和鉑醫藥控股有限公司

HBM Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02142)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Directors**") of HBM Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2022 (the "**Reporting Period**"). These results have been reviewed by the Company's audit committee (the "**Audit Committee**").

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

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2022	2021
	US$ in thousand	*US$ in thousand*
	(Unaudited)	(Unaudited)
Revenue	**27,630**	2,212
Cost of sales	**(68)**	–
Other income and gains	**2,755**	2,681
Research and development costs	**(83,619)**	(41,183)
Administrative expenses	**(15,339)**	(25,268)
Finance costs	**(574)**	(39)
Other expenses	**(3,635)**	–
Income tax expense	**(229)**	(18)
Loss for the period	**(73,079)**	(61,615)
Loss per share (Basic and diluted) (USD)	**(0.10)**	(0.08)

	As of	
	30 June 2022	As of 31 December 2021
	US$ in thousand	*US$ in thousand*
	(Unaudited)	(Audited)
Cash and bank balances	**202,856**	216,304
Total assets	**268,307**	282,361
Total liabilities	**111,508**	59,447
Total equity	**156,799**	222,914

BUSINESS HIGHLIGHTS

1. BUSINESS DEVELOPMENTS

a. Entered into a global out-license agreement with AstraZeneca to develop and commercialize HBM7022, a novel bispecific antibody generated from the HBICE® Platform of the Company, receiving an upfront payment of US$25 million with the potential for additional payments of up to US$325 million in aggregate and royalties. In June 2022, we received the upfront payment from AstraZeneca.

b. The Company entered into a subscription agreement with Shanghai NK Cell Technology Limited ("NK Cell Tech") in June 2021, pursuant to which the Company granted its platform non-exclusive sublicense to NK Cell Tech for specific cell therapy. In June 2022, NK Cell Tech, announced that it has completed its A round financing with a fund raising over RMB100 million. This collaboration shows the expandability of our platform technology application scenarios which generate impactful values to the Company in the diversified deployment of next generation innovation.

c. Commenced collaborations on antibody-drug conjugate ("ADC") projects with LegoChem Biosciences Inc. ("LCB") and Duality Biotherapeutics, Inc. ("Duality Biologics"), pursuant to which two products were granted to the collaborators.

d. Further advanced the strategic collaboration with Hualan Genetic Engineering Co., Ltd. ("Hualan Genetic") in respect of three innovative monoclonal antibody and bispecific antibody drugs which are expected to file the Investigational New Drug ("**IND**") application in 2022 and 2023.

e. Further advanced the collaboration with BioMap and entered into a new agreement of co-development of innovative therapies to explore the integration of Harbour Mice® Platform and AI technology developed by BioMap during 2021 to 2022.

f. Certain innovative molecules, generated from the collaboration between Innovent Biologics, Inc. ("Innovent Biologics") and the Company, have already been advanced to clinical stage by Innovent Biologics.

g. Advanced the collaboration with Boston Children's Hospital by leveraging state of the art target discovery and antibody design platform in the identification of novel antibody therapeutics.

2. REGISTRATIONAL TRAILS

a. Completed the recruitment of patients in ongoing Phase III clinical trial of HBM9161 (Batoclimab) for Myasthenia Gravis ("MG") in July 2022.

b. Completed the first interim analysis of ongoing Phase III trial of HBM9036 (Tanfanercept) for Dry Eye Disease ("DED") in January 2022.

3. HBM4003

Monotherapy

a. Released the topline data of the Phase Ib/II monotherapy trial at American Society of Clinical Oncology ("ASCO") 2022 in June 2022.

Combo with PD-1 for Melanoma

b. Completed the patients recruitment of the Phase Ib/II trial in March 2022.

c. Released the topline data of the Phase Ia trial at ASCO 2022 in June 2022.

Combo with PD-1 for Non-Small Cell Lung Caner ("NSCLC")

d. Completed the patients recruitment of the Phase Ib/II trial in the first half of 2022.

e. Released the topline data of the Phase I trial at World Conference of Lung Cancer ("WCLC") 2022 in August 2022.

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

f. Completed first dosing of first patient in Phase I trials in January 2022.

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

g. Completed first dosing of first patient in Phase I trials in January 2022.

h. Completed the patients recruitment of Phase Ib trial in August 2022.

4. HBM7008

a. Obtained the Institutional Review Boards ("**IRB**") approval to commence Phase I trial for solid tumors in Australia in February 2022.

b. Completed first dosing of first patient in Phase I trial in Australia in May 2022.

c. Obtained the IND clearance to commence Phase I trial for solid tumors from National Medical Products Administration of the People's Republic of China ("**NMPA**") and U.S. Food and Drug Administration ("**U.S. FDA**") in June 2022.

5. HBM9378

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

6. ACADEMIC CONVENTION

a. Presented the data results of Phase II trial of HBM9036 in China on International Ophthalmology in February 2022.

b. Presented HBM9027 (PD-L1xCD40), a novel bispecific antibody at the American Association for Cancer Research ("AACR") Annual Meeting in April 2022.

c. Presented a novel molecule named 87G7 which is an ACE2-blocking antibody conferring broad neutralization and protection against Omicron and other SARS-CoV-2 variants of concern on Science Immunology in April 2022.

d. Presented two topline data of HBM4003 in Phase I trial of mono therapy and Phase Ia trial of combination with PD-1 at ASCO 2022 Annual Meeting in June 2022.

e. Presented preclinical results of the next-generation fully human heavy-chain antibody HBM4003 on Proceedings of the National Academy of Sciences ("PNAS") in August 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

