG:	Myasthenia Gravis	RCC:	Renal cell carcinoma
NMOSD:	Neuromyelitis optical spectrum disorder	NSCLC:	Non-Small Cell Lung Cancer
CIDP:	Chronic inflammatory demyelinating polyneuropathy	NET/NEC:	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 catalogues, 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 supplementary measures provide several accelerated pathways for new drug development and approval, 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 large and growing steadily. Furthermore, 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, particularly 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 improvements 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 in class FcRn inhibitor 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. In the past year, 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 patients. Batoclimab is also the first clinical evidence of anti-FcRn therapies in Chinese patients. During the Reporting Period, batoclimab entered into comprehensive clinical development stage:

MG

a. Obtained Breakthrough Therapy Designation to therapy for MG from The China Center for Drug Evaluation 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. Completed the first dosing in the Phase III clinical trial for MG in September 2021.

With the positive topline readout results of Phase II trial, as well as the progress of Phase III trial which we will rapidly push forward, we plan to file the BLA in 2022.

TED

a. Completed the first dosing in the Phase II/III seamless trial for TED in October 2021.

The topline data readout of Phase II/III trial is expected to be released in the second half of 2022 and we plan to file the BLA to NMPA in 2024.

ITP

a. Completed the study of Phase II clinical trial for ITP in China in the middle of 2021.

b. Completed the data analysis of Phase II clinical trial in the second half of 2021. The results showed a favourable safety and well tolerability, a significant dose-dependent IgG reduction and the potential to improve platelet counts in ITP patients.

We are currently evaluating the competitive landscape of ITP and further assessing our development strategy and opportunities on this indication.

NMOSD

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

b. Completed the data analysis of the Phase Ib/IIa trial of NMOSD in August 2021, which showed a statistically and clinically meaningful efficacy, as well as a favorable safety and tolerability profile. No severe TEAEs and SAEs were observed in the trial and no discontinuation due to AEs. Significant clinical improvement was observed in EDSS assessment.

We plan to file the BLA to NMPA in 2023.

PV&CIDP

a. Obtained an IND approval to NMPA for CIDP indication in August 2021.

b. Obtained an IND approval to NMPA for PV indication in November 2021.

With the continued evolution of the market environment, regulatory policies and competitive landscape, we will continue to evaluate our development plans and strategies for batoclimab and adjust them as appropriate. We currently have MG as the priority of our development programs and will focus on the clinical development and commercial launch of this indication.

2. Tanfanercept HBM9036

For tanfanercept, we see great potential to seize a sizeable market share in a fast-growing dry eye disease (DED) 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 it may continue. We aim to provide effective therapy to fight against DED and we are fully engaged in the clinical development:

a. Completed first dosing in currently ongoing Phase III trial of HBM9036 in China in March 2021 and completed half of the recruitment process by the end of 2021.

b. Completed the first interim analysis of Phase III trial in January 2022.

We will make full efforts to accelerate the progress of Phase III trial and we plan to file the BLA to NMPA in the second half of 2022.

3. HBM4003

HBM4003 is the next-generation, fully human heavy chain only anti-CTLA-4 antibody discovered and developed through our in-house efforts. It is also the first fully human heavy chain only antibody entered into clinical development around the world. We have implemented the global development plan of multiple types of solid tumors with adaptive treatment design for HBM4003. With the exciting topline data of the Phase I trial of monotherapy, we place greater expectations on the combination therapy as the next-generation anti-CTLA-4 antibody. This flagship program advanced from candidate selection to clinical stage within three years and made significant progress:

Monotherapy

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

b. Achieved the first data readout of the global Phase I trial for monotherapy, the abstract was published on the 2021 European Society For Medical Oncology (ESMO) Congress in September 2021.

c. Submitted the topline data of the Phase Ib/II monotherapy trial to ASCO 2022 in February 2022.

Combo for Melanoma

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

b. Completed the first dosing of the last patient in the Phase I clinical trial of the combination therapy for melanoma in January 2022.

c. Completed the readout of topline data of Phase I trial, which showed promising efficacy (PR (partial response) observed in Melanoma and Urothelial Carcinoma patients) and well tolerability (≥G3 TRAE was 13%, no fatal TRAE. No new signals or unexpected toxicities in combo therapy).

d. Completed the dosing of the first patient in its Phase Ib/IIa trial at the stage of dose expansion in combination therapy with PD-1 antibody for Chinese patients suffering from advanced melanoma and other solid tumors in January 2022.

e. Submitted the topline data of the Phase I trial to ASCO 2022 in February 2022.

We expect to release the topline data of Phase I trial in the first half of 2022.

Combo for NSCLC

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

b. Completed the first dosing of the last patient in the Phase I clinical trial for the combination therapy with PD-1/PD-1+chemotherapy for NSCLC in February 2022.

c. Submitted the topline data of the Phase I trial to WCLC 2022 in March 2022.

We expect to release the topline data of Phase I trial in the second half of 2022.

