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 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 audited consolidated annual results of the Group for the year ended 31 December 2022 (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				
	2022	2021	2020	2019	2018
	US$ in thousands	*US$ in thousands*	*US$ in thousands*	*US$ in thousands*	*US$ in thousands*
Revenue	**40,659**	4,308	14,107	5,419	1,483
Cost of sales	**(130)**	(137)	(449)	(623)	(647)
Other income and gains	**4,768**	5,965	5,270	1,581	528
Research and development expenses	**(135,143)**	(107,103)	(55,244)	(49,477)	(31,630)
Administrative expenses	**(27,274)**	(40,067)	(46,294)	(10,587)	(6,496)
Finance costs	**(1,987)**	(176)	(280)	(213)	(532)
(Loss)/gain on fair value change of convertible redeemable preferred shares	**–**	–	(213,703)	(13,387)	2,853
Other expenses	**(17,913)**	(619)	(45)	(301)	(198)
Income tax (expense)/credit	**(248)**	(49)	99	92	56
Loss for the year	**(137,268)**	(137,878)	(296,539)	(67,496)	(34,583)
Loss per share (Basic and diluted) (USD)	**(0.19)**	(0.19)	(1.69)	(0.57)	(0.30)
Cash and bank balances	**171,705**	216,304	356,794	33,391	60,292
Total assets	**232,123**	282,361	388,738	69,499	83,499
Total liabilities	**139,622**	59,447	27,730	222,946	169,370
Total equity/(deficit)	**92,501**	222,914	361,008	(153,447)	(85,871)

BUSINESS HIGHLIGHTS

1. BUSINESS DEVELOPMENTS

Worldwide Collaboration on Assets

a. We entered into a global out-license agreement in April 2022 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 tiered royalties. In June 2022, we received the upfront payment from AstraZeneca.

b. We 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**") applications of the three products during 2022 and 2023.

c. In October 2022, we entered into a global out-license agreement to grant NBP Pharma an exclusive, sublicensable, royalty-bearing license to exploit HBM9161 in Greater China (including Hong Kong, Macau and Taiwan) with an upfront fees of RMB150 million, milestone payments of up to approximately RMB1.01 billion and tiered royalties. In March 2023, the Company announced positive results of its pivotal Phase III clinical trial of HBM9161 (batoclimab) for the treatment of generalized gMG has met primary endpoint as well as key secondary endpoints.

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

Collaborations of Platform-based Projects on Early Stage

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

f. The Company advanced the collaboration with BioMap and entered into a new agreement of co-development of innovative therapies to explore the integration of the Harbour Mice® Platform and the artificial-intelligence (AI) technology developed by BioMap.

g. 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 during 2021 to 2022.

h. Nona Biosciences and ModernaTX, Inc. ("**Moderna**") entered into a license and collaboration agreement on the discovery and development of nucleic acid based immunotherapies using the Company's proprietary HCAb discovery platform, pursuant to which the Company will receive an upfront payment of US$6 million with the potential for additional payments of up to US$500 million in aggregate and royalties.

i. Nona Biosciences entered into a collaboration agreement with Dragonfly Therapeutics, Inc. ("**Dragonfly Therapeutics**") to discover and develop fully human heavy chain only antibodies for bispecific/multispecific therapeutic antibody generation based on Nona Biosciences' proprietary fully HCAb transgenic mice platform.

j. Nona Biosciences entered into two agreements with Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. ("**Kelun-Biotech**"), pursuant to which Kelun-Biotech is entitled to license the two ADC products (product 1 and product 2) jointly developed by the Nona Biosciences and Kelun-Biotech to a licensed third party. The agreements were entered into and became effective in December 2022, according to which the Company is entitled to 30% of the upfront, milestones and royalty payments of product 1 and product 2.

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

Incubation to Advance Cutting-edge Modality/Disease Area

l. We 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 and raised a fund which is 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.

m. We advanced the collaboration with Boston Children's Hospital, an affiliate of Harvard Medical School, by leveraging state of the art target discovery and antibody design platform in the identification of novel antibody therapeutics in 2022. HBM Alpha Therapeutics ("**HBMAT**"), a joint venture between the Company and Boston Children's Hospital completed its seeds round financing in January 2023.

2. HBM4003 (PORUSTOBART)

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.

d. Released the topline data of the Phase I trial at ESMO I-O 2022 in December 2022.

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

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

f. 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")

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

h. Completed patients recruitment in Phase Ib/II trials in October 2022.

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

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

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

3. 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. FDA in June 2022.

d. Completed first dosing of first patient in Phase I trial in U.S. in October 2022.

4. HBM9378

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

b. Completed the dosing of the first subject in Phase I trial in China in September 2022.

5. ACADEMIC CONVENTIONS/PUBLICATIONS

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

b. 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.

c. 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.

d. 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.

e. Presented a speech of "Innovative B7H4 x CD3 & B7H4 x 4-1BB Bispecifics for Solid Tumor Therapies" at 13th Annual Summit World Multispecifics, 2022.

f. Presented the Phase I data of Porustobart + Toripalimab on patients in China with melanoma at ESMO Immuno-Oncology Congress 2022.

g. Presented new preclinical data of five portfolio assets including HBM7008, HBM7004, HBM1047, HBM1020 and HBM1022 in five poster presentations at the 37th Society for Immunotherapy of Cancer's (SITC) Annual Meeting.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

About Harbour Therapeutics

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

About Nona Biosciences

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

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

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

Portfolio:

We have over 10 drug candidates 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.

