HARBOUR BIOMED

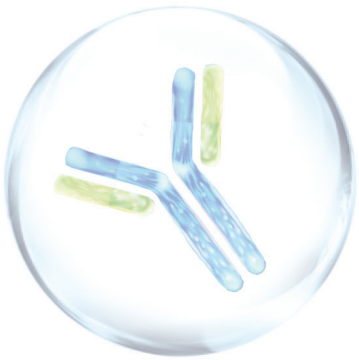
和鉑醫藥控股有限公司
HBM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 02142

2021
INTERIM REPORT

Contents



Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Jingsong Wang *(Chairperson)*
Dr. Mai-Jing Liao

NON-EXECUTIVE DIRECTORS

Mr. Yu Min Qiu
Mr. Junfeng Wang
Ms. Weiwei Chen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Robert Irwin Kamen
Dr. Xiaoping Ye
Mr. Ka Chi Yau

AUDIT COMMITTEE

Mr. Ka Chi Yau *(Chairperson)*
Mr. Yu Min Qiu
Dr. Xiaoping Ye

REMUNERATION COMMITTEE

Dr. Xiaoping Ye *(Chairperson)*
Dr. Jingsong Wang
Mr. Ka Chi Yau

NOMINATION COMMITTEE

Dr. Jingsong Wang *(Chairperson)*
Dr. Robert Irwin Kamen
Dr. Xiaoping Ye

JOINT COMPANY SECRETARIES

Mr. Wing Yat Christopher Lui
Mr. Richard Yu Fu

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Grand Cayman KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CHINA

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Shanghai, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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183 Queen's Road East, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.
P.O. Box 472, Harbour Place, 2nd Floor
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Grand Cayman KY1-1106, Cayman Islands

HONG KONG SHARE REGISTRAR

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AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Quarry Bay, Hong Kong

LEGAL ADVISER

Skadden, Arps, Slate, Meagher & Flom and affiliates

COMPLIANCE ADVISER

Guotai Junan Capital Limited

PRINCIPAL BANKS

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COMPANY WEBSITE

www.harbourbiomed.com

STOCK CODE

02142

Corporate Profile

Incorporated in July 2016, we are a clinical-stage biopharmaceutical company engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas. We are committed to the discovery, development and commercialization of novel antibody therapeutics to address current patients' needs.

ROBUST PORTFOLIO AND DIFFERENTIATED PIPELINE

We have a robust and diversified pipeline of more than ten potentially differentiated drug candidates, four of which are in clinical development stage. And HBM9161, HBM9036 and HBM4003 are our main products.

BATOCLIMAB (HBM9161)

Batoclimab is designed as a fully human monoclonal antibody that selectively binds to and inhibits the neonatal fragment crystallizable receptor ("**FcRn**"). FcRn plays a pivotal role in preventing the degradation of IgG antibodies. High levels of pathogenic IgG antibodies drive many autoimmune diseases. As the clinically most advanced FcRn inhibitor being developed in Greater China, batoclimab has the potential to be a breakthrough treatment for a wide spectrum of autoimmune diseases in Greater China. We are developing batoclimab in Greater China with an initial focus on myasthenia gravis (MG), immune thrombocytopenia (ITP), neuromyelitis optical spectrum disorder (NMOSD), graves' ophthalmopathy (GO), chronic inflammatory demyelinating polyneuropathy (CIDP) and pemphigus vulgaris (PV).

TANFANERCEPT (HBM9036)

Tanfanercept is our most advanced product candidate which is in Phase III clinical trial. It is designed to treat moderate-to-severe dry eye disease (DED). It has a mechanism of inhibiting tumor necrosis factor (TNF)-α that causes inflammation in the eye. With the rapid increase in the use of electronic devices, as well as the aggravation of social aging problem, more people are suffering from dry eye disease in their work and life. Tanfanercept has the potential to seize a majority market share in a fast-growing DED drug market in China.