Combo for HCC&NET/NEC

a. Obtained 2 new IND approvals from NMPA for both HCC and NET/NEC, with PD-1 combination therapy in September 2021.

b. Completed the first dosing of the two Phase I trials in January 2022.

With the rapid advancement of our clinical development globally, we are excited to see the encouraging data from the Phase I trial. We expect to see more data to be released in the first half of 2022, especially the Proof-of-Concept ("**POC**") evidence in selective solid tumors.

4. HBM7008

HBM7008 is a bispecific antibody targeting Tumor Associated Antigen (B7H4)x4-1BB 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 of TAA-mediated crosslinking T cell activation. HBM7008 is one of the fully human bispecific antibodies developed from the HBICE® platform of the Company. HBM7008 is the only bispecific antibody against these two targets globally. We have obtained the IRB approval for the Phase I trial of HBM7008 in Australia in February 2022. With excellent safety profile and strong anti-tumor efficacy in the pre-clinical study, including completed response observed in mouse tumor model, we believe HBM7008 will display a strong potential in Phase I trial as a globally first-in-class therapy.

Other development projects (including projects of collaboration development)

Apart from 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 onwards.

1. 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.

2. 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. As an innovative novel target, no product against CCR8 has entered clinical trial yet globally.

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

3. HBM9378

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

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 compared to other TSLP target competitors. The long half-life optimization and outstanding biophysical properties support its favorable dosing and formulation advantages.

We obtained the IND approval in February 2022 and plan to initiate a Phase I trial this year.

4. 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 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.

5. HBM7020

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 a 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 the IND submission both in China and the U.S. for HBM7020 in 2022 with our partner.

6. HBM9022

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

The Company's H2L2 Harbour Mice® platform could find and develop effective drug candidates quickly, of which the neutralizing nature of ABBV-47D11's cross-reactiveness makes it an ideal drug candidate for fighting against COVID-19. In 2021, HBM9022 completed the global Phase I trial and the data analysis showed an excellent safety profile with a potential for anti-SARS-CoV-2 activity or its mutation in its global Phase I trial, which also proved HBM9022 is an ideal candidate for combination therapy.

Considering the competitive global environment on the treatment of COVID-19, we will seek further collaboration on combination therapy with HBM9022.

Research, Development and Technology

We focus on innovative next-generation therapies in oncology and immunology 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 further develop our technology platforms. During the Reporting Period, the Company has made major progress in discovery, platform and patents as follows:

- Applied for nearly 65 patents, including a group of patents for the ADC development platform, and 6 have been granted invention patent license by the China National Intellectual Property Administration. These patent applications have further strengthened the protection of intellectual property rights of the Company's core products and technology platforms.

- Presented "Structural basis for SARS-CoV-2 neutralizing antibodies with novel binding epitopes" with the group of Academician Rao Zihe and Professor Guo Yu of Nankai University on PLOS Biology.

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

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

- 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.

- Presented the first data readout of the global Phase I trial for monotherapy of HBM4003. The abstract was published in the 2021 European Society For Medical Oncology (ESMO) Congress in September 2021.

- Presented the clinical results of Phase II trial for MG of batoclimab in the 25th World Congress of Neurology (WCN) in October 2021.

The Company has established a robust antibody discovery platform, ADC development platform and GPCR drug development platform. Leveraging 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 global academic institutions and selected industrial partners focusing on innovation and efficiency across the world. We believe our flexible business models built around our proprietary technologies and platforms 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. The collaboration covers scientific research, development and transformation of novel antibodies products, which will be based on the Harbour Mice® platform integrated with the 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, 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 next-generation solutions in the tumor immunology. 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 the Mount Sinai Healthcare System. The collaboration relates to an exclusive licensing agreement between Mount Sinai and a third party over a collection of antibodies having SARS-CoV-2 (COVID-19) neutralizing properties generated from the Harbour Mice® platform, which entitled the Company to receive 25% of the proceeds Mount Sinai derives from the license.

With the further advanced strategic collaboration with Hualan Genetic Engineering Co., Ltd. ("**Hualan Genetic**"), in respect of three innovative monoclonal antibody and bispecific antibody drugs independently developed by the Company for therapies in various types of tumors, these three assets are expected to file the INDs in 2022.

Manufacturing and Commercialization

As our pre-clinical products reach maturity, 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 a rapid 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.

Furthermore, we have commenced building an internal commercial team with in-depth knowledge, experience and expertise in 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.

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 Shanghai NK Cell Technology Limited ("**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 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 the Board. The investment in NK Cell Tech is redeemable ordinary shares with preferential rights. 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 up a new channel for our platform technology value creation and conversion. As of 31 December 2021, the Company, through its subsidiary, held 15.0% of the total equity interest of NK Cell Tech as a result of another private equity fund's investment in NK Cell Tech.

The consideration of the subscription was RMB32,660,000 in the form of cash and RMB3,400,000 in the form of technology sublicense agreements. As at 31 December 2021, the fair value of the investment is US$5.84 million, which represented 2.07% of the Company's total assets. During the Reporting Period, the Group recorded unrealized gain of US$0.18 million of its investment in NK Cell Tech.