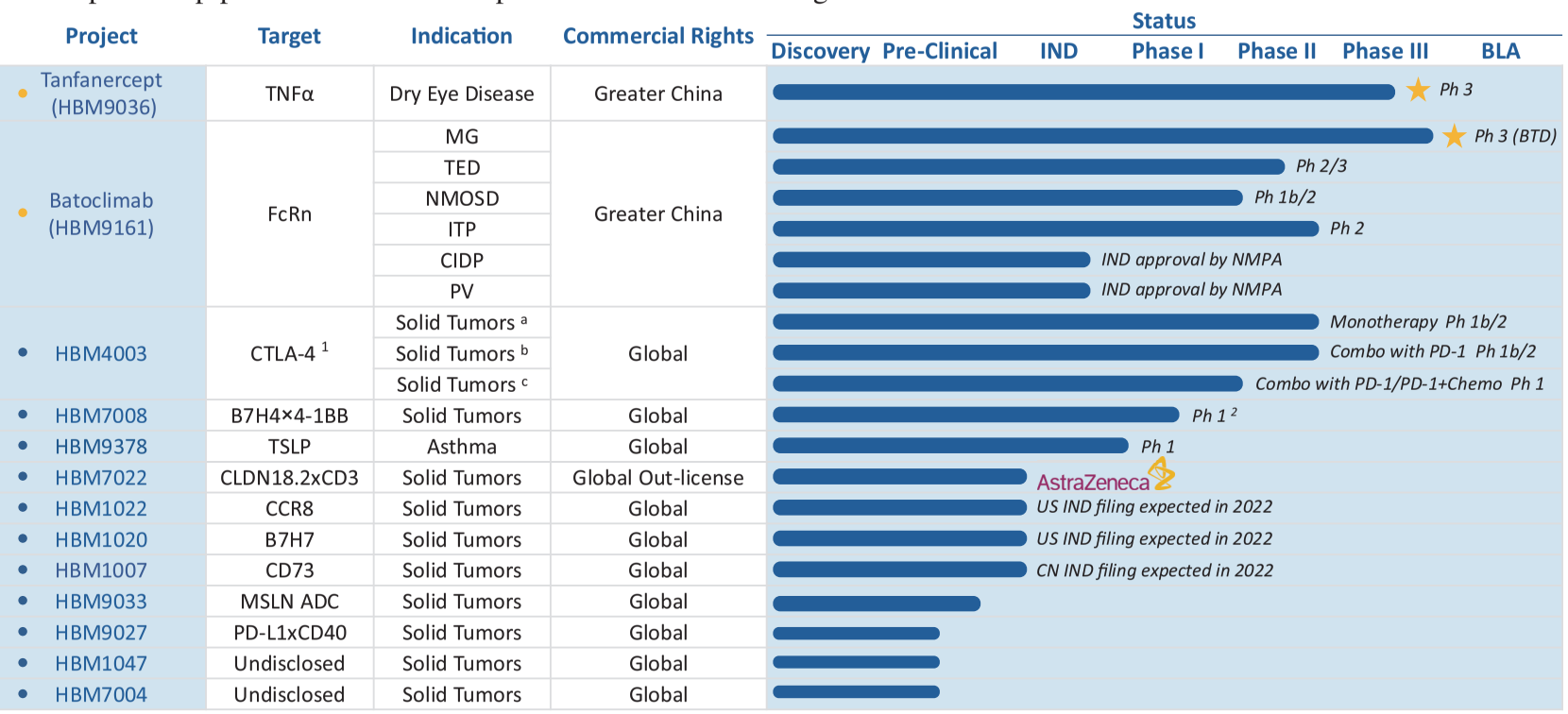
Our proprietary antibody technology platforms, Harbour Mice®, generate fully human monoclonal antibodies in the classical two heavy and two light chain (H2L2) format, as well as heavy chain only (HCAb) format. Building upon our HCAb antibodies, the HCAb-based immune cell engagers (HBICE®) are capable 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 in driving 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 not only innovate through our internal research and development capability, but also expand our business collaborations with leading academic institutions and selected industry partners across the world. We believe our flexible business models which are built around our proprietary technologies and platforms can and will maximize our platform value by leveraging on the complementary advantages from the Company and our collaborators.

Portfolio:

We have 12 drug candidates focusing on oncology and immunology diseases in pre-clinical to late clinical stages. The following table summarizes our product pipeline and the development status of each drug candidate in the areas indicated in the chart.

Project	Target	Indication	Commercial Rights
● Tanfanercept (HBM9036)	TNFα	Dry Eye Disease	Greater China
● Batoclimab (HBM9161)	FcRn	MG	Greater China
		TED	
		NMOSD	
		ITP	
		CIDP	
		PV	
● HBM4003	CTLA-4 [1]	Solid Tumors [a]	Global
		Solid Tumors [b]	
		Solid Tumors [c]	
● HBM7008	B7H4×4-1BB	Solid Tumors	Global
● HBM9378	TSLP	Asthma	Global
● HBM7022	CLDN18.2xCD3	Solid Tumors	Global Out-license
● HBM1022	CCR8	Solid Tumors	Global
● HBM1020	B7H7	Solid Tumors	Global
● HBM1007	CD73	Solid Tumors	Global
● HBM9033	MSLN ADC	Solid Tumors	Global
● HBM9027	PD-L1xCD40	Solid Tumors	Global
● HBM1047	Undisclosed	Solid Tumors	Global
● HBM7004	Undisclosed	Solid Tumors	Global



★ Registrational Clinical Trial ● In-license Program ● Program from HBM Discovery Platforms

HARBOUR BIOMED

1. HBM4003 is a next generation anti-CTLA-4 with enhanced ADCC for Treg depletion
2. HBM7008 completed Ph 1 FPFD in Australia in May, CN IND approval and US IND clearance in June 2022

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

Notes:

ITP: Immune thrombocytopenia
TED: Thyroid Eye Disease
MG: Myasthenia Gravis
NMOSD: Neuromyelitis optical spectrum disorder
CIDP: Chronic inflammatory demyelinating polyneuropathy
PV: Pemphigus Vulgaris
HCC: Hepatocellular carcinoma
RCC: Renal cell carcinoma
NSCLC: Non-Small Cell Lung Cancer
NET/NEC: Neuroendocrine Tumor/Neuroendocrine Cancer

Business Review

Since 2022, China's healthcare reform has further deepened, and the reform of the pharmaceutical industry has gradually developed in depth and breadth amidst policy and market changes. Looking back at the overall industry landscape, the adjustment of medical insurance catalogs, medical insurance price negotiations and the new round of volume-based procurement have brought continuous challenges to drug prices, especially for the pricing of less differentiated products. Meanwhile, the exploration of medical insurance payment reform has also driven the industry to focus more on the drugs' potency-price ratio. On one hand, the newly revised "Drug Registration Regulation of PRC" (the "DRR") took effect on 1 July 2020. The DRR and its complementary measures provide an accelerated pathway for new drug launches, aiming to encourage clinical value-oriented drug innovation, accelerate the filing of clinically urgent drugs and address unmet clinical needs, which will ultimately benefit more patients. 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 population, industry demand is still huge and growing steadily, and the industry as a whole is still on an upward trend which brings greater market opportunities for differentiated innovative drugs. Since the promulgation of the Drug Administration Law, policies orientation has continued to encourage clinical value-oriented drug innovation. The Company has been upholding the clinical value-oriented product line layout, and the forward-looking clinical development.