HBM4003

HBM4003 is a next-generation, fully human anti-CTLA-4 antibody against cytotoxic T-lymphocyte-associated antigen-4 (CTLA-4), one of the major negative regulators of T cell responses. It is also our first internally developed molecule generated on our HCAb Platform, which we have advanced from candidate selection to clinical stage within three years. HBM4003 is the first fully human heavy chain only anti CTLA-4 antibody entered into clinical development around the world in history, and has favorable properties compared with conventional anti-CTLA-4 antibodies in pre-clinical settings. Compared with conventional CTLA-4 antibody, HBM4003 has unique, favorable properties including significant Treg cell depletion and improved pharmacokinetics ("**PK**") for better safety. While increasing the potential to selectively deplete intratumoral Treg cells via enhanced antibody-dependent cellular cytotoxicity ("**ADCC**") strategy, we believe HBM 4003 will be able to break the significant immune-suppressive barrier of anti-cancer immunotherapies in solid tumors. HBM4003 has great potential to overcome the efficacy and toxicity bottleneck with the existing CTLA-4 therapy, and become the core product in cancer immunotherapy.

As a biopharmaceutical company engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas, we also explored and developed multiple programs including novel and challenging mAbs such as HBM1022 (CCR8), HBM1029 (CLDN18.2), HBM1007 (a CD73 targeted mAb working through dual modes of action), HBM1020 (B7H7, also potentially first-in-class on this target), and HBM9378 (a TSLP targeted mAb with better bioavailability), and bispecific antibodies generated from our HBICE® platform with novel design and differentiated mechanism such as HBM7008 (B7H4x4-1BB), HBM7015 (PD-L1xTGF-β) and HBM7020 (BCMAxCD3).

LEADING DRUG INNOVATION AND DISCOVERY ENGINE

HBM4003, HBM9022 and other multiple programs were developed through our proprietary Harbour Mice® Platform. Our Harbour Mice® Platform generates fully human monoclonal antibodies in the classical two heavy and two light chain H2L2 format as well as heavy chain only (HCAb) format. Our H2L2 Platform generates, at a rapid rate and in a scalable fashion, classical two heavy and two light immunoglobulin chain antibodies (H2L2) with optimized fully human variable regions, allowing for endogenous affinity maturation and immune effector function. Our HCAb Platform is a human antibody platform that engineers "heavy chain only" antibodies (HCAb) in a wide variety of formats (such as nanobodies, bispecific or multispecific antibodies and CAR-T) and with favorable developability. Leveraging the technology know-how we accumulated on our HCAb Platform, we have independently developed the HBICE® Platform, which focuses on generating differentiated HCAb-based bispecific immune cell engagers potentially capable of delivering tumor-killing effects unachievable by combination therapies. Integrated with our single B-cell cloning platform, our antibody discovery engine is highly productive and efficient to drive innovation and sustainable growth of the Company.

PLATFORM-VALUE MAXIMIZED BUSINESS COLLABORATIONS

We own global rights to use and develop our Harbour antibody platforms, enabling us to maximize the value of our platforms to address global unmet medical needs. With the leading discovery engine, we expand our business collaborations with leading academic institutions and select industrial partners focusing on innovation and efficiency across the world.

The business collaboration model of our Harbour antibody platforms is not only limited to pure technology out-license, but also engaged with academic institutions or other leading innovative pioneers in the industry for co-discovery/co-development on next-generation innovative therapy. This platform has been validated by over 45 industry and academic partners. Built upon our strong track record of collaborations, we believe our Harbour antibody platforms will provide revenue creation potential and broaden the scope of our development efforts.