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

HARBOUR BIOMED

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

Business Review

Since 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 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. 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.

At the same time, we have also seen opportunities and challenges in the global industry competition, especially certain cases of biopharmaceutical companies facing challenges in global development and commercialization of innovative medicines in recent years, due to changes in policy and orientation. Further, 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. 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 for research, development, product registration and patenting by focusing on the development of highly differentiated products with clear value that can meet clinical needs. We believe that the Company's pipeline products will have broad market prospects in the future.

Product Development of Harbour Therapeutics

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

Business Development

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 a 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 raising a fund of over RMB100 million. For further information, please refer to "Material Investment, Acquisition and Disposals" in this announcement.

3. 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 of the three products during China in 2022 and 2023. In early 2023, HBM7015 has been granted the IND approval from NMPA to initiate the Phase I trial in China, and we are looking forward to the approval for the other two assets in this year.

4. 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.

5. 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 the past years and expects to receive additional milestone payments thereafter arising from the initiation of clinical studies for the aforementioned products across various modalities.

6. Collaboration with Boston Children's Hospital

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

7. HBM9161 Out-licensing to NBP Pharma and CSPC Group

In October 2022, we entered into a global out-license agreement to grant NBP Pharma, a wholly-owned subsidiary of CSPC Group, an exclusive, sublicensable, royalty-bearing license to exploit HBM9161 in Greater China (including Hong Kong, Macau and Taiwan). The license fee under the license agreement shall comprise (i) an upfront payment of RMB150 million; (ii) development milestone payments of up to RMB400 million; (iii) sales milestone payments of up to US$57.5 million (approximately RMB411 million) in aggregate; (iv) technology milestone payment of up to RMB50 million in aggregate; and (v) tiered royalties based on annual net sales of the licensed products in the Greater China (including Hong Kong, Macau and Taiwan). The Company believes that entering into this cooperation with CSPC enables the Company to optimize the market potential and advance the clinical development of HBM9161 (batoclimab), so as to further maximize the value of batoclimab in Greater China. We expect to file the BLA application of HBM9161 in 2023.

8. Co-development Collaboration of HBM7008 with Cullinan

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

Products in Clinical Stage

HBM9161 and HBM9036

We completed the recruitment of patients in ongoing Phase III clinical trial of HBM9161 (Batoclimab) for Myasthenia Gravis ("**MG**") in July 2022 and completed the treatment of patients in early 2023. The ongoing trial for TED has been transferred to NBP Pharma by the end of 2022. In October 2022, we granted NBP Pharma, an exclusive, sublicensable, royalty-bearing license to exploit HBM9161 in Greater China (including Hong Kong, Macau and Taiwan). We believe that entering into this cooperation with CSPC enables the Company to optimize the market potential and advance the clinical development of HBM9161, so as to further maximize the value of batoclimab in Greater China. With the positive outcome of the pivotal trial of batoclimab for gMG being read, we expect to file the BLA application of HBM9161 in 2023.

We also completed the first interim analysis of ongoing Phase III trial of HBM9036 (Tanfanercept) for DED in January 2022. In October 2022, as a result of its observed insufficient efficacy trend, the Company has decided to close the study without enrolling new patients of its China tanfanercept Phase III clinical trial based on the recommendation of the IDMC and we will continue to follow-up with the existing patients per study protocol.

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 designed 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 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.

D. Released the data of the Phase I trial at ESMO I-O 2022 Annual Meeting in December 2022. The Phase I Study is an open-label study to evaluate the safety, tolerability, pharmacokinetics (PK)/pharmacodynamic (PD) and preliminary efficacy of HBM4003 in combination with toripalimab in patients with advanced melanoma and other solid tumors.

The Phase I Study includes two parts: (i) in the dose-escalation part (Part 1), patients with solid tumors received HBM4003 at 3 dose levels (0.03 mg/kg n=1, 0.1 mg/kg n=3, and 0.3 mg/kg n=10) plus toripalimab 240 mg every three weeks (Q3W); (ii) in the dose-expansion part (Part 2), patients with advanced melanoma (n=26) received the recommended Phase II dose (RP2D) of HBM4003 0.3 mg/kg plus toripalimab 240 mg Q3W. Key Results of the Phase I Study Key results of the Phase I Study include:

(i) As of 31 August 2022, a total of 40 patients had been dosed and the median follow-up time was 106.5 days.

(ii) HBM4003 in combination of toripalimab in advanced melanoma showed a favourable safety profile. Treatment-related adverse events (TRAEs) were reported in 87.5% (35/40) patients, and ≥Grade 3 TRAEs were reported in 20.0% (8/40) patients. The most commonly reported TRAE was rash (30.0%).

(iii) HBM4003 in combination of toripalimab showed great anti-tumor activity regardless of prior-line treatment:

– In anti-PD-(L)1 naïve group, the ORR and DCR were 53.3% and 73.3%

– In anti-PD-(L)1 pretreated group, the ORR and DCR were 11.8% and 35.3%

Patients with advanced melanoma treated with RP2D (including 8 patients in Part 1 and 26 patients in Part 2) were categorized as anti-PD-(L)1 naïve group (Cohort A, 17 patients) and anti-PD-(L)1 pretreated group (Cohort B, 17 patients).