Save as disclosed above and in this announcement, 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 limited visitors, and request visitors to wear masks, among other epidemic prevention measures.

During normal 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 relatively insignificant. The Company's offices and laboratories in Shanghai and Suzhou, China, Rotterdam, the Netherlands and Boston, the U.S. have taken effective measures in response to the epidemic, such as telecommuting and site disinfection. As of the publication date of this 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 2022, 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. We expect the epidemic to have a relatively limited impact on our operations in 2022. 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 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 2022, 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. We will further invest in HBM4003, HBM7008 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® and HBICE®, our highly effective drug discovery engine.

With the maturity of our pre-clinical products, we will continue to build internal manufacture capabilities and capacity in due course, starting from pilot scale to commercial production. It is a phased long-term plan to meet the needs of the rapid growth of the Company.

FINANCIAL REVIEW

Overview

For the year ended 31 December 2021, the Group recorded a revenue of US$4.3 million, and a loss of US$137.9 million. Other income and gains were US$6.0 million for the year ended 31 December 2021, as compared with US$5.3 million for the year ended 31 December 2020. The research and development costs of the Group were US$107.1 million for the year ended 31 December 2021, as compared with US$55.2 million for the year ended 31 December 2020. The administrative expenses were US$40.1 million for the year ended 31 December 2021, as compared with US$46.3 million for the year ended 31 December 2020. The loss on fair value change of convertible redeemable preferred shares was nil for the year ended 31 December 2021 and US$213.7 million for the year ended 31 December 2020.

Revenue

Our total revenue was US$4.3 million for the year ended 31 December 2021, as compared with US$14.1 million for the year ended 31 December 2020. We currently have no products for commercial sale. Our revenue primarily consists of molecule license fee, technology license fee and platform-based research fee. The aforementioned fees are subject to change on a case-by-case basis.

Cost of Sales

Our cost of sales consists of mice feeding costs and transportation costs, which decreased from US$0.4 million for the year ended 31 December 2020 to US$0.1 million for the year ended 31 December 2021.

Other Income and Gains

Other income and gains primarily consist of interest income, government grants recognized and other miscellaneous income, which increased from US$5.3 million for the year ended 31 December 2020 to US$6.0 million for the year ended 31 December 2021, primarily due to an increase of bank deposit interest income and government subsidy and grants.

Research and Development Costs

Our research and development expenses increased significantly from US$55.2 million for the year ended 31 December 2020 to US$107.1 million for the year ended 31 December 2021. This increase was primarily attributable to the combined impact of (i) an increase in materials and third-party contracting costs from US$25.0 million for the year ended 31 December 2020 to US$61.9 million for the year ended 31 December 2021 due to our increased investments in key clinical programs and molecule assets in discovery and pre-clinical stages; (ii) an increase in employee cost from US$22.7 million for the year ended 31 December 2020 to US$28.5 million for the year ended 31 December 2021, mainly caused by an increase in the headcount of our research scientists and development clinician to support in driving our R&D programs.

	For the year ended December 31			
	2021		2020	
	US$ in thousands		*US$ in thousands*	
Upfront and milestone fees	**7,598**	**7.1%**	1,000	1.8%
Employee costs	**28,472**	**26.6%**	22,724	41.1%
Materials	**9,935**	**9.3%**	4,304	7.8%
Third-party contracting costs	**51,983**	**48.5%**	20,657	37.5%
Depreciation and amortization	**5,113**	**4.8%**	4,105	7.4%
Others	**4,002**	**3.7%**	2,454	4.4%
	107,103	**100.0%**	55,244	100.0%

Administrative Expenses

Our administrative expenses decreased from US$46.3 million for the year ended 31 December 2020 to US$40.1 million for the year ended 31 December 2021, primarily attributable to (i) US$6.6 million listing expenses of the Company which were incurred for the year ended 31 December 2020; (ii) a decrease in employee cost from US$33.6 million for the year ended 31 December 2020 to US$28.0 million for the year ended 31 December 2021 caused by the decrease of share-based payment expenses in relation to our administration headcount; and (iii) partially offset by increased expenses of consulting and professional services.

	For the year ended December 31			
	2021		2020	
	US$ in thousands		*US$ in thousands*	
Employee costs	**28,046**	**70.0%**	33,640	72.7%
Professional expenses	**8,749**	**21.8%**	3,786	8.2%
Depreciation and amortization	**1,696**	**4.2%**	1,128	2.4%
Listing expenses	**–**	**0.0%**	6,580	14.2%
Others	**1,576**	**4.0%**	1,160	2.5%
	40,067	**100.0%**	46,294	100.0%

Loss on Fair Value Change of Convertible Redeemable Preferred Shares

For the year ended 31 December 2021, we did not have any fair value loss of convertible redeemable preferred shares, as compared to US$213.7 million of the fair value losses of convertible redeemable preferred shares for the year ended 31 December 2020, primarily attributable to all preferred shares that 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 Year

As a result of the above factors, the loss for the year of the Group decreased by US$158.7 million from US$296.5 million for the year ended 31 December 2020 to US$137.9 million for the year ended 31 December 2021.