Financial Highlights

	For the six months ended 30 June	
	2021 US$ in thousands (Unaudited)	2020 US$ in thousands (Audited)
Revenue	**2,212**	6,070
Cost of sales	**–**	(287)
Other income and gains	**2,681**	349
Research and development costs	**(41,183)**	(15,198)
Administrative expenses	**(25,268)**	(5,306)
Finance costs	**(39)**	(235)
Other expenses	**–**	(667)
Income tax (expense)/credit	**(18)**	54
Loss for the period	**(61,615)**	(48,382)
Loss per share (Basic and diluted) (USD)	**(0.08)**	(0.39)

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

Business Highlights

1. BATOCLIMAB HBM9161

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

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

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

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

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

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

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

2. TANFANERCEPT HBM9036

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

3. HBM4003

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

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

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

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

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

4. BUSINESS DEVELOPMENT

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

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

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

5. ACADEMIC CONVENTION

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

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

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

6. MANUFACTURING AND COMMERCIALIZATION

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

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

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

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

Management Discussion and Analysis

OVERVIEW

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

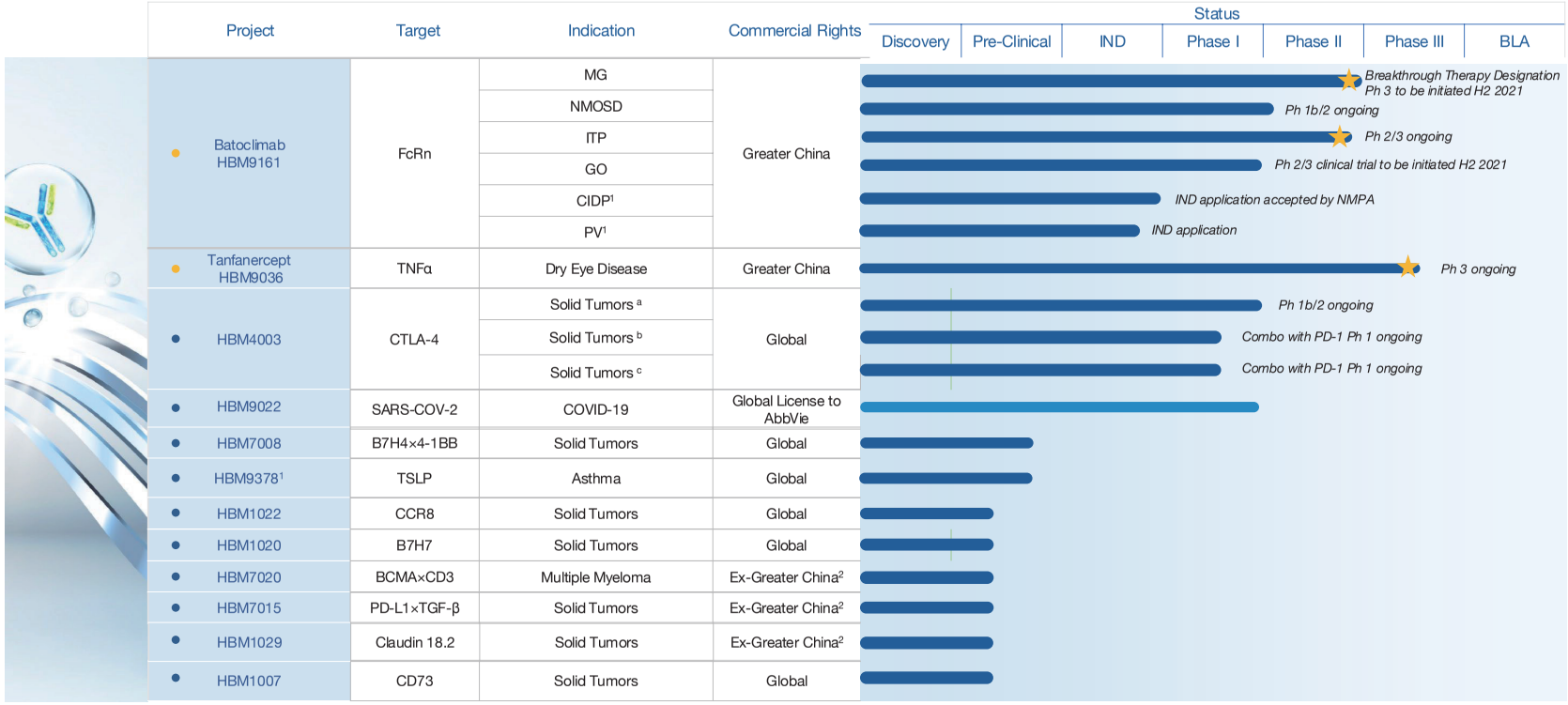
Our proprietary antibody technology platforms, Harbour Mice®, generate fully human monoclonal antibodies in the classical two heavy and two light chain (H2L2) format, as well as heavy chain only (HCAb) format. Building upon our HCAb antibodies, the HCAb-based immune cell engagers (HBICE®) are capable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