For cohort A, the ORR and DCR were 53.3% (95% CI: 26.6-78.7) and 73.3% (95% CI: 44.9-92.2) respectively in the 15 patients with post-treatment tumor assessment. The ORR of cutaneous, acral, mucosal and unknown subtype were 66.7% (2/3), 50% (2/4), 60.0% (3/5) and 33.3% (1/3), respectively.

For cohort B, the ORR and DCR were 11.8% (95% CI: 1.5-36.4) and 35.3% (95% CI: 14.2-61.7) respectively, including one patient achieving PR after pseudo-progression. Both of the PR cases were mucosal subtype.

HBM4003 0.3 mg/kg plus toripalimab 240mg Q3W showed promising anti-tumor activity in patients with advanced melanoma including acral and mucosal subtypes, as well as an acceptable safety profile. The above results demonstrated robust clinical response rate in difficult-to-treat melanoma subtypes in Asians, such as mucosal and acral melanoma that were generally not sensitive to immunotherapy including anti-PD-(L)1 antibodies. The results showed great potential to develop HBM4003 as a cornerstone therapy in immuno-oncology.

Combination Therapy with PD-1 for NSCLC

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

F. Released the topline data of the Phase I trial at the 2022 WCLC.

Combination Therapy with PD-1 for HCC

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

H. Completed patients recruitment in Phase Ib/II trials in October 2022.

We have seen the strong efficacy of HBM4003 on HCC in its Phase I trial of monotherapy. The topline data of Phase I trial demonstrated best in class potential. The clinical benefit was observed in heavily pre-treated patients, frontline treatments include TKIs and anti-PD-1 antibody. The details of the results are expected to be released in 2023.

Combination Therapy with PD-1 for NET/NEC

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

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

With the completion of the patients recruitment, we have seen double response rate from preliminary data compared with available treatments. Such durable clinical benefit observed in multiple patients. The details of the results are expected to be released in 2023.

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.

D. Completed first dosing of first patient in Phase I trial in U.S. in October 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 with Cullinan to maximize the market value for unmet medical needs.

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. This collaboration of HBM9378 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.

HBM9378 obtained the IND approval in February 2022 and completed the dosing of the first subject in phase I trial in China in September 2022.

Other Development Projects

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

1. HBM1020

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

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

With its innovative biology mechanisms, HBM1020 may present a novel anti-tumor therapeutic complementary to PD-(L)1 therapeutics to patients, especially for PD-L1 negative/refractory patients. In January 2023, HBM1020 obtained the IND approval from U.S. FDA to initiate Phase I trial in U.S..

2. HBM1022

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

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

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

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

3. HBM1007

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

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

4. HBM9033

HBM9033 is an 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.

5. 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.

6. HBM7004

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

- Binds to target cells via bivalent B7H4 binding arms and demonstrates a intratumor B7H4-depedent T cell activation manner

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

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

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

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

7. HBM9014

HBM9014 is a first-in-class, fully human antibody targeting Leukemia inhibitory factor receptor for cancer treatment. It has been discovered using Harbour Mice® Platform. It:

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

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

- Shows great tolerability in monkey toxicology study.

8. HBM1047

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

- HBM1047 is a fully human anti-CD200R1 antibody with potent antagonistic activities.

- HBM1047 preferentially binds to tumor infiltrating T cells and myeloid cells.

- HBM1047 shows dramatic anti-tumor efficacy in different preclinical models.

- HBM1047 exhibits superior developability, PK and safety profile.

- HBM1047 was well tolerated up to the highest dose at 200 mg/kg in cynomolgus.

Research, Development and Technology

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

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 93 patents, and 30 patents have been granted invention patent license by the China National Intellectual Property Administration, with 201 patent applications still in progess as at 31 December 2022. 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.

- 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.

- Presented preclinical results of the next-generation fully human heavy-chain antibody HBM4003 on PNAS in August 2022.

- Developed HBM7004 and presented a speech of "Innovative B7H4 x CD3 & B7H4 x 4-1BB Bispecifics for Solid Tumor Therapies" at 13th Annual Summit World Multispecifics, 2022.

- Presented the Phase I data of Porustobart + Toripalimab on patients in China with melanoma at ESMO Immuno-Oncology Congress 2022.

- Presented new preclinical data of five portfolio assets including HBM7008, HBM7004, HBM1047, HBM1020 and HBM1022 in five poster presentations at the 37th Society for Immunotherapy of Cancer's (SITC) Annual Meeting.

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 of Nona Biosciences

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

We believe our flexible business models built around our proprietary technologies and our strong internal discovery capabilities can and will maximize our platform value by leveraging complementary advantages from the Company and our collaborators. To give full play to the value of our unique platform technologies, we continued to explore the expandability of platform technology application scenarios which generate impactful values to the Company.

1. *Multiple Collaborations in ADC*

   In the first half of 2022, Harbour BioMed (Suzhou) Co. Ltd, the predecessor of Nona Biosciences, 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.

2. *Collaborations with Moderna*

   Nona Biosciences and Moderna entered into a license and collaboration agreement on the discovery and development of nucleic acid based immunotherapies using the Company's proprietary heavy chain only antibody discovery platform, pursuant to which the Company will receive an upfront payment of US$6 million with the potential for additional payments of up to US$500 million in aggregate and royalties.

3. *Collaborations with Dragonfly Therapeutics*

   Nona Biosciences entered into a collaboration agreement with Dragonfly Therapeutics to discover and develop fully human heavy chain only antibodies for bispecific/multispecific therapeutic antibody generation based on Nona Biosciences' proprietary fully HCAb transgenic mice platform.