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

Our Product Development

Business Developments

During the Reporting Period, we continued to expand our business collaborations with leading academic institutions and selected industry partners focusing on innovation and efficiency across the world. We believe our flexible business models built around our proprietary technologies and our strong internal discovery capabilities can and will maximize our platform value by leveraging complementary advantages from the Company and our collaborators. 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.

1. HBM7022 Out-licensed to AstraZeneca

In April 2022, we entered into a global out-license agreement with AstraZeneca to develop and commercialize HBM7022, a novel bispecific antibody generated from the HBICE® Platform of the Company. Pursuant to the said agreement, the Company shall receive one-time, non-refundable upfront payment in the amount of US$25 million, potential milestone payments of up to US$325 million in aggregate, based on pending achievement of certain regulatory, development, and sales milestones, and the tiered royalties. In June 2022, we received the upfront payment from AstraZeneca. This collaboration and recognition by an industry leading global biopharmaceutical company marks a major milestone in the business development of the Company, validating the potential of the Company's technology platform and innovation capabilities.

2. Exploration on NK Cell Therapy

The Company entered into a subscription agreement with NK Cell Tech in June 2021, pursuant to which the Company granted its platform non-exclusive sublicense to NK Cell Tech for specific cell therapy. In June 2022, NK Cell Tech announced that it has completed its A round financing with a fund raising over RMB100 million. For further information, please refer to Material Investment, Acquisition and Disposals section in this announcement.

3. Multiple Collaborations in ADC

In the first half of 2022, we commenced collaborations on ADC projects with LCB and Duality Biologics, pursuant to which monoclonal antibodies were granted to the collaborators. Pursuant to the license agreements and subject to the terms and conditions thereof, the Company shall receive upfront payments, milestone payments and sales-based royalties. The Company believes that the aforementioned collaborations will contribute further to the Harbour Mice® Platform's ADC Ecosphere with the Company's other industrial leading partners such as MediLink Therapeutics and Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. ("**Kelun-Biotech**").

4. Advancement of the Strategic Collaboration with Hualan Genetic

The strategic collaboration with Hualan Genetic was further advanced by the two parties in 2022. In September 2020, the Company entered into a strategic partnership agreement with Hualan Genetic to develop our three proprietary innovative monoclonal and bispecific antibodies, including HBM1029, HBM7015 and HBM7020. These three assets are expected to file the INDs in China in 2022 and 2023.

5. Strategic Collaboration on AI and digitization with BioMap

In 2022, we have further advanced the collaboration with BioMap and entered into a new agreement in relation to the co-development of innovative therapies to explore the integration of Harbour Mice® Platform and AI technology developed by BioMap. In 2021, the Company entered into a strategic collaboration agreement with BioMap for scientific research, development and transformation on novel antibodies products, which will be based on the Harbour Mice® Platform incorporating the benefits of the AI technology developed by BioMap. We believe that the collaboration with BioMap can optimize the discovery and pre-clinical development of innovative therapy through AI and digitization and empower the discovery engine of the Company.

6. Collaboration with Innovent Biologics

In 2017, the Company non-exclusively licensed its H2L2 transgenic mouse platform for generating fully human therapeutic monoclonal antibodies to Innovent Biologics for the discovery of novel molecules with global rights. Certain novel molecules have been developed and advanced to the clinical stage by Innovent Biologics. The collaboration reflects the power of our platform as a rapid and efficient antibody discovery tool and our strong intellectual property position. The Company received the milestone payments in 2021 and expects to receive additional milestone payments in the second half of 2022 or thereafter arising from the initiation of clinical studies for the aforementioned products across various modalities.

7. Collaboration with Boston Children's Hospital

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

Registrational Trials

1. Batoclimab HBM9161

As the first anti-FcRn therapy being developed in Greater China, we have formulated a tiered "portfolio-in-a-product" development strategy for batoclimab with an aim to submit the BLA to NMPA for the first indication in 2022. We are very excited to bring this novel therapy to patients in China and are optimistic about its market potential. During the Reporting Period, we continued to move forward with the clinical development of batoclimab. In 2021, we announced the positive topline results of its Phase II trial in Chinese generalized myasthenia gravis ("gMG") patients which is also the first clinical evidence of anti-FcRn therapies in Chinese patients, and in 2022, with two registrational trials for MG and thyroid eye disease ("TED"), batoclimab entered into comprehensive clinical development stage:

For MG

We completed the recruitment of patients in ongoing Phase III clinical trial of HBM9161 for MG in July 2022. With the positive topline readout results of Phase II trial, as well as the rapid progress of Phase III trial, we plan to file the BLA in the second half of 2022.

For TED

We aim to achieve the patients recruitment in ongoing Phase II/III clinical trial of HBM9161 for TED in 2022 and obtain the interim analysis results of TED in 2023. It is also expected to file the BLA in 2024.

We are currently evaluating the indications we have initiated. 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

With a growing aging population and dramatic increase in screen usage time, the incidence of DED has rapidly increased and we believe the trend will sustain. We aim to provide effective therapy to fight against DED and we are fully engaged in the clinical development of tanfanercept.

We completed the first interim analysis of ongoing Phase III trial of HBM9036 for DED in January 2022. We are continuing our effort in completing the study, and we plan to file the BLA in the second half of 2022.

HBM4003

HBM4003 is the next-generation, fully human heavy chain only anti-CTLA-4 antibody generated from the HCAb Platform. It is also the first fully human heavy chain only antibody entered into clinical development around the world in history. In 2022, we implemented the global development plan of multiple types of solid tumors with adaptive treatment design for HBM4003. This flagship program is a great combination of our R&D capabilities and technology platform and has made significant progress:

Monotherapy

A. Released the topline data of the Phase Ib/II monotherapy trial at ASCO 2022 Annual Meeting in June 2022. This is an open-label, multi-center study on subjects with solid tumors at dose levels of 0.3mg/kg QW (28-day cycle), 0.45mg/kg Q3W (21-day cycle), and 0.6mg/kg Q3W (21-day cycle). In the dose-expansion part, patients with advanced HCC, melanoma, and RCC received 0.45 mg/kg Q3W (21-day cycle).