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

PORTFOLIO:

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

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



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

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

Notes:

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

BUSINESS REVIEW

Since 2021, China's healthcare reform has further deepened, and the reform of the pharmaceutical industry has gradually developed in depth and breadth amidst policy and market changes. Looking back at the overall industry landscape, the adjustment of medical insurance catalogs, medical insurance price negotiations and the new round of volume-based procurement have brought continuous challenges to drug prices, especially for the pricing of less differentiated products. Meanwhile, the exploration of medical insurance payment reform has also driven the industry to focus more on the drugs' potency-price ratio. On one hand, the newly revised "Drug Registration Regulation" (the "**DRR**") took effect on 1 July 2020. The DRR and its complementary measures provide an accelerated pathway for new drug launches, aiming to encourage clinical value-oriented drug innovation, accelerate the filing of clinically urgent drugs and address unmet clinical needs, which will ultimately benefit more patients. On the other hand, the new policy imposes new requirements on the quality of clinical trials and the protection of patient privacy. We are also paying attention to relevant policy changes in major countries around the world to align our product development with the rules and regulations of the region where the products are registered. Overall, against the backdrop of healthcare services upgrades and acceleration of the aging of the population, industry demand is still huge and growing steadily, and the industry as a whole is still on an upward trend which brings greater market opportunities for differentiated innovative drugs. Since the promulgation of the Drug Administration Law, especially in 2021, policies orientation has continued to encourage clinical value-oriented drug innovation. The Company has been upholding the clinical value-oriented product line layout, and the forward-looking clinical development.

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

OUR PRODUCT DEVELOPMENT

Development Progress of Main Products

1. Batoclimab HBM9161

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

For MG

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

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

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

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

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

For ITP

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

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

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

For NMOSD

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

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

C. Plan to file the BLA in 2022.

For GO

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

For Other Indications

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

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

2. Tanfanercept HBM9036

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

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

B. We plan to file the BLA in 2022.

3. HBM4003

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

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

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

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

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

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

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

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

Other Development Projects

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

1. *HBM9022*

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

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

2. *HBM1007*

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

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

3. *HBM7008*

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

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

4. HBM1022

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

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

5. HBM1020

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

6. HBM9378

HBM9378 is a fully human monoclonal antibody against TSLP (thymic stromal lymphopoietin) generated from H2L2 platform. It inhibits the TSLP mediated signaling pathway by blocking the interaction between TSLP and TSLP receptor. TSLP plays important roles in DC cell maturation, T helper 2 (Th2) cell polarization and inflammation, particularly in both eosinophilic and non-eosinophilic inflammation asthma. HBM9378 has fully human sequences with less immunogenicity risk and better bioavailability comparing to the other TSLP target competitors. The long half-life optimization and outstanding biophysical properties support its favorable dosing and formulation advantages. We expect to file an IND application in the second half of 2021.

7. HBM1029, HBM7015 & HBM7020

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

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

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

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

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

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

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

Research, Development and Technology

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

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

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

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

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

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

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

Business Development

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

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

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

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

Manufacturing and Commercialization

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

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

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

Material Investment, Acquisition and Disposals

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

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

Impact of and Response to COVID-19

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

During severe outbreak period –

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

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

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

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

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

f. Provide masks and alcohol disinfectant wipes for employees;

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

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

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

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

During normalized managing period –

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

b. Provide masks and alcohol disinfectant wipes for employees;

c. Temperature check before employees enter the office premises;

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

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

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

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

Prospect and Outlook

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

Since the establishment of the Company, we have been committed to developing innovative therapies for patients around the world and become an innovative biopharmaceutical company with core technology edges and differentiated portfolio. The Company will further accelerate the progress of its portfolio. We will advance the multiple clinical trials of our core products, batoclimab and tanfanercept, and get prepared for their commercial launch in the near future. The launch readiness work has already been initiated. We will further invest in HBM4003 and other projects generated from our discovery engine with an approach of designing molecules against novel targets or innovative molecules against known targets. In addition, we expect to file INDs for at least two new products, and we will continue to identify new quality candidates through Harbour Mice®, our highly effective drug discovery engine.