4. *Collaborations with Kelun-Biotech*

   Nona Biosciences entered into two agreements with Kelun-Biotech, pursuant to which Kelun-Biotech is entitled to license the two ADC products jointly developed by Nona Biosciences and Kelun-Biotech to a licensed third party. The agreements were entered into and became effective in December 2022, according to which the Company is entitled to 30% of the upfront, milestones and royalty payment of product 1 and product 2.

5. *Collaborations with Mythic Therapeutics*

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

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

Manufacturing and Commercialization

As the development on batoclimab is close to commercialization, during the Reporting Period, we were exploring the best way to commercialize and develop HBM9161 going forward. In October 2022, we out-licensed the Greater China rights of batoclimab to CSPC Group to accelerate the development and commercialization of this product. Over the past few years, we are delighted to see the excellent clinical efficacy of batoclimab, and are also looking forward to the commercialization of this product. We believe that entering into this cooperation with CSPC enables the Company to optimize the market potential and advance the clinical development of HBM9161, so as to further maximize the value of batoclimab in Greater China.

As we adjusted the strategy of the development of batoclimab and tanfanercept, we have accordingly reallocated our resources between pipeline development, manufacturing and commercialization in order to make the company more robust and ultimately benefit on our Shareholders.

In 2022, the Company and a subsidiary of WuXi Vaccines (Cayman) Inc. ("**WuXi Vaccines**", a third party) entered into an assets transfer agreement to transfer the clinical supply manufacturing facilities to WuXi Vaccines. The Company is of the view that the disposal is beneficial and in the best interest of the Company as a whole and also in line with the global innovation strategy currently implemented by the Company. In the meantime, considering the overall market status, the Company will develop strategically prioritized programs into clinical stage. The Company may reallocate its financial and other resources to maximize the platform value and to focus on its core competencies, invest in projects with growth prospects that can derive more steady income.

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 (including its core products) 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

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 raising a fund of over RMB100 million. As of 31 December 2022, the Company, through its subsidiary, held 11.90% of the total equity interest of NK Cell Tech.

As of 31 December 2022, the fair value of the investment is US$6.36 million, which represented 2.74% of the Company's total assets. During the Reporting Period, the Group recorded unrealized gain of US$1.04 million of its investment in NK Cell Tech.

Disposal of Clinical Supply Manufacturing Facilities

In November 2022, the Company (as the vendor) and a subsidiary of WuXi Vaccines (as the purchaser) entered into an assets transfer agreement to transfer the production plant and related assets in relation to the Biomacromolecule R&D Innovation Center Project, also known as the clinical supply manufacturing facilities, to WuXi Vaccines for a total consideration of RMB146 million. For details, please refer to the announcements of the Company dated 15 November 2022 and 22 December 2022.

Save as disclosed above and in this announcement, the Group did not make any investments, acquisitions or disposals in any company amounting to 5% or more of the value of the Group's total assets during the Reporting Period.

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

Impact of and response to COVID-19

In 2022, 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.

During the Reporting Period, despite the epidemic control measures implemented in Shanghai, the impact of the epidemic on the Company's business was insignificant. Apart from the 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. With the government of the locations of each office adopted an open policy to recover to normal economic activities, the epidemic has minimal impact on the Company's operations and there was no significant delay, suspension or termination caused by the epidemic. In 2023, 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.

Prospects and Outlook

The Company's achievements and growth momentum in 2022 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 2023, Harbour Therapeutics will further accelerate the progress of its portfolio. We will advance the multiple clinical trials of 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.

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

With the transfer of our pilot scale facilities and the co-development/out-licensing collaborations achieved recently, we will re-allocate the internal resources to focus on the development of portfolio in which all assets are generated from our platform, and the exploration on expanding of Nona Biosciences' networks.

FINANCIAL REVIEW

Overview

For the year ended 31 December 2022, the Group recorded a revenue of US$40.7 million, which increased significantly by US$36.4 million, or 843.8%, compared with US$4.3 million for the year ended 31 December 2021. The research and development expenses increased by US$28.0 million, or 26.1%, from US$107.1 million for the year ended 31 December 2021 to US$135.1 million for the year ended 31 December 2022. The administrative expenses saved US$12.8 million, or 31.9%, from US$40.1 million for the year ended 31 December 2021 down to US$27.3 million for the year ended 31 December 2022. Other income and gains were US$4.8 million for the year ended 31 December 2022, as compared with US$6.0 million for the year ended 31 December 2021. The Group recorded the loss of US$137.3 million for the year ended 31 December 2022.

Revenue

Our revenue primarily consists of molecule license fee, technology license fee and platform-based research fee, the increase primarily attributable to our license and collaboration agreement with AstraZeneca, NBP Pharma and Moderna. Our platform-based research fee remained stable at US$1.4 million and US$2.0 million for the year ended 31 December 2022 and 2021, respectively.

Cost of Sales

Our cost of sales consists of mice feeding costs and transportation costs, which was US$0.1 million for the year ended 31 December 2022, and was consistent with the 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 decreased from US$6.0 million for the year ended 31 December 2021 to US$4.8 million for the year ended 31 December 2022, primarily due to a decrease of government subsidy and grants.