   Key results of the Phase I Study include: (i) 24 patients with advanced solid tumors in the dose escalation part and 36 patients in the dose expansion part, from 12 sites in Mainland China, 5 sites in Australia, and 1 site in Hong Kong, China; including 19 patients with HCC and 19 patients with RCC. 46 patients (77%) received ≥ 2 lines of previous systemic therapies and 37 patients (62%) received previous PD-1/PD-L1 treatment; (ii) For the HCC cohort, all 19 patients received previous PD-1/PD-L1 therapy and 12 patients were evaluable for efficacy. Two had stable disease (SD) and two had partial response (PR) as the best response. The objective response rate (ORR) was 16.7% and the disease control rate (DCR) was 33.3%; (iii) For the RCC cohort, 19 patients were treated in dose-escalation and dose-expansion parts and 18 patients were evaluable for efficacy. Eight had SD as best response; the DCR was 44.4%; (iv) The most common treatment-related adverse event (TRAE) of all grades was rash (16 [26.7%]). At the 0.45 mg/kg Q3W DL, Gr ≥3 TRAEs occurred in 4 (9.3%) patients, 1 patient reported Gr 4 TRAE and no Gr 5 TRAE was reported; (v) The recommended Phase II dose (RP2D) was selected as 0.45mg/kg Q3W; and (vi) sustained Treg depletion was observed in tumor tissue on day 21 post dosing.

With the strong efficacy and good safety profile observed in the results, we will further observe and gather more evidence on the relevance of the mechanism of Treg depletion to clinical benefits.

Combination Therapy with PD-1 for Melanoma

B. Completed the patients recruitment of the Phase Ib/II trial in March 2022.

C. Released the topline data of the Phase Ia trial at ASCO 2022 Annual Meeting in June 2022. This is a Phase I study to evaluate the safety, anti-tumor activity, PK/PD and recommended Phase II dose of HBM4003 in combination with toripalimab. In dose escalation part, patients were enrolled to receive HBM4003 at 3 dose levels (DLs) (0.03 mg/kg Q3W, 0.1 mg/kg Q3W, and 0.3 mg/kg Q3W) combined with toripalimab 240 mg. In dose expansion part, patients with advanced melanoma will be treated at recommended Phase II dose.

Key results of the Phase I Study as of 30 November 2021 include: (i) in total 11 patients have been treated at 1 site in China, including 9 with melanoma, 1 with renal cell carcinoma, and 1 with urothelial carcinoma. 4 patients received ≥ 2 lines of previous systemic therapies and 8 received previous PD-1/PD-L1 treatment; (ii) the most common TRAE of all grades was leukopenia (4 [36.4%] patients), followed by lymphopenia (3 [27.3%] patients). Gr 3 TRAE occurred in 2 (18.2%) patients: lymphopenia and diarrhea. All other TRAEs were Gr 1 or 2 and no > Gr 3 TRAE reported; (iii) at the 0.3 mg/kg Q3W DL, 6 patients were evaluable for efficacy: 2 had SD as the best response, whereas 1 patient had PR as the best response (mucosal melanoma, 2 lines of previous treatment including toripalimab), with tumor shrinkage of 32.6% (Week 12); and (iv) HBM4003 0.3 mg/kg Q3W in combination with toripalimab showed promising antitumor activity and a tolerable safety profile in advanced melanoma. Hence, 0.3 mg/kg Q3W was selected as the recommended dose for dose-expansion in advanced melanoma

Particularly in the study of HBM4003 in combination with toripalimab, another PR from a urothelial carcinoma patient (3 lines of previous treatments including toripalimab) was observed at the end of 2021. With the completion of the patients recruitment of the Phase Ib, we have observed exciting primary efficacy and we plan to release the proof of concept ("POC") data readout of the Phase Ib/II trial in the second half of 2022.

Combination Therapy with PD-1 for NSCLC

D. Completed the patients recruitment of the Phase Ib/II trial in first half of 2022.

E. Released the topline data of the Phase I trial at World Conference of Lung Cancer ("WCLC") 2022 in August 2022.

Combination Therapy with PD-1 for HCC

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

We have seen the strong efficacy of HBM4003 on HCC in its Phase I trial of monotherapy. We plan to complete the patients recruitment of ongoing trial in the second half of 2022 and release the topline data in 2023.

Combination Therapy with PD-1 for NET/NEC

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

H. Completed the patients recruitment of Phase Ib trial in August 2022.

With the completion of the patients recruitment, we plan to release the topline data of ongoing trial in 2023.

Besides, we also plan to file a new IND in the U.S. for solid tumors. With the full-speed advancement of our clinical development globally, we are excited to see the encouraging data from the Phase I trial with monotherapy and combination therapy, and we expect to see more data coming up, especially the POC evidence in selective solid tumors. We believe this product is an ideal cornerstone drug in combination therapy for immuno-oncology.

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. 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. In 2022, we initiated the global trials and we are fully engaged in the clinical development:

A. Obtained the IRB approval of Phase I trial for solid tumors in Australia in February 2022.

B. Completed the first dosing of the Phase I trial in Australia in May 2022.

C. Obtained the IND approval/clearance of Phase I trial for solid tumors from NMPA and U.S. FDA in June 2022.

As the first BsAb generated from the HBICE® Platform in clinical stage, HBM7008 has shown strong anti-tumor efficacy in the pre-clinical study. We aim to develop this product globally to maximize the market value for unmet medical needs.

Other Development Projects

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 2022 onwards.

1. HBM1020

HBM1020 is a first-in-class fully human monoclonal antibody generated from H2L2 platform, against a target in B7H7. 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 the second half of 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.

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

3. HBM9378

We rely on in-house technology platforms to co-develop fully human monoclonal antibody drugs of new targets, such as HBM9378, in collaboration with Kelun-Biotech. Such collaboration 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 signalling 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 the Phase I trial in the second half of 2022.