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

FINANCIAL REVIEW

OVERVIEW

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

REVENUE

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

COST OF SALES

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

OTHER INCOME AND GAINS

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

Research and Development Costs

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

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

Administrative Expenses

Our administrative expense increased from US$5.3 million for the six months ended 30 June 2020 to US$25.3 million for the six months ended 30 June 2021. The significant increase was caused by (i) hiring of new commercial staff to support future commercial launches of our key clinical stage products; (ii) hiring of new administrative staff to support operations of the Group as the Company listed on Hong Kong Stock Exchange in December 2020; and (iii) certain one-time compensation expenses(see Note 18(b) to Interim Condensed Consolidated Financial Information).

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

Loss on Fair Value Change of Convertible Redeemable Preferred Shares

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

Loss for the Period

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

Aging Analysis of Accounts Receivable

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

Liquidity and Source of Funding

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

Key Financial Ratios

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

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

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

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

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

Material Acquisitions and Disposals

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

Future Plans for Material Investments or Capital Asset

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

Pledge of Assets

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

Contingent Liabilities

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

Foreign Exchange Exposure

During the six months ended 30 June 2021, the Group mainly operated in China in which the majority of the transactions were settled in the Renminbi ("**RMB**"), whereas the funding source of the Company was United States dollar ("**US$**") the functional currency of the Company. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as at 30 June 2021.

Bank Loans and Other Borrowings

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

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

	Less than 1 year US$ in thousands	Between 1-5 years US$ in thousands	Total US$ in thousands
As at 30 June 2021			
Lease liabilities	1,841	3,659	5,500
As at 31 December 2020			
Lease liabilities	1,447	290	1,737

EMPLOYEES AND REMUNERATION

As at 30 June 2021, 307 of our employees were located in the PRC, 10 were located in the United States, and one was located in the Netherlands. The following table sets forth the total number of employees by function as at 30 June 2021:

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

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

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

The Group's employee remuneration policy is determined by taking into account factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, the inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisals once every year for its employees, the results of which are applied in annual salary reviews and promotional assessments. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisals results. Social insurance contributions and other pensions which are required by local laws are made by the Group for its employees in accordance with the relevant regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or suffer from any material labour dispute for the Reporting Period.

Corporate Governance/Other information

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

The Company has devised its own Corporate Governance Policy which incorporates the principles and practices as set out in the CG Code.

The Board is of the view that, during the six months ended 30 June 2021, the Company has complied with all the code provisions of the CG Code, except for the deviation from code provision A.2.1, details of which were given in the Company's 2020 Annual Report.

Our Board continues to believe that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Group to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 code of conduct regarding securities transactions of the Directors of the Company. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2021.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2021.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), which comprises two independent non-executive Directors, namely Mr. Ka Chi Yau (Chairman) and Dr. Xiaoping Ye and a non-executive Director, namely Mr. Yu Min Qiu.

The primary duties of the Audit Committee include the following:

- To review the financial statements and reports before submission to the Board and to consider any significant or unusual items raised by the internal audit department or the external auditors;

- To review the relationship with the external auditor with reference to the work performed by the auditor, its fees and terms of engagement, and to make recommendations to the Board on the appointment, reappointment and removal of the external auditor; and

- To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system and related programs, including the adequacy of the Company's resources, staff qualifications and experience, training programs and budget for the accounting and financial reporting function.

The Audit Committee, together with management of the Company, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021.