Ageing Analysis of Accounts Receivable

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

Ageing Analysis of Accounts Payables

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

	2021	2020
	USD'000	*USD'000*
Within 1 month	**23,358**	7,740
1-3 months	**2,562**	197
3-6 months	**26**	–
6-12 months	**47**	23
	25,993	7,960

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 proceeds from IPO and pre-IPO fund raising. We closely monitor uses of 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 of 31 December	
	2021	2020
Current ratio[(1)]	**5.87**	14.45
Gearing ratio[(2)]	**N/A[(3)]**	N/A[(3)]

(1) Current ratio is calculated using current assets divided by current liabilities as of 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 equity attributable to owners of the parent.

(3) As at 31 December 2021 and 31 December 2020, the Group's cash and bank balances exceeded the financial liabilities. As such, no gearing ratio as of 31 December 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 year ended 31 December 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 of 31 December 2021, the Group had no pledge of assets.

Contingent Liabilities

The Group had no material contingent liabilities as of 31 December 2021 (as of 31 December 2020: nil).

Foreign Exchange Exposure

During the year ended 31 December 2021, the Group mainly operated in China and the majority of the transactions were settled in the Renminbi ("**RMB**"), whereas the funding source of the Company was United States dollars ("**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 31 December 2021.

Bank Loans and Other Borrowings

As of 31 December 2021, we had bank loans of US$12.1 million and lease liabilities of US$7.4 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 31 December 2021			
Lease liabilities	2,594	4,826	7,420
Bank borrowing — unsecured*	797	10,479	11,276
As of 31 December 2020			
Lease liabilities	1,447	278	1,725

* The bank borrowings carry interest at rates ranging from 4.10% to 4.60% (2020: Nil) per annum.

Employees and Remuneration

As of 31 December 2021, 370 of our employees were located in the PRC, 14 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 31 December 2021:

Function	**Number of Employees**	**% of Total Employees**
Research and Development	256	66.5
General and Administrative	129	33.5
Total	385	100.0

The total remuneration cost incurred by the Group for the year ended 31 December 2021 was US$56.5 million (including share-based payment expenses and certain one-time compensation expenses amounting to US$20.5 million), as compared to US$56.4 million (including share-based payment expenses amounting to US$36.9 million) for the year ended 31 December 2020.

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

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Wednesday, 8 June 2022 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Wednesday, 8 June 2022. The register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 1 June 2022.

POST BALANCE SHEET EVENTS

On 4 March 2022, Ms. Weiwei Chen ("**Ms. Chen**") and the Company entered into a renewed consultancy agreement (the "**Renewed Consultancy Agreement**") for a term commencing from 1 March 2022 to 31 December 2022, for the continued provision of consultancy services by Ms. Chen to the Group in relation to the business and operation of the Group, after the expiry of the consultancy agreements for the provision of the consultancy services entered into by Ms. Chen and the Company for a term for seven months commencing from 9 June 2021 to 31 December 2021 and for a term of two months ended on 28 February 2022 (the "**Previous Consultancy Agreements**"). The historical transaction amounts of the Previous Consultancy Agreements were RMB2,405,095.45. Ms. Chen is a non-executive Director of the Company, and therefore is a connected person of the Company according to Chapter 14A of the Listing Rules. The transactions contemplated under the Previous Consultancy Agreements and the Renewed Consultancy Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules. For details of the Renewed Consultancy Agreement and the Previous Consultancy Agreements, please refer to the Company's announcements dated 9 June 2021 and 4 March 2022.

Save as disclosed above, there are no significant post balance sheet events affecting our Company that have occurred since the end of the Reporting Period to the date of this announcement.

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 Provisions of the Corporate Governance Code

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (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 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.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2021.

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 the Reporting Period.

3. Scope of Work of the Company's Auditors

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

4. 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 has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021 and has met with the independent auditor, Ernst & Young. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and risk management and internal control with senior management members of the Company.

5. Other Board Committees

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

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

Pursuant to the rules of the equity incentive plan, the Company has set up the trust and other entities of the plan for the purposes of administering the equity incentive plan and holding the shares before vested and the expiry of the effective period.

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.