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: (1) it can block the enzymatic activity of both membrane and soluble CD73 independent of AMP concentration, suggesting its sustainable activity in TME, and (2) it reduces the surface expression of CD73. 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 the second half of 2022.

5. HBM9033

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

HBM9033 is being studied in pre-clinical settings. We expect to file an IND for HBM9033 in 2023.

6. HBM9027

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

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

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

- Potent in vivo anti-tumor efficacy and remarkable in vivo stability with long half-life.

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

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

HBM9027 is being studied in pre-clinical settings. We expect to file an IND for HBM9027 in 2023.

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 redevelop our technology platforms. During the Reporting Period, the Company made major progress in discovery, platform and patents as follows:

- Applied for 47 patents, and 9 patents have been granted invention patent license by the China National Intellectual Property Administration with 152 in process. These patent applications have further strengthened the protection of intellectual property rights of the Company's core products and technology platforms.

- Developed HBM9027 (PD-L1xCD40), a novel bispecific antibody, which was presented at the AACR Annual Meeting.

- Developed a novel molecular named 87G7 which is an ACE2-blocking antibody conferring broad neutralization and protection against Omicron and other SARS-CoV-2 variants of concern, which was presented on Science Immunology in April 2022.

The Company has established a robust antibody discovery platform including Harbour Mice® Platform, HBICE® Platform, GPCR drug development platform, and ADC platform. Based on these technology platforms, the Company may move towards more novel and challenging drug targets globally, such as HBM1047 (a first-in-class mAb targeting immune checkpoint inhibitor) and HBM7004 (another immuno-cell-engager BsAb generated from HBICE® Platform).

Manufacturing and Commercialization

With the maturity of our pre-clinical products, we planned to build internal manufacturing capability and capacity in due course. In 2021, we initiated the Clinical Supply Manufacturing Facility Project in order to support clinical development of our pipeline projects. The facility is located at Suzhou, Jiangsu Province. The facility which covers about 8,500 m^2, is designed to have capacity of production scale up to 4,000L. We expect the facility to be ready for manufacturing by the end of 2022.

We are building an internal commercial team with in-depth knowledge, experience and expertise in sales, marketing and market access strategies across various therapeutical areas. In additional, we are also evaluating the different approaches such as partnerships for co-commercialization to maximize business opportunities. During the Reporting Period, the commercial team processed relevant works, including market access and pre-launch effects, to prepare for the future launch of our leading products. The internal commercial team may have a deeper understanding of the Company's portfolio, which is conducive to academic promotion and channel expansion in the long term. The partnership can, at an early stage, enhance and expand our promotion channel and accelerate the coverage of patients.

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

Material 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 NK Cell Tech, a startup company established in the PRC with globally leading technology and talents in the NK cell field, in respect of the co-development of novel NK cell therapy. The Company, via Harbour BioMed (Shanghai) Technology Development Co., Ltd ("HBM Shanghai"), a subsidiary of the Company, as the co-founder, made an investment in NK Cell Tech. Pursuant to the shareholders' agreement entered into by the parties, HBM Shanghai subscribed for redeemable ordinary shares with preferential shares of NK Cell Tech, representing 15.8% of the equity interest in the registered capital of NK Cell Tech, for a consideration of cash and technology sublicense agreement. Upon completion of the subscription, the Company, through its subsidiary, held 15.8% of the total equity interest of NK Cell Tech and has the right to appoint a person as a director of NK Cell Tech. This investment shows the expandability of our platform technology application scenarios which generate impactful values to the Company in the diversified deployment of next generation innovation. It opens up a new channel for our platform technology value creation and conversion. In June 2022, NK Cell Tech announced that it has completed its A round financing with an fund raising over RMB100 million. As of 30 June 2022, the Company, through its subsidiary, held 11.90% of the total equity interest of NK Cell Tech.

As of 30 June 2022, the fair value of the investment is US$6.44 million, which represented 2.40% of the Company's total assets. During the Reporting Period, the Group recorded unrealized gain of US$0.91 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 2022, 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 that 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 on 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 to be seated at a safe distance 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 be seated at a safe distance from each other while having meals in the offices; and

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

During normalized managing period –

a. Strengthen reminders and requirements in relation to the personal protection of employees through email, WeChat groups, bulletin boards, etc.;

b. Provide masks and alcohol disinfectant wipes for employees;

c. Conduct temperature checks before employees enter the office premises;

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

e. Carry out registration and temperature check for visitors; and

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

During the Reporting Period, despite the epidemic control measures implemented in Shanghai, the impact of the epidemic on the Company's business was insignificant. Besides in Mainland and Hong Kong, the Company's offices and laboratories in Rotterdam, the Netherlands and Boston, the U.S. have also taken effective measures in response to the epidemic, such as telecommuting and site disinfection. As at 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, and we expect the epidemic to have a relatively limited impact on our operations in 2022. The Company's achievements and growth momentum in the first half of 2022 gave us confidence that we will be able to successfully address the complex market environment and provide innovative therapeutic drugs for immune diseases and cancer patients in the near future.

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

We believe our flexible business models built around our proprietary technologies and platforms will maximize our platform value by leveraging complementary advantages from the Company and our collaborators. As we have achieved several significant milestones in 2022 in business development, the value of our platform has been widely validated from top global institutions and international giants and now has become a core part of the Company's value. Futher, as our pre-clinical products became increasingly mature, more extensive global collaborations are expected in the future. To give full play to the value of our unique platform technologies, we continued to explore the expandability of platform technology application scenarios which is expected to generate impactful values to the Company.

With the maturity of our pre-clinical products and our late stage clinical products entering into commercialization, we will continue to build internal manufacturing capabilities and capacities, as well as our internal commercialization capabilities. It is a phased long-term plan which is expected to meet the needs of the rapid growth and development of the Group.

FINANCIAL REVIEW

Overview

The Group recorded a revenue of US$27.6 million, and a loss of US$73.1 million for the six months ended 30 June 2022, as compared with a revenue of US$2.2 million, and a loss of US$61.6 million for the six months ended 30 June 2021.

Other income and gains was US$2.8 million for the six months ended 30 June 2022, as compared with US$2.7 million for the six months ended 30 June 2021. The research and development costs of the Group was US$83.6 million for the six months ended 30 June 2022, as compared with US$41.2 million for the six months ended 30 June 2021. The administrative expenses was US$15.3 million for the six months ended 30 June 2022, as compared with US$25.3 million for the six months ended 30 June 2021.