OTHER BOARD COMMITTEES

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

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this interim report, the Group does not have other plans for material investments and capital assets.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Directors' information of the Company subsequent to the date of 2020 Annual Report of the Company are set out below:–

- Dr. Atul Mukund Deshpande resigned as an executive Director of the Company with effect from 25 April 2021 for the reason of seeking other opportunities in his career development.

- Ms. Weiwei Chen, an independent non-executive Director prior to the effective date, had been re-designated as a non-executive Director and due to her redesignation, she had also resigned as the chairman of the audit committee of the Board and a member of the remuneration committee of the Board, with effect from 9 June 2021.

- Mr. Ka Chi Yau had been appointed as an independent non-executive Director, chairman of the audit committee and member of the remuneration committee with effect from 9 June 2021.

Mr. Ka Chi Yau (邱家賜), aged 63, has over 30 years of professional accounting and management experience including 20 years in serving PRC-based enterprises. He had worked for Ernst & Young in its Hong Kong, Toronto and Beijing offices with a primary focus in providing professional services in accounting and audit, initial public offering, and corporate restructuring before retiring in September 2015. When he was with Ernst & Young, Mr. Yau was appointed, among others, as the Professional Practice Director of Greater China from July 2007 to June 2009 and the Assurance Leader for China North Region from July 2010 to June 2014. He was appointed by the China Securities Regulatory Commission (中國證券監督管理委員會) ("**CSRC**") as a technical advisor to its Accounting Department in February 2008, after serving as a member of the 6th Session (2004), 7th Session (2005) and 8th Session (2006) of the Public Offering Review Committee in the CSRC. Prior to that, Mr. Yau was seconded as a full-time technical advisor to the Public Offering Supervision Department of the CSRC between 2001 and 2002.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2021. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the six months ended 30 June 2021.

USE OF NET PROCEEDS

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

Set out below is the status of use of proceeds from the global offering as at 30 June 2021.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the six months ended 30 June 2021	Unutilised amount as at 30 June 2021
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of batoclimab (HBM9161), one of our Core Products	29%	480.4	74.1	406.3
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of tanfanercept (HBM9036), one of our Core Products	8%	132.5	49.9	82.6
Funding ongoing and planned clinical trials in Greater China and Australia, preparation for registration filings and potential commercial launches of HBM4003, our anchor asset, in Greater China, the United States and other jurisdictions	23%	381.0	67.8	313.2
Funding the research and development of our other drug candidates seeking IND approvals and yet to commence clinical trials or those in pre-clinical studies	15%	248.5	55.7	192.8
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	12%	198.8	49.2	149.6
Funding the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms	5%	82.9	13.8	69.1
Working capital and other general corporate purposes	8%	132.5	22.1	110.4
Total	**100%**	**1,656.6**	**332.6**	**1,324.0**

DIRECTORS' AND CHIEF EXECUTIVE INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Model Code are as follows:

Name of Director	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company[1]	Long position/ Short position/ Lending pool
Dr. Jingsong Wang[2]	Interest in controlled corporations	60,334,400	7.86%	Long position
Dr. Mai-Jing Liao	Beneficial interest	8,308,000	1.08%	Long position
Dr. Robert Irwin Kamen[3]	Beneficial interest	4,128,040	0.54%	Long position

Notes:

(1) The calculation is based on the total number of 767,891,160 Shares in issue as of 30 June 2021 and rounded off to two decimal places.

(2) As of 30 June 2021, Dr. Wang's interests in the Shares were held by HARBOURBIO LLC the membership interests of which were in turned held in three trusts of which he is the settlor. South Dakota Trust Company LLC (acting on the instructions of Dr. Wang) is the trustee of two of the trusts which together own 99.96% equity interest in HARBOURBIO LLC.