7. 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 of 31 December 2021.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2020 (HK$ million)	Utilised for the year ended 31 December 2021 (HK$ million)	Unutilised amount as at 31 December 2021 (HK$ million)
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of batoclimab (HBM9161), one of our Core Products	29%	480.4	0	165.3	315.1
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	0	89.0	43.5
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	0	107.7	273.3
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	0	99.4	149.1
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	12%	198.8	0	87.6	111.2
Funding the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms	5%	82.9	0	33.2	49.7
Working capital and other general corporate purposes	8%	132.5	0	53.0	79.5
Total	**100%**	**1,656.6**	**0**	**635.1**	**1,021.5**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
REVENUE	*6*	**4,308**	14,107
Cost of sales		**(137)**	(449)
Gross profit		**4,171**	13,658
Other income and gains	*6*	**5,965**	5,270
Administrative expenses		**(40,067)**	(46,294)
Research and development costs		**(107,103)**	(55,244)
Loss on fair value change of convertible redeemable preferred shares	*24*	**–**	(213,703)
Other expenses		**(619)**	(45)
Finance costs	*7*	**(176)**	(280)
LOSS BEFORE TAX	*8*	**(137,829)**	(296,638)
Income tax (expense)/credit	*9*	**(49)**	99
LOSS FOR THE YEAR		**(137,878)**	(296,539)
Attributable to:			
Owners of the parent		**(137,777)**	(296,397)
Non-controlling interests		**(101)**	(142)
		(137,878)	(296,539)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (USD)	*11*	**(0.19)**	(1.69)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021	2020
	USD'000	*USD'000*
LOSS FOR THE YEAR	**(137,878)**	(296,539)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(261)**	(656)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(261)**	(656)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(138,139)**	(297,195)
Attributable to:		
Owners of the parent	**(138,038)**	(297,053)
Non-controlling interests	**(101)**	(142)
	(138,139)	(297,195)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	**2021** ***USD'000***	2020 *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**11,789**	10,262
Right-of-use assets	*13*	**7,287**	1,351
Intangible assets	*14*	**8,492**	7,800
Prepayments, other receivables and other assets	*16*	**8,083**	29
Other financial assets	*17*	**5,843**	–
Total non-current assets		**41,494**	19,442
CURRENT ASSETS			
Trade receivables	*15*	**26**	1,056
Prepayments, other receivables and other assets	*16*	**24,537**	11,293
Other financial assets	*17*	**–**	153
Cash and bank balances	*18*	**216,304**	356,794
Total current assets		**240,867**	369,296
CURRENT LIABILITIES			
Trade payables	*19*	**25,993**	7,960
Other payables and accruals	*20*	**10,439**	14,784
Contract liabilities	*21*	**1,232**	1,361
Interest-bearing bank and other borrowings	*22*	**797**	–
Lease liabilities	*13*	**2,594**	1,447
Total current liabilities		**41,055**	25,552
NET CURRENT ASSETS		**199,812**	343,744
TOTAL ASSETS LESS CURRENT LIABILITIES		**241,306**	363,186

	Notes	2021 *USD'000*	2020 *USD'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*22*	**11,256**	–
Lease liabilities	*13*	**4,826**	278
Deferred tax liabilities	*23*	**1,947**	1,900
Contract liabilities	*21*	**363**	–
Total non-current liabilities		**18,392**	2,178
Net assets		**222,914**	361,008
EQUITY			
Equity attributable to owners of the parent			
Share capital		**19**	19
Treasury shares		**(8,116)**	(1)
Reserves		**231,290**	361,168
		223,193	361,186
Non-controlling interests		**(279)**	(178)
Total equity		**222,914**	361,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 year, the Company's subsidiaries were engaged in the business of developing innovative therapeutics in the fields of immuno-oncology and immunology diseases.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for other financial assets and convertible redeemable preferred shares which have been measured at fair value. These financial statements are presented in US dollars ("**USD**") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

4. ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,4]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to "IFRS Standards" 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[1]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in the accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

5. 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.

Geographical information

(a) Revenue from external customers

	2021	2020
	USD'000	*USD'000*
United States	**2,669**	6,633
Mainland China	**1,524**	7,250
Europe	**77**	133
Others	**38**	91
	4,308	14,107

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

(b) Non-current assets

	2021	2020
	USD'000	*USD'000*
Mainland China	**26,805**	11,499
Europe	**7,600**	7,601
United States	**1,246**	342
	35,651	19,442

Except for the intangible asset information which is based on the countries of the respective subsidiaries owning the assets, the 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:

	2021	2020
	USD'000	*USD'000*
Customer A	**1,875**	–
Customer B	**993**	–
Customer C	**472**	–
Customer D	**335**	6,277
Customer E	**–**	5,474
Customer F	**–**	1,451
	3,675	13,202

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	USD'000	*USD'000*
Types of goods or services		
– Technology license fee	**1,961**	1,133
– Molecule license fee	**2,347**	12,838
– Platform-based research fee	**–**	136
	4,308	14,107

Revenue from contracts with customers

(i) Disaggregated revenue information

	2021	2020
	USD'000	*USD'000*
Timing of revenue recognition		
At a point in time		
– Molecule license fee	**2,347**	12,838
– Platform-based research fee	**–**	136
Over time		
– Technology license fee	**1,961**	1,133
	4,308	14,107

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 the reporting period:

	2021	2020
	USD'000	*USD'000*
Technology license fee	**536**	315
Molecule license fee	**–**	3,462
Platform-based research fee	**–**	–
	536	3,777

(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 the 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 of 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 31 December are as follows:

	2021	2020
	USD'000	*USD'000*
Amounts expected to be recognised as revenue:		
– Within one year	**388**	2,560
– After one year	**1,440**	4,966
	1,828	7,526

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:

	2021	2020
	USD'000	*USD'000*
Other income and gains		
– Government grants recognised*	**2,820**	2,440
– Interest income	**2,269**	826
– Foreign exchange gains, net	**691**	1,950
– Gains on fair value change of other financial assets	**185**	–
– Others	**–**	54
	5,965	5,270

* 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.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	USD'000	*USD'000*
Interest on lease liabilities	**159**	99
Interest on bank borrowings	**17**	–
Transaction costs for the issue of convertible redeemable preferred shares	**–**	181
	176	280

8. LOSS BEFORE TAX

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

	Notes	**2021** ***USD'000***	2020 *USD'000*
Cost of sales		**(137)**	(449)
Depreciation of property, plant and equipment	*12*	**(4,628)**	(3,857)
Depreciation of right-of-use assets	*13*	**(1,925)**	(1,240)
Amortisation of intangible assets	*14*	**(256)**	(532)
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		**(46,477)**	(18,884)
– Pension scheme contributions*		**(1,881)**	(591)
– Share-based payment expenses		**(8,160)**	(36,889)
Reversal of provision on an amount due from a shareholder		**–**	100
Loss on fair value change of convertible redeemable preferred shares	*24*	**–**	(213,703)
Listing expenses		**–**	(6,580)
Auditors' remuneration		**(549)**	(352)
Lease expenses arising from short-term leases	*13*	**(493)**	(292)
Foreign exchange gains, net		**691**	1,950

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

9. INCOME TAX

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 year, 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%), 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% (2020: 25%).

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 15% (2020: 19%) 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 year.

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/(credit) of the Group are as follows:

	2021	2020
	USD'000	*USD'000*
Current income tax	**2**	–
Deferred income tax (note 23)	**47**	(99)
Total tax expense/(credit) for the year	**49**	(99)

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rate applicable in Mainland China to the tax expense/(credit) at the effective tax rates is as follows:

	2021	2020
	USD'000	*USD'000*
Loss before tax	**(137,829)**	(296,638)
Tax at a tax rate of 25%	**(34,457)**	(74,160)
Effect of different tax rates enacted by local authorities	**15,885**	67,254
Tax losses not recognised	**20,390**	8,218
Expenses not deductible for tax purposes	**5,065**	2,685
Additional deductible allowance for qualified research and development costs	**(6,834)**	(3,615)
Tax losses utilised from previous years	**–**	(481)
Tax expense/(credit) at the Group's effective tax rate	**49**	(99)

10. DIVIDENDS

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

11. 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 year, after giving due consideration to the share subdivision occurred on 10 December 2020. The share subdivision was treated as having been in issue for the whole year 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 years ended 31 December 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 years ended 31 December 2021 and 2020 are the same as the basic loss per share amounts of the respective years.

	2021	2020
Loss		
Loss attributable to owners of the parent (USD'000)	**(137,777)**	(296,397)
Shares		
Weighted average number of ordinary shares in issue during the year	**732,377,357**	175,804,418
Basic and diluted loss per share (USD per share)	**(0.19)**	(1.69)

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery *USD'000*	Electronic equipment *USD'000*	Furniture and fixtures *USD'000*	Leasehold improvements *USD'000*	Construction in process *USD'000*	Total *USD'000*
31 December 2021						
Cost						
As at 1 January 2021	**12,987**	**481**	**193**	**4,442**	**–**	**18,103**
Additions	**3,093**	**318**	**161**	**1,508**	**841**	**5,921**
Exchange differences	**319**	**15**	**6**	**121**	**–**	**461**
As at 31 December 2021	**16,399**	**814**	**360**	**6,071**	**841**	**24,485**
Accumulated depreciation						
As at 1 January 2021	**(5,014)**	**(263)**	**(97)**	**(2,467)**	**–**	**(7,841)**
Charge for the year	**(2,751)**	**(163)**	**(54)**	**(1,660)**	**–**	**(4,628)**
Exchange differences	**(140)**	**(9)**	**(2)**	**(76)**	**–**	**(227)**
As at 31 December 2021	**(7,905)**	**(435)**	**(153)**	**(4,203)**	**–**	**(12,696)**
Net carrying amount						
As at 31 December 2021	**8,494**	**379**	**207**	**1,868**	**841**	**11,789**
As at 31 December 2020	**7,973**	**218**	**96**	**1,975**	**–**	**10,262**
31 December 2020						
Cost						
As at 1 January 2020	12,006	379	178	3,977	–	16,540
Additions	185	72	3	180	–	440
Exchange differences	796	30	12	285	–	1,123
As at 31 December 2020	12,987	481	193	4,442	–	18,103
Accumulated depreciation						
As at 1 January 2020	(2,316)	(128)	(49)	(1,050)	–	(3,543)
Charge for the year	(2,422)	(120)	(43)	(1,272)	–	(3,857)
Exchange differences	(276)	(15)	(5)	(145)	–	(441)
As at 31 December 2020	(5,014)	(263)	(97)	(2,467)	–	(7,841)
Net carrying amount						
As at 31 December 2020	7,973	218	96	1,975	–	10,262
As at 31 December 2019	9,690	251	129	2,927	–	12,997