Revenue

Our total revenue increased significantly from US$2.2 million for the six months ended 30 June 2021 to US$27.6 million for the six months ended 30 June 2022, primarily due to the increase in our revenue from recognizing molecule license fee. Our molecule license fee increased from US$1.8 million for the six months ended 30 June 2021 to US$27.1 million for the six months ended 30 June 2022, primarily due to the recognition of the upfront payment of US$25 million received from AstraZeneca for our collaboration agreement. Our technology license fee remained stable at US$0.5 million for the six months ended 30 June 2022 and 2021.

Cost of Sales

Our cost of sales was US$0.07 million for the six months ended 30 June 2022, as compared with nil for the six months ended 30 June 2021.

Other Income and Gains

Other income and gains were US$2.8 million for the six months ended 30 June 2022, whereas US$2.7 million for the six months ended 30 June 2021. Other income and gains primarily consist of interest income and fair value change of other financial assets.

Research and Development Costs

Our research and development costs increased significantly from US$41.2 million for the six months ended 30 June 2021 to US$83.6 million for the six months ended 30 June 2022. This increase was primarily attributable to (i) increased investments in our key clinical programs; (ii) increased investments in our molecule assets in discovery and pre-clinical stages; and (iii) an increase in employee cost from US$13.0 million to US$17.7 million due to the increase of our R&D staffs and share-based payment expenses.

	For the six months ended			
	2022		2021	
	US$ in thousands		*US$ in thousands*	
Upfront and milestone fees	**400**	**0.5%**	2,000	4.9%
Employee costs	**17,725**	**21.2%**	13,015	31.6%
Materials	**2,103**	**2.5%**	2,366	5.7%
Third-party contracting costs	**58,425**	**69.9%**	19,631	47.7%
Depreciation and amortization	**3,251**	**3.9%**	2,392	5.8%
Others	**1,715**	**2.0%**	1,779	4.3%
	83,619	**100.0%**	41,183	100.0%

Administrative Expenses

Our administrative expenses decreased by US$10.0 million to US$15.3 million for the six months ended 30 June 2022, primarily due to certain one-time compensation expenses for the six months ended 30 June 2021.

	For six months ended 30 June			
	2022		2021	
	US$ in thousands		*US$ in thousands*	
Employee costs	**10,774**	**70.2%**	21,415	84.8%
Professional expenses	**2,484**	**16.2%**	2,537	10.0%
Depreciation and amortization	**1,635**	**10.7%**	616	2.4%
Others	**446**	**2.9%**	700	2.8%
	15,339	**100.0%**	25,268	100.0%

Loss for the Period

As a result of the above factors, the loss for the period of the Group increased by US$11.5 million from US$61.6 million for the six months ended 30 June 2021 to US$73.1 million for the six months ended 30 June 2022.

Aging Analysis of Accounts Receivable

All 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 period, based on the invoice date, is as follows:

	30 June 2022 ***USD in thousands***	31 December 2021 *USD in thousands*
Within 1 month	**36,111**	23,358
1-3 months	**3,235**	2,562
3-6 months	**285**	26
6-12 months	**23**	47
	39,654	25,993

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, pre-IPO fund raising and bank loans. We closely monitor cash and bank balances and strive to maintain a healthy liquidity for our operations.

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As of 30 June 2022	As of 31 December 2021
Current ratio[(1)]	**3.95**	5.87
Gearing ratio[(2)]	**N/A[(3)]**	N/A[(3)]

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

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

(3) As of 30 June 2022 and 31 December 2021, the Group's cash and bank balances exceeded the financial liabilities. As such, no gearing ratio as of 30 June 2022 and 31 December 2021 was presented.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2022.

Future Plans for Material Investments or Capital Asset

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

Pledge of Assets

As of 30 June 2022, the Group had no pledge of assets.

Contingent Liabilities

The Group had no material contingent liabilities as of 30 June 2022 (as of 31 December 2021: nil).

Foreign Exchange Exposure

During the six months ended 30 June 2022, the Group mainly operated in China in which the majority of the transactions were settled in the Renminbi ("**RMB**"), whereas the funding source of the Company was United States dollar ("**US$**") the functional currency of the Company. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 30 June 2022.

Bank Loans and Other Borrowings

As of 30 June 2022, we had bank loans of US$56.3 million and lease liabilities of US$5.4 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 30 June 2022			
Lease liabilities	**2,584**	**2,831**	**5,415**
Bank borrowing – unsecured*	**6,056**	**45,401**	**51,457**
As of 31 December 2021			
Lease liabilities	2,594	4,826	7,420
Bank borrowing – unsecured*	797	10,479	11,276

The bank borrowings carry interest at rates ranging from 3.80% to 4.65% (2021: 4.10% to 4.65%) per annum.

Employees and Remuneration

As of 30 June 2022, 350 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 30 June 2022:

Function	**Number of Employees**	**% of Total Number of Employees**
Research and Development	246	67.4%
General and Administrative	119	32.6%
Total	365	100.0%

The total remuneration cost incurred by the Group for the six months ended 30 June 2022 was US$28.5 million (including share-based payment expenses amounting to US$6.9 million), as compared to US$34.4 million (including share-based payment expenses and certain one-time compensation expenses amounting to US$18.2 million) for the six months ended 30 June 2021.

The Group has also adopted a pre-IPO equity plan, a post-IPO share option scheme and a post-IPO share award scheme. For details, please refer to the note of share-based payment and share award scheme to the interim condensed consolidated statements included in the Group's interim report for the six months ended 30 June 2022 to be published in due course.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

1. Compliance with the Code on Corporate Governance Practices

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "**Previous CG Code**") contained in Appendix 14 to the Listing Rules (except for the following deviations) before the amendments to the Corporate Governance Code (the "**New CG Code**") came into effect on 1 January 2022. The requirements under the New CG Code would apply to corporate governance reports for financial year commencing on or after 1 January 2022.

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

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

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

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

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during six months ended 30 June 2022.

3. Audit Committee

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

The Audit Committee, together with the management of the Company, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022.