(3) Dr Kamen holds 2,625,960 shares in his personal capacity, and the other 1,502,080 shares are restricted shares granted to Dr Kamen pursuant to the listed corporation's pre-IPO equity plan being held on his behalf by Shuxin Biotech Limited.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage of Shareholding[1]	Long position/ Short position/ Lending pool
Golden Link Investment Limited[2]	Beneficial owner	93,561,360	12.18%	Long position
Advantech Master Investment Limited[2]	Interest in controlled corporations	93,561,360	12.18%	Long position
Advantech Capital L.P.[2]	Interest in controlled corporations	93,561,360	12.18%	Long position
Advantech Capital Partners Ltd.[2]	Interest in controlled corporations	93,561,360	12.18%	Long position
Advantech Capital Holdings Ltd.[2]	Interest in controlled corporations	93,561,360	12.18%	Long position
Pang Kee Chan Hebert[2]	Interest in controlled corporations	93,561,360	12.18%	Long position
LC Healthcare Fund I, L.P.[3]	Beneficial owner	68,601,000	8.93%	Long position
LC Healthcare Fund I GP, L.P.[3]	Interest in controlled corporations	68,601,000	8.93%	Long position
LC Fund GP Limited[3]	Interest in controlled corporations	68,601,000	8.93%	Long position
Union Season Holdings Limited[3]	Interest in controlled corporations	68,601,000	8.93%	Long position
Legend Capital Co., Ltd[3]	Interest in controlled corporations	68,601,000	8.93%	Long position
HARBOURBIO LLC[4]	Beneficial owner	60,334,400	7.86%	Long position
South Dakota Trust Company LLC	Trustee	60,334,400	7.86%	Long position
Jingsong Wang[4]	Interest in controlled corporations	60,334,400	7.86%	Long position
Owap Investment Pte Ltd.[5]	Beneficial owner	50,632,400	6.59%	Long position
GIC (Ventures) Pte. Ltd.[5]	Interest in controlled corporations	50,632,400	6.59%	Long position
GIC Special Investments Pte. Ltd[5]	Interest in controlled corporations	50,632,400	6.59%	Long position
GIC Private Limited[5]	Interest in controlled corporations	53,632,400	6.98%	Long position
The Capital Group Companies, Inc.[6]	Interest in controlled corporations	46,811,600	6.10%	Long position
Capital Research and Management Company[6]	Interest in controlled corporations	15,847,000	6.10%	Long position
Capital Group International, Inc.[6]	Interest in controlled corporations	30,964,600	4.03%	Long position
Capital International Sarl[6]	Interest in controlled corporations	2,622,600	0.34%	Long position
Capital International, Inc.[6]	Interest in controlled corporations	28,342,000	3.69%	Long position
Morgan Stanley Investments (UK)	Interest in controlled corporations	39,941,000	5.20%	Long position
		20,733,000	2.69%	Short position

Notes:

(1) The calculation is based on the total number of 767,891,600 Share in issue as of 30 June 2021 and rounded off two decimal places.

(2) Golden Link Investment Limited is a wholly-owned subsidiary of Advantech Master Investment Limited, which is in turn a wholly-owned subsidiary of Advantech Capital L.P. ("**Advantech Capital**"). The general partner of Advantech Capital is Advantech Capital Partners Ltd., which is wholly-owned by Advantech Capital Holdings Ltd., which is in turn wholly-owned by Mr. PANG Kee Chan Hebert. Therefore, under the SFO, Advantech Master Investment Limited, Advantech Capital, Advantech Capital Partners Ltd., Advantech Capital Holdings Ltd. and Mr. Pang are deemed to be interested in the 2,339,034 Shares held by Golden Link Investment Limited.

(3) Legend Capital Co., Ltd is deemed to be interested in the equity interests held by LC Healthcare Fund I, L.P., due to the fact that it is the sole shareholder of Union Season Holdings Limited, which is the sole shareholder of LC Fund GP Limited, which in turn is the general partner of LC Healthcare Fund I GP, L.P, which in turn is the general partner of LC Healthcare Fund I, L.P.. Legend Capital Co., Ltd is ultimately controlled by each of Zhu Linan, Chen Hao and Wang Nengguang. Therefore, under the SFO, LC Healthcare Fund I GP, L.P, LC Fund GP Limited, Union Season Holdings Limited and Legend Capital Co., Ltd are deemed to be interested in the 65,470,000 Shares held by LC Healthcare Fund I, L.P..