As at 31 December 2021, there were no pledged property, plant and equipment (2020: Nil).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases certain buildings for its office and laboratory use. The movements in right-of-use assets and lease liabilities during the year are as follows:

	2021	2020
	USD'000	*USD'000*
Right-of-use assets		
Carrying amount at 1 January	**1,351**	1,829
Additions	**7,849**	786
Depreciation charge	**(1,925)**	(1,240)
Exchange differences	**12**	51
Termination	**–**	(75)
Carrying amount at 31 December	**7,287**	1,351

	2021	2020
	USD'000	*USD'000*
Lease liabilities		
Carrying amount at 1 January	**1,725**	1,908
New leases	**7,849**	786
Interest during the year	**159**	99
Payments	**(2,332)**	(1,105)
Exchange differences	**19**	138
Termination	**–**	(101)
Carrying amount at 31 December	**7,420**	1,725
Analysed into:		
Current portion	**2,594**	1,447
Non-current portion	**4,826**	278

The amounts recognised in profit or loss in relation to leases are as follows:

	2021	2020
	USD'000	*USD'000*
Depreciation charge of right-of-use assets	**1,925**	1,240
Expense relating to short-term leases	**493**	292
Interest on lease liabilities	**159**	99
Total amount recognised in profit or loss	**2,577**	1,631

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2021	2020
	USD'000	*USD'000*
Within operating activities	**493**	292
Within financing activities	**2,332**	1,105
	2,825	1,397

14. INTANGIBLE ASSETS

	Software *USD'000*	Backlog *USD'000*	Technology licencing agreement *USD'000*	Total *USD'000*
31 December 2021				
Cost				
As at 1 January 2021	**382**	**1,728**	**7,600**	**9,710**
Additions	**943**	**–**	**–**	**943**
Exchange differences	**9**	**–**	**–**	**9**
As at 31 December 2021	**1,334**	**1,728**	**7,600**	**10,662**
Amortisation				
As at 1 January 2021	**(182)**	**(1,728)**	**–**	**(1,910)**
Charge for the year	**(256)**	**–**	**–**	**(256)**
Exchange differences	**(4)**	**–**	**–**	**(4)**
As at 31 December 2021	**(442)**	**(1,728)**	**–**	**(2,170)**
Net carrying amount				
As at 31 December 2021	**892**	**–**	**7,600**	**8,492**
31 December 2020				
Cost				
As at 1 January 2020	232	1,728	7,600	9,560
Additions	134	–	–	134
Exchange differences	16	–	–	16
As at 31 December 2020	382	1,728	7,600	9,710
Amortisation				
As at 1 January 2020	(36)	(1,332)	–	(1,368)
Charge for the year	(136)	(396)	–	(532)
Exchange differences	(10)	–	–	(10)
As at 31 December 2020	(182)	(1,728)	–	(1,910)
Net carrying amount				
As at 31 December 2020	200	–	7,600	7,800

Technology licencing agreement was recognised from the Group's acquisition of Harbour Antibodies BV and its subsidiaries ("**HA Group**") in 2016 (the "**2016 Acquisition**") for HA Group's license agreement with the licensors, who exclusively licensed the Harbour Technology to HA Group to research, develop, manufacture, market, supply, keep or otherwise exploit antibodies in all fields of use and to sublicense the Harbour Technology, which the licensors will further develop together with the characteristic of the Harbour Mice® through providing research consultancy services to Harbour Antibodies BV.

Impairment testing of technology licencing agreement

As the technology licencing agreement between HA Group and the licensors has no expiration date and HA Group had a long-term cooperation history with the licensors for further development of the Harbour Technology, the Group expects the technology licencing agreement with the licensors to have an indefinite useful life. Management tests the technology licencing agreement with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount.

The recoverable amount of the technology licencing agreement is determined based on the fair value less costs of disposal, and the fair value of the technology licencing agreement is determined using the relief from royalty method taking into account the nature of the asset, using cash flow projections based on financial budgets covering a 14-year period, and the growth rate used to extrapolate the cash flows beyond the 14-year period is 3% (2020: 3%), which is close to the long-term inflation rate. Management believes that using a 14-year forecast period is appropriate because it generally takes longer for a biotechnology company to use the technologies to generate therapeutics and develop them into products to reach perpetual growth mode when the market of such products is developing with substantial growth potential. Hence, financial budget covering a 14-year period is more feasible and reflects a more accurate value. The fair value measurement hierarchy of the technology licencing agreement was Level 3. Other key assumptions to the valuation model used are as follows:

	2021	2020
Discount rates	**16.0%**	16.0%
Royalty rates	**6.0%**	6.0%

Discount rates – The discount rates used are before tax and reflect specific risks relating to the technology licencing agreement.

Royalty rates – The basis used to determine the value assigned to royalty rates is the market royalty rate where the technology licencing agreement is located, taking into account the profitability of the Group and other qualitative factors.