4. Other Board Committees

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

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

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

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

6. Use of Proceeds

The Company's shares were listed on the Stock Exchange on 10 December 2020 with a total of 138,221,000 offer shares issued and the net proceeds raised during the global offering were approximately HK$1,656.6 million. There was no change in the intended use of proceeds as previously disclosed in the Prospectus. The Company plans to utilize the balance of net proceeds of the global offering by the end of 2023.

Set out below is the status of use of proceeds from the global offering as at 30 June 2022.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Unutilised amount as at 31 December 2021	Utilised for the six months ended 30 June 2022	Unutilised amount as at 30 June 2022
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	315.1	162.8	152.3
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of tanfanercept (HBM9036), one of our Core Products	8%	132.5	43.5	30.7	12.9
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	273.3	80.9	192.4
Funding the research and development of our other drug candidates seeking IND approvals and yet to commence clinical trials or those in pre-clinical studies	15%	248.5	149.1	41.4	107.7
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	12%	198.8	111.2	57.2	54.0
Funding the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms	5%	82.9	49.7	13.8	35.9
Working capital and other general corporate purposes	8%	132.5	79.5	22.1	57.4
Total	**100%**	**1,656.6**	**1,021.5**	**408.9**	**612.6**

7. Publication of Interim Results Announcement and Interim Report

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

The interim report for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**For the six months ended 30 June 2022 (Unaudited) *USD'000***	For the six months ended 30 June 2021 (Unaudited) *USD'000*
REVENUE	*5*	**27,630**	2,212
Cost of sales		**(68)**	–
Gross profit		**27,562**	2,212
Other income and gains	*5*	**2,755**	2,681
Administrative expenses		**(15,339)**	(25,268)
Research and development costs		**(83,619)**	(41,183)
Other expenses		**(3,635)**	–
Finance costs		**(574)**	(39)
LOSS BEFORE TAX	*6*	**(72,850)**	(61,597)
Income tax expense	*7*	**(229)**	(18)
LOSS FOR THE PERIOD		**(73,079)**	(61,615)
Attributable to:			
Owners of the parent		**(73,051)**	(61,560)
Non-controlling interests		**(28)**	(55)
		(73,079)	(61,615)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (USD)	*9*	**(0.10)**	(0.08)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2022 (Unaudited) ***USD'000***	For the six months ended 30 June 2021 (Unaudited) *USD'000*
LOSS FOR THE PERIOD	**(73,079)**	(61,615)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**833**	(163)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	**833**	(163)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(72,246)**	(61,778)
Attributable to:		
Owners of the parent	**(72,218)**	(61,723)
Non-controlling interests	**(28)**	(55)
	(72,246)	(61,778)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2022 (Unaudited) *USD'000***	31 December 2021 (Audited) *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**9,966**	11,789
Right-of-use assets		**4,894**	7,287
Intangible assets		**8,468**	8,492
Other non-current assets		**17,580**	8,083
Other financial assets	*12*	**6,437**	5,843
Total non-current assets		**47,345**	41,494
CURRENT ASSETS			
Trade receivables	*11*	**97**	26
Prepayment, other receivables and other assets		**18,009**	24,537
Cash and bank balances	*13*	**202,856**	216,304
Total current assets		**220,962**	240,867
CURRENT LIABILITIES			
Trade payables	*14*	**39,654**	25,993
Other payables and accruals		**6,632**	10,439
Contract liabilities		**986**	1,232
Interest-bearing bank and other borrowings	*15*	**6,056**	797
Lease liabilities		**2,584**	2,594
Total current liabilities		**55,912**	41,055
NET CURRENT ASSETS		**165,050**	199,812
TOTAL ASSETS LESS CURRENT LIABILITIES		**212,395**	241,306

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2022 (Unaudited) *USD'000***	31 December 2021 (Audited) *USD'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*15*	**50,289**	11,256
Contract liabilities		**2,831**	4,826
Lease liabilities		**2,166**	1,947
Deferred tax liabilities		**310**	363
Total non-current liabilities		**55,596**	18,392
Net assets		**156,799**	222,914
EQUITY			
Equity attributable to owners of the parent			
Share capital		**19**	19
Treasury shares		**(8,869)**	(8,116)
Reserves		**165,956**	231,290
		157,106	223,193
Non-controlling interests		**(307)**	(279)
Total equity		**156,799**	222,914

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to "IFRS Standards" 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*

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

4. OPERATING SEGMENT INFORMATION

Operating segment information

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Europe	**25,760**	65
Mainland China	**1,440**	6
United States	**284**	2,086
Others	**146**	55
	27,630	2,212

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

(b) Non-current assets

	As at	
	30 June	As at
	2022	31 December
		2021
	(Unaudited)	(Audited)
	USD'000	*USD'000*
Mainland China	**31,750**	26,805
Europe	**7,600**	7,600
United States	**1,558**	1,246
	40,908	35,651

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

Information about major customers

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Customer A	**25,617**	N/A
Customer B	**N/A**	1,750
	25,617	1,750

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

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Types of goods or services		
– Molecule licence fee	**27,118**	1,750
– Technology licence fee	**512**	462
– Platform-based research fee	**–**	–
	27,630	2,212

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Timing of revenue recognition		
At a point in time		
– Molecule license fee	**27,118**	1,750
– Platform-based research fee	**–**	–
Over time		
– Technology license fee	**512**	462
	27,630	2,212

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Technology license fee	**304**	296
Molecule license fee	**–**	–
Platform-based research fee	**–**	–
	304	296

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(ii) Performance obligations

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

Technology license fee

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

Molecule license fee

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

Platform-based research fee

The performance obligation is satisfied at a point in time when research results are delivered to and accepted by the customer and payment is generally due within 30 days from the date of billing.

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

	As at 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Amounts expected to be recognised as revenue:		
– Within one year	**768**	2,573
– After one year	**579**	5,370
	1,347	7,943

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

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Other income and gains		
– Interest income	**1,129**	1,522
– Gains on fair value change of other financial assets	**914**	8
– Government grants recognised*	**563**	784
– Foreign exchange gains, net	**–**	362
– Others	**149**	5
	2,755	2,681

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

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Cost of sales	**(68)**	–
Depreciation of property, plant and equipment	**(3,247)**	(2,155)
Depreciation of right-of-use assets	**(1,332)**	(746)
Amortisation of intangible assets	**(307)**	(107)
Employee benefit expense (including directors' remuneration):		
– Wages and salaries	**(20,418)**	(28,797)
– Pension scheme contributions	**(1,197)**	(768)
– Share-based payment expenses	**(6,884)**	(4,865)
Auditors' remuneration	**(236)**	(298)
Lease expenses arising from short-term leases*	**(205)**	(179)
Foreign exchange (losses)/gains, net	**(3,635)**	362

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

7. INCOME TAX EXPENSES

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

Cayman Islands

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

British Virgin Islands

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

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, unless such profits are taxable at the half-rate of 8.25% (2021: 8.25%) that may apply for the first HK$2,000,000 (2021: 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% (2021: 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% (2021: 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% (2021: 15%).