Research and Development Costs

This increase was primarily attributable to the combined impact of (i) an increase in materials and third-party contracting costs from US$61.9 million for the year ended 31 December 2021 to US$98.8 million for the year ended 31 December 2022 due to our increased investments in key clinical programs and molecule assets in discovery and pre-clinical stages; (ii) mainly partially offset by a decrease in upfront and milestone fees from US$7.6 million for the year ended 31 December 2021 to US$1.6 million for the year ended 31 December 2022.

	For the year ended December 31			
	2022		2021	
	US$ in thousands		*US$ in thousands*	
Upfront and milestone fees	**1,589**	**1.2%**	7,598	7.1%
Employee costs	**25,950**	**19.2%**	28,472	26.6%
Materials	**11,904**	**8.8%**	9,935	9.3%
Third-party contracting costs	**86,917**	**64.3%**	51,983	48.5%
Depreciation and amortization	**5,609**	**4.2%**	5,113	4.8%
Others	**3,174**	**2.3%**	4,002	3.7%
	135,143	**100.0%**	107,103	100.0%

Administrative Expenses

Our administrative expenses decreased from US$40.1 million for the year ended 31 December 2021 to US$27.3 million for the year ended 31 December 2022, primarily attributable to (i) a decrease in employee cost from US$28.0 million for the year ended 31 December 2021 to US$14.8 million for the year ended 31 December 2022 caused by the decrease of salary and welfare in relation to our administration headcount; and (ii) partially offset by increased expenses of depreciation expense and the consulting and professional services.

	For the year ended December 31			
	2022		2021	
	US$ in thousands		*US$ in thousands*	
Employee costs	**14,768**	**54.1%**	28,046	70.0%
Professional expenses	**8,905**	**32.7%**	8,749	21.8%
Depreciation and amortization	**2,426**	**8.9%**	1,696	4.2%
Others	**1,175**	**4.3%**	1,576	4.0%
	27,274	**100.0%**	40,067	100.0%

Loss for the Year

As a result of the above factors, the loss for the year of the Group decreased by US$0.6 million from US$137.9 million for the year ended 31 December 2021 to US$137.3 million for the year ended 31 December 2022.

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:

	2022	2021
	USD'000	*USD'000*
Within 1 month	**19,978**	23,358
1-3 months	**1,171**	2,562
3-6 months	**826**	26
6-12 months	**54**	47
	22,029	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 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	
	2022	2021
Current ratio[(1)]	**2.79**	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 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 and restricted bank balances. Adjusted capital includes equity attributable to owners of the parent.

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

Material Acquisitions and Disposals

In November 2022, the Company (as the vendor) and a subsidiary of WuXi Vaccines (as the purchaser) entered into an assets transfer agreement to transfer the production plant and related assets in relation to the Biomacromolecule R&D Innovation Center Project, also known as the clinical supply manufacturing facilities, to WuXi Vaccines. The disposal resulted in an increase of other expense by US$12.5 million for the year ended 31 December 2022.

Save as disclosed above and in this announcement, 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.

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 2022, except the cash in bank amounting to US$0.7(31 December 2021: Nil) was restricted, the Group had no other pledge of assets.

Contingent Liabilities

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

Foreign Exchange Exposure

During the year ended 31 December 2022, the Group mainly operated in China and the majority of the transactions were settled in 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 2022.

Bank Loans and Other Borrowings

As of 31 December 2022, we had bank loans of US$88.2 million and lease liabilities of US$2.7 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 2022			
Lease liabilities	1,299	1,438	2,737
Bank borrowings – unsecured*	43,867	49,193	93,060
As of 31 December 2021			
Lease liabilities	2,594	4,826	7,420
Bank borrowings – unsecured*	797	10,479	11,276

* The bank borrowings carry interest at rates ranging from 3.45% to 4.65% (2021: 4.10% to 4.60%) per annum.

Employees and Remuneration

As of 31 December 2022, 197 of our employees were located in the PRC, 18 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 2022:

Function	**Number of Employees**	**% of Total Employees**
Research and Development	143	66.2
General and Administrative	73	33.8
Total	216	100.0

The total remuneration cost incurred by the Group for the year ended 31 December 2022 was US$40.7 million (including share-based payment amounting to US$5.8 million), as compared to US$56.5 million for the year ended 31 December 2021.

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 2022.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Thursday, 8 June 2023 (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 Thursday, 8 June 2023. The register of members of the Company will be closed from Friday, 2 June 2023 to Thursday, 8 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 1 June 2023.

POST BALANCE SHEET EVENTS

There are no material events after the Reporting Period to the date of this announcement that may have a material impact on the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2022.

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 2022 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 2022 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. On 10 October 2022, the Board has resolved to change the use of the remaining net proceeds allocated for the funding of HBM9161 as such product was out-licensed. (the "**Reallocation**"). For details, please refer to the announcement of the Company dated 10 October 2022. The Company plans to utilize the balance of net proceeds of the global offering by the end of 2023.

Set out below is the status of use of proceeds from the global offering as of 31 December 2022.