15. TRADE RECEIVABLES

	2021	2020
	USD'000	*USD'000*
Within 3 months	**26**	1,056
	26	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 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.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021	2020
	USD'000	*USD'000*
Prepayments *(i)*	**26,424**	5,665
Value-added tax recoverable	**4,243**	4,127
Other receivables	**1,283**	1,067
Deposits	**670**	463
	32,620	11,322
Less: Non-current portion		
Prepayments *(i)*	**8,083**	29
Current portion	**24,537**	11,293

(i) Prepayments primarily consist of prepayments made in connection with the purchase of reagents and research and development related devices and services, construction in process and other prepaid expenses.

The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand.

The financial assets included in the above balances relate to receivables for which there were no recent history of default. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the expected credit loss in respect of these balances is minimal.

17. OTHER FINANCIAL ASSETS

	2021		2020	
	Categories	**Carrying amount *USD'000* *(Audited)***	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**	**5,843**	FVPL	–
		5,843		153
Non-current assets		**5,843**		–
Current assets		**–**		153
		5,843		153

FVPL[1]: 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 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.

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 31 December 2021, the Group held 15% interests in NK as a result of another private equity fund's investment in NK.

18. CASH AND BANK BALANCES

	2021	2020
	USD'000	*USD'000*
Cash and bank balances	**216,304**	356,794
Less:		
Time deposits with original maturity of more than three months but less than one year when acquired	**(160,000)**	(100,000)
Cash and cash equivalents	**56,304**	256,794
Denominated in:		
USD	**182,606**	342,490
RMB	**32,243**	10,612
Others	**1,455**	3,692
	216,304	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.

19. TRADE PAYABLES

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

	2021	2020
	USD'000	*USD'000*
Within 1 month	**23,358**	7,740
1-3 months	**2,562**	197
3-6 months	**26**	–
6-12 months	**47**	23
	25,993	7,960

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

20. OTHER PAYABLES AND ACCRUALS

	2021	2020
	USD'000	*USD'000*
Other payables	**1,808**	8,807
Other accrued expenses	**2,289**	2,513
Payroll and welfare	**5,850**	3,335
Other tax payables	**492**	129
	10,439	14,784

Other payables are non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals approximate to their fair values.

21. CONTRACT LIABILITIES

	31 December 2021	31 December 2020	1 January 2020
	USD'000	*USD'000*	*USD'000*
Amounts received in advance for platform-based research fee	**157**	153	144
Amounts received in advance for the technology license fee	**1,124**	901	570
Amounts received in advance for molecule license fee	**314**	307	3,715
	1,595	1,361	4,429
Less: non-current portion			
Amounts received in advance for the technology license fee	**363**	–	–
Current portion	**1,232**	1,361	4,429

The increase in contract liabilities as at 31 December 2021 was mainly due to the increase related to technology license fee. The decrease in contract liabilities as at 31 December 2020 was mainly due to the satisfaction of the performance obligation related to platform-based research fee and molecule license fee.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021 *USD'000*
Bank borrowings – unsecured	**12,053**
	12,053
Analysed into:	
On demand or within one year	**797**
More than one year, but not exceeding five years	**11,256**
	12,053
Current	**797**
Non-current	**11,256**

As at 31 December 2021, the Group's overdraft bank facilities amounted to RMB250,000,000 (31 December 2020: Nil), of which RMB76,765,000 (31 December 2020: Nil) had been utilized.

The bank borrowings carry interest at rates ranging from 4.10% to 4.60% (2020: Nil) per annum.

The directors estimate that the carrying amounts of the Group's current and non-current borrowings approximate to their fair values.

23. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

	Fair value adjustments arising from acquisition of subsidiaries *USD'000*
31 December 2021	
As at 1 January 2021	**1,900**
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 9)*	**47**
As at 31 December 2021	**1,947**
31 December 2020	
As at 1 January 2020	1,999
Deferred tax credited to the consolidated statement of profit or loss during the year *(note 9)*	(99)
As at 31 December 2020	1,900

Deferred tax assets have not been recognised in respect of the following items:

	2021	2020
	USD'000	*USD'000*
Tax losses	**252,119**	118,212
	252,119	118,212

The following table shows the tax losses information based on the locations of subsidiaries:

	2021	2020
	USD'000	*USD'000*
Mainland China (tax losses expire in one to five years)	**238,504**	110,006
Netherlands (tax losses expire in one to five years)	**8,079**	5,278
United States (tax losses with no expiration)	**5,536**	2,928
	252,119	118,212

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

24. 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 the 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	**Series A3 Preferred Shares**	**Series B Preferred Shares**	**Series B2 Preferred Shares**	**Series C Preferred Shares**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
As at 1 January 2020	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 31 December 2021	–	–	–	–	–	–

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.harbourbiomed.com**. The annual report of the Group for the year ended 31 December 2021 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

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

Hong Kong, 24 March 2022

As of the date of this announcement, the Board comprises Dr. Jingsong Wang and Mr. Xiaoxiang Chen 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.