7. INCOME TAX EXPENSES (CONTINUED)

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 15.0% (2021: 15.0%) for the first EUR395,000 (2021: EUR245,000) of taxable income, and the excess amount is subject to corporate income tax at a rate of 25.8% (2021: 25%) during the period.

United States

The subsidiaries which operate in the US are subject to federal income tax at a rate of 21% (2021: 21%) and the Massachusetts state income tax at a rate of 8% (2021: 8%) on the taxable income.

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	USD'000	*USD'000*
Current income tax	**–**	(2)
Deferred income tax	**(229)**	(16)
Total tax expense for the period	**(229)**	(18)

8. DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiaries during the period (2021: Nil).

9. LOSS PER SHARE

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

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. As the Group incurred losses for the six months ended 30 June 2022 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share. Accordingly, the diluted loss per share amounts for the six months ended 30 June 2022 and 2021 are the same as the basic loss per share amounts of the respective periods.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the parent (USD'000)	**(73,051)**	(61,560)
Shares		
Weighted average number of ordinary shares in issue during the period	**732,901,025**	730,192,111
Basic and diluted loss per share (USD per share)	**(0.10)**	(0.08)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired new assets with a cost of USD1,922 thousand (six months ended 30 June 2021: USD718 thousand).

11. TRADE RECEIVABLES

	As at 30 June 2022 (Unaudited) *USD'000*	As at 31 December 2021 (Audited) *USD'000*
Within 3 months	**97**	26
	97	26

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

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

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

12. OTHER FINANCIAL ASSETS

	As at 30 June 2022		As at 31 December 2021	
	Categories	Carrying amount *USD'000* (Unaudited)	Categories	Carrying amount *USD'000* (Audited)
Assets:				
Debt instruments (including hybrid contracts):				
Unlisted equity investments	FVPL[1]	**6,437**	FVPL[1]	5,843
		6,437		5,843

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

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

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

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

As at 30 June 2022, the interests of the Group held in NK was diluted to 11.90% when NK issued 1,023,750 series A redeemable shares to a group of investors at a cash consideration of RMB130,000,000 (equivalent to USD19.37 million) or RMB126.98 (equivalent to USD18.92) per share.

13. CASH AND BANK BALANCES

	As at 30 June 2022 (Unaudited) *USD'000*	As at 31 December 2021 (Audited) *USD'000*
Cash and bank balances	**202,856**	216,304
Less:		
Time deposits with original maturity of more than three months but less than one year when acquired	**(50,000)**	(160,000)
Cash and cash equivalents	**152,856**	56,304
Denominated in:		
USD	**134,779**	182,606
RMB	**66,864**	32,243
Others	**1,213**	1,455
	202,856	216,304

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

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

14. TRADE PAYABLES

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

	As at 30 June 2022 (Unaudited) *USD'000*	As at 31 December 2021 (Audited) *USD'000*
Within 1 month	**36,111**	23,358
1-3 months	**3,235**	2,562
3-6 months	**285**	26
6-12 months	**23**	47
	39,654	25,993

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2022 (Unaudited) *USD'000*	As at 31 December 2021 (Audited) *USD'000*
Bank borrowings – unsecured	**56,345**	12,053
	56,345	12,053
Analysed into:		
On demand or within one year	**6,056**	797
More than one year, but not exceeding five years	**50,289**	11,256
	56,345	12,053
Current	**6,056**	797
Non-current	**50,289**	11,256

As at 30 June 2022, the Group's overdraft bank facilities amounted to RMB730,000,000 (31 December 2021: RMB250,000,000), of which RMB378,159,000 (31 December 2021: RMB76,765,000) had been utilized.

The bank borrowings carry interest at rates ranging from 3.80% to 4.65% (2021: 4.10% to 4.65%) per annum.

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

16. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2022 (Unaudited) *USD'000*	2021 (Unaudited) *USD'000*
Loans provided to associates	**2,980**	–
Key management personnel service fees paid by the Company		
Ms. Weiwei Chen*	**169**	33
Dr. Robert Irwin Kamen**	**12**	62
	181	95

* The fee was paid for the consultancy services in relation to the business and operation of the Group provided by Ms. Weiwei Chen. The fee was charged pursuant to the terms in the agreement signed between the Company and Ms. Weiwei Chen on 9 June 2021.

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

16. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

The Group had the following balances with related parties:

	As at 30 June 2022 (Unaudited) *USD'000*	As at 31 December 2021 (Audited) *USD'000*
Amounts due from associates	**2,980**	–
Amounts due from shareholders *		
Xiaoxi Liu – Gross	**–**	50
– Provision	**–**	(50)
	2,980	–

* The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. In 2019, Xiaoxi Liu resigned from the Group. Accordingly, the Group fully provided allowance on the amount due from Xiaoxi Liu of USD150,000 as management is of the opinion that the Group will no longer receive the amount. In 2020, the Group received USD100,000 from Xiaoxi Liu. The remaining amounts due from shareholders have been fully write-off during this period.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2022 (Unaudited) *USD'000*	2021 (Unaudited) *USD'000*
Short term employee benefits	**2,200**	13,902
Contributions to the pension scheme	**40**	17
Share-based payment expenses	**4,248**	2,239
	6,488	16,158

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

Hong Kong, 31 August 2022

As at the date of this announcement, the board of directors of the Company comprises Dr. Jingsong Wang and Dr. Yiping Rong as executive Directors; Mr. Yu Min Qiu, Mr. Junfeng Wang and Ms. Weiwei Chen as non-executive Directors; Dr. Robert Irwin Kamen, Dr. Xiaoping Ye and Mr. Ka Chi Yau as independent non-executive Directors.