Purpose	Net Original allocation of net proceeds (HK$ million)	Unutilised for the year ended 31 December 2021	Unutilised amount as at 31 August 2022	Revised unutilised amount after the Reallocation as at 31 August 2022	Utilised for the year ended 31 December 2022	Unutilised amount as at 31 December 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	405.4	315.1	106.1	31.1	240.1	0
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of tanfanercept (HBM9036), one of our Core Products	132.5	43.5	N/A	N/A	43.5	0
Funding ongoing and planned clinical trials in Greater China and Australia, preparation for registration filings and potential commercial launches of HBM4003, our anchor asset, in Greater China, the United States and other jurisdictions	431.0	273.3	N/A	222.8	150.8	172.5
Funding the research and development of our other drug candidates seeking IND approvals and yet to commence clinical trials or those in pre-clinical studies	273.5	149.1	N/A	113.2	91.4	82.7
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	198.8	111.2	N/A	N/A	68.2	43.0
Funding the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms	82.9	49.7	N/A	N/A	28.8	20.9
Working capital and other general corporate purposes	132.5	79.5	N/A	N/A	47.2	32.3
Total	**1,656.6**	**1,021.5**			**670.0**	**351.4**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022 USD'000**	2021 USD'000
REVENUE	*6*	**40,659**	4,308
Cost of sales		**(130)**	(137)
Gross profit		**40,529**	4,171
Other income and gains	*6*	**4,768**	5,965
Administrative expenses		**(27,274)**	(40,067)
Research and development costs		**(135,143)**	(107,103)
Other expenses	*7*	**(17,913)**	(619)
Finance costs	*8*	**(1,987)**	(176)
LOSS BEFORE TAX	*9*	**(137,020)**	(137,829)
Income tax expense	*10*	**(248)**	(49)
LOSS FOR THE YEAR		**(137,268)**	(137,878)
Attributable to:			
Owners of the parent		**(137,222)**	(137,777)
Non-controlling interests		**(46)**	(101)
		(137,268)	(137,878)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (USD)	*12*	**(0.19)**	(0.19)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 ***USD'000***	2021 *USD'000*
LOSS FOR THE YEAR	**(137,268)**	(137,878)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,845**	(261)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**1,845**	(261)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(135,423)**	(138,139)
Attributable to:		
Owners of the parent	**(135,377)**	(138,038)
Non-controlling interests	**(46)**	(101)
	(135,423)	(138,139)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022** ***USD'000***	2021 *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**5,290**	11,789
Right-of-use assets	*14*	**2,667**	7,287
Intangible assets	*15*	**8,168**	8,492
Prepayments, other receivables and other assets	*18*	**629**	8,083
Other financial assets	*19*	**6,357**	5,843
Total non-current assets		**23,111**	41,494
CURRENT ASSETS			
Inventories	*16*	**1,044**	–
Trade receivables	*17*	**7,118**	26
Prepayments, other receivables and other assets	*18*	**28,482**	24,537
Restricted bank balances	*20*	**663**	–
Cash and cash equivalents	*20*	**171,705**	216,304
Total current assets		**209,012**	240,867
CURRENT LIABILITIES			
Trade payables	*21*	**22,029**	25,993
Other payables and accruals	*22*	**9,139**	10,439
Contract liabilities	*23*	**1,470**	1,232
Interest-bearing bank borrowings	*24*	**41,107**	797
Lease liabilities	*14*	**1,299**	2,594
Total current liabilities		**75,044**	41,055
NET CURRENT ASSETS		**133,968**	199,812
TOTAL ASSETS LESS CURRENT LIABILITIES		**157,079**	241,306

	Notes	2022 *USD'000*	2021 *USD'000*
NON-CURRENT LIABILITIES			
Contract liabilities	*23*	**13,860**	363
Interest-bearing bank borrowings	*24*	**47,085**	11,256
Lease liabilities	*14*	**1,438**	4,826
Deferred tax liabilities	*25*	**2,195**	1,947
Total non-current liabilities		**64,578**	18,392
Net assets		**92,501**	222,914
EQUITY			
Equity attributable to owners of the parent			
Share capital		**19**	19
Treasury shares		**(8,869)**	(8,116)
Reserves		**101,676**	231,290
		92,826	223,193
Non-controlling interests		**(325)**	(279)
Total equity		**92,501**	222,914

NOTES TO 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 which have been measured at fair value. These financial statements are presented in United States 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 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. ISSUED BUT NOT YET EFFECTIVE IFRS

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 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[2,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.

5 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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

The Group assessed that the adoption of the above new and revised standards will have no significant financial effect on these financial statements.

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

	2022	2021
	USD'000	*USD'000*
Europe	**24,851**	77
Mainland China	**8,557**	1,524
United States	**7,084**	2,669
Others	**167**	38
	40,659	4,308

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

(b) Non-current assets

	2022	2021
	USD'000	*USD'000*
Europe	**8,207**	7,600
Mainland China	**7,142**	26,805
United States	**1,405**	1,246
	16,754	35,651

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:

	2022	2021
	USD'000	*USD'000*
Customer A	**24,663**	–
Customer B	**6,281**	–
Customer C	**6,000**	–
Customer D	**–**	1,875
Customer E	**–**	993
Customer F	**–**	472
	36,944	3,340

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	USD'000	*USD'000*
Types of goods or services		
– Molecule license fee	**38,437**	2,347
– Technology license fee	**1,404**	1,961
– Research service fee	**818**	–
	40,659	4,308

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022	2021
	USD'000	*USD'000*
Timing of revenue recognition		
At a point in time		
– Molecule license fee	**38,437**	2,347
– Research service fee	**500**	–
Over time		
– Technology license fee	**1,404**	1,961
– Research service fee	**318**	–
	40,659	4,308

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:

	2022	2021
	USD'000	*USD'000*
Technology license fee	**565**	536
	565	536

(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.