(4) HARBOURBIO LLC is a company incorporated in the State of South Dakota in the U.S. and is wholly owned and controlled by Dr. Jingsong Wang.

(5) Owap Investment Pte Ltd. is wholly-owned by GIC (Ventures) Pte Ltd and managed by GIC Special Investments Pte. Ltd, which is wholly-owned by GIC Private Limited. Therefore, under the SFO, GIC (Ventures) Pte Ltd, GIC Special Investments Pte. Ltd and GIC Private Limited are deemed to be interested in the 50,632,400 Shares held by Owap Investment Pte Ltd..

(6) Capital International, Inc. and Capital International Sarl are wholly-owned by Capital Group International, Inc., which is wholly-owned by Capital Research and Management Company and Capital Research and Management Company is wholly-owned by The Capital Group Companies, Inc.. Therefore, under the SFO, The Capital Group Companies, Inc., Capital Research and Management Company and Capital Group International, Inc. are deemed to be interested in the 2,622,600 Shares held by Capital International Sarl and 28,342,000 Shares held by Capital International, Inc..

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

EQUITY INCENTIVE PLANS

1. PRE-IPO EQUITY PLAN

The Pre-IPO Equity Plan was approved and adopted pursuant to the written resolution of the sole shareholder of the Company dated 11 November 2016 and amended on 26 October 2017, 6 August 2018, 19 September 2019 and 24 June 2020, respectively.

The purposes of the Pre-IPO Equity Plan are:

(a) to attract and retain the best available personnel for positions of substantial responsibility;

(b) to provide incentives that align the interests of employees, Directors and consultants with those of the Company's shareholders; and

(c) to promote the success of the Company's business.

The Pre-IPO Equity Plan permits the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock and restricted stock units (each an "**Award**").

Incentive stock options may be granted only to employees (as defined in the Plan), while nonstatutory stock options, stock appreciation rights, Restricted stock and restricted stock units may be granted to employees, Directors or consultants.

The maximum aggregate number of Shares that are available for all Awards is 132,499,240 Shares.

The Pre-IPO Equity Plan has a term of ten years commencing from 11 November 2016. The Scheme is administrated by the Board and the trustee of the Pre-IPO Equity Plan. For details of the Pre-IPO Equity Plan, please refer to the prospectus of the Company.

As of 30 June 2021, the aggregate number of restricted shares and restricted share units granted under the Pre-IPO Equity Plan (which remain outstanding and exclude Award Shares not vested due to the departure of the Company's employees) were 13,380,320 and 8,876,720, respectively, including those were granted, as resolved by the Board, to 140 grantees, comprised of 129 current employees of the Group, four members of the scientific advisory board, six external researchers in the Netherlands and an external consultant (Dr. Xun Zhu (朱迅)), who have been granted share awards pursuant to the Pre-IPO Equity Plan with the number of underlying ordinary shares ranging from 14,400 to 1,880,000 and are collectively interested in 22,257,040 ordinary shares of the Company.

2. POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was conditionally adopted pursuant to the written resolutions of the Shareholders passed on 23 November 2020.

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company is 76,789,116, being no more than 10% of the Shares in issue on the Listing Date (the "**Option Scheme Mandate Limit**").

As of 30 June 2021, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and therefore the total number of Shares available for grant under the Post-IPO Share Option Scheme was 76,789,116 Shares (representing approximately 10% of the number of issued Shares as at the date of this interim report).

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Option Scheme Mandate Limit as refreshed cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which no further options shall be offered or granted).

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12 month period shall not exceed 1% of the total number of Shares in issue.

A consideration of HK$1.00 is payable within 20 business days from the date of grant of an option.

An option may, subject to the rules of the Post-IPO Share Option Scheme and the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as our Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

Pursuant to the Post-IPO Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

3. POST-IPO SHARE AWARD SCHEME

The Post-IPO Share Award Scheme conditionally adopted by resolutions passed in the meeting of our Shareholders dated 23 November 2020.

Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (an "**Eligible Person**" and, collectively "**Eligible Persons**