Research service fee

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

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022	2021
	USD'000	*USD'000*
Amounts expected to be recognised as revenue:		
– Within one year	**683**	388
– After one year	**278**	1,440
	961	1,828

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

An analysis of other income and gains is as follows:

	2022	2021
	USD'000	*USD'000*
Other income and gains		
– Interest income	**2,866**	2,269
– Government grants recognised*	**561**	2,820
– Gains on fair value change of other financial assets	**1,039**	185
– Foreign exchange gains, net	**–**	691
– Others	**302**	–
	4,768	5,965

* 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. OTHER EXPENSES

An analysis of other expenses is as follows:

	2022	2021
	USD'000	USD'000
Disposals of property, plant and equipment	12,537	–
Foreign exchange losses, net	5,376	–
Others	–	619
	17,913	619

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	USD'000	*USD'000*
Interest on bank borrowings	**1,722**	17
Interest on lease liabilities	**265**	159
	1,987	176

9. LOSS BEFORE TAX

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

	Notes	**2022**	2021
		USD'000	*USD'000*
Cost of sales		**(130)**	(137)
Depreciation of property, plant and equipment	*13*	**(4,821)**	(4,628)
Depreciation of right-of-use assets	*14*	**(2,596)**	(1,925)
Amortisation of intangible assets	*15*	**(618)**	(256)
Disposals of property, plant and equipment		**(12,537)**	–
Disposals of right-of-use assets	*14*	**183**	–
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		**(32,769)**	(46,477)
– Pension scheme contributions*		**(2,186)**	(1,881)
– Share-based payment expenses		**(5,763)**	(8,160)
Auditors' remuneration		**(484)**	(549)
Lease expenses arising from short-term leases	*14*	**(23)**	(493)
Foreign exchange (losses)/gains, net		**(5,376)**	691

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

10. 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% (2021: 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% (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%), Nona Biosciences (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%).

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 15% (2021: 15%) 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 year.

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:

	2022	2021
	USD'000	*USD'000*
Current income tax	**–**	2
Deferred income tax *(note 25)*	**248**	47
Total tax expense for the year	**248**	49

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

	2022	2021
	USD'000	*USD'000*
Loss before tax	**(137,020)**	(137,829)
Tax at a tax rate of 25%	**(34,255)**	(34,457)
Effect of different tax rates enacted by local authorities	**10,707**	15,885
Tax losses not recognised	**24,015**	20,390
Expenses not deductible for tax purposes	**9,443**	5,065
Additional deductible allowance for qualified research and development costs	**(9,662)**	(6,834)
Tax expense at the Group's effective tax rate	**248**	49

11. DIVIDENDS

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

12. 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 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 years ended 31 December 2022 and 2021 are the same as the basic loss per share amounts of the respective years.

	2022	2021
Loss		
Loss attributable to owners of the parent *(USD'000)*	**(137,222)**	(137,777)
Shares		
Weighted average number of ordinary shares in issue during the year	**729,435,207**	732,377,357
Basic and diluted loss per share *(USD per share)*	**(0.19)**	(0.19)

13. 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 2022						
Cost						
As at 1 January 2022	16,399	814	360	6,071	841	24,485
Additions	1,515	117	11	96	25,982	27,721
Disposals	(2,110)	(98)	(17)	(1,003)	(26,775)	(30,003)
Exchange differences	(1,284)	(68)	(123)	(486)	(48)	(2,009)
As at 31 December 2022	14,520	765	231	4,678	–	20,194
Accumulated depreciation						
As at 1 January 2022	(7,905)	(435)	(153)	(4,203)	–	(12,696)
Charge for the year	(2,922)	(190)	(149)	(1,560)	–	(4,821)
Disposals	338	70	5	970	–	1,383
Exchange differences	703	40	114	373	–	1,230
As at 31 December 2022	(9,786)	(515)	(183)	(4,420)	–	(14,904)
Net carrying amount						
As at 31 December 2022	4,734	250	48	258	–	5,290
As at 31 December 2021	8,494	379	207	1,868	841	11,789
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

As at 31 December 2022, there were no pledged property, plant and equipment (2021: Nil).

14. 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:

	2022	2021
	USD'000	*USD'000*
Right-of-use assets		
Carrying amount at 1 January	**7,287**	1,351
Additions	**194**	7,849
Depreciation charge	**(2,596)**	(1,925)
Exchange differences	**(391)**	12
Termination	**(1,827)**	–
Carrying amount at 31 December	**2,667**	7,287

	2022	2021
	USD'000	*USD'000*
Lease liabilities		
Carrying amount at 1 January	**7,420**	1,725
New leases	**194**	7,849
Interest during the year	**265**	159
Payments	**(2,734)**	(2,332)
Exchange differences	**(398)**	19
Termination	**(2,010)**	–
Carrying amount at 31 December	**2,737**	7,420
Analysed into:		
Current portion	**1,299**	2,594
Non-current portion	**1,438**	4,826

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

	2022	2021
	USD'000	*USD'000*
Depreciation charge of right-of-use assets	**2,596**	1,925
Interest on lease liabilities	**265**	159
Expense relating to short-term leases	**23**	493
Total amount recognised in profit or loss	**2,884**	2,577

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

	2022	2021
	USD'000	*USD'000*
Within operating activities	**23**	493
Within financing activities	**2,734**	2,332
	2,757	2,825

15. INTANGIBLE ASSETS

	Software *USD'000*	Backlog *USD'000*	Technology licencing agreement *USD'000*	Total *USD'000*
31 December 2022				
Cost				
As at 1 January 2022	1,334	1,728	7,600	10,662
Additions	361	–	–	361
Exchange differences	(123)	–	–	(123)
As at 31 December 2022	1,572	1,728	7,600	10,900
Amortisation				
As at 1 January 2022	(442)	(1,728)	–	(2,170)
Charge for the year	(618)	–	–	(618)
Exchange differences	56	–	–	56
As at 31 December 2022	(1,004)	(1,728)	–	(2,732)
Net carrying amount				
As at 31 December 2022	568	–	7,600	8,168
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

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% (2021: 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:

	2022	2021
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.

16. INVENTORIES

	2022	2021
	USD'000	*USD'000*
Raw materials	**1,044**	–
	1,044	–
Less: Impairment allowance	**–**	–
	1,044	–

There were no inventories pledged as at 31 December 2022.

17. TRADE RECEIVABLES

	2022	2021
	USD'000	*USD'000*
Within 3 months	**7,118**	26
	7,118	26
Less: Impairment	**–**	–
	7,118	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 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.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022	2021
	USD'000	*USD'000*
Other receivables	**16,349**	1,283
Loans provided to an associate	**2,872**	–
Prepayments (i)	**7,277**	26,424
Value-added tax recoverable	**1,813**	4,243
Deposits	**800**	670
	29,111	32,620
Less: Non-current portion		
Prepayments (i)	**629**	8,083
Current portion	**28,482**	24,537

(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.

19. OTHER FINANCIAL ASSETS

	2022		2021	
	Categories	**Carrying amount *USD'000***	Categories	Carrying amount *USD '000*
Assets:				
Debt instruments (including hybrid contracts):				
Unlisted equity investments	**FVPL**	**6,357**	FVPL	5,843
		6,357		5,843

FVPL: 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 RMB3,400,0000 (equivalent to USD0.5 million) in the form of technology sublicensing 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 2022, the interests of the Group held in NK were diluted to 11.90% when NK issued 1,023,750 series A redeemable shares to a group of investors for a cash consideration of RMB130,000,000 (equivalent to USD19.37 million) or RMB126.98 (equivalent to USD18.92) per share.

20. CASH AND CASH EQUIVALENTS

	2022 *USD'000*	2021 *USD'000*
Cash and cash balances	**162,368**	56,304
Time deposits with original maturity of more than three months but less than one year when acquired	**10,000**	160,000
	172,368	216,304
Less:		
Restricted bank balances *(a)*	**663**	–
Cash and cash equivalents	**171,705**	216,304
Denominated in:		
USD	**98,447**	182,606
RMB	**71,735**	32,243
Others	**1,523**	1,455
	171,705	216,304

(a) As at 31 December 2022, cash in bank amounting to USD663,000 (31 December 2021: Nil) is restricted.

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.

21. TRADE PAYABLES

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

	2022	2021
	USD'000	*USD'000*
Within 1 month	**19,978**	23,358
1-3 months	**1,171**	2,562
3-6 months	**826**	26
6-12 months	**54**	47
	22,029	25,993

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

22. OTHER PAYABLES AND ACCRUALS

	2022	2021
	USD'000	*USD'000*
Other payables	**4,398**	1,808
Other accrued expenses	**3,542**	2,289
Payroll and welfare	**726**	5,850
Other tax payables	**473**	492
	9,139	10,439

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.

23. CONTRACT LIABILITIES

	31 December 2022	31 December 2021	1 January 2021
	USD'000	*USD'000*	*USD'000*
Amounts received in advance for research service fee	**817**	157	153
Amounts received in advance for the technology license fee	**790**	1,124	901
Amounts received in advance for molecule license fee	**13,723**	314	307
	15,330	1,595	1,361
Less: non-current portion	**13,860**	363	–
Current portion	**1,470**	1,232	1,361

The increase in contract liabilities as at 31 December 2022 was mainly due to the increase related to molecule license fee. The increase in contract liabilities as at 31 December 2021 was mainly due to the satisfaction of the performance obligation related to technology license fee.

24. INTEREST-BEARING BANK BORROWINGS

	2022	2021
	USD'000	*USD'000*
Bank borrowings – unsecured	**88,192**	12,053
	88,192	12,053
Analysed into:		
On demand or within one year	**41,107**	797
More than one year, but not exceeding five years	**47,085**	11,256
	88,192	12,053
Current	**41,107**	797
Non-current	**47,085**	11,256

As at 31 December 2022, the Group's overdraft bank facilities amounted to RMB850,000,000 (31 December 2021: RMB250,000,000), of which RMB614,222,000 (31 December 2021: RBM76,765,000) had been utilized.

The bank borrowings carry interest at rates ranging from 3.45% to 4.65% (2021: 4.10% to 4.60%) per annum.

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

25. 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 2022	
As at 1 January 2022	1,947
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 10)*	248
As at 31 December 2022	2,195
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 10)*	47
As at 31 December 2021	1,947

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

	2022 ***USD'000***	2021 *USD'000*
Tax losses	**381,720**	252,119
	381,720	252,119

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

	2022 ***USD'000***	2021 *USD'000*
Mainland China (tax losses expire in one to ten years)	**353,744**	238,504
Netherlands (tax losses with no expiration)	**12,730**	8,079
United States (tax losses with no expiration)	**15,246**	5,536
	381,720	252,119

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.

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 2022 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, 29 March 2023

As of the date of this announcement, the Board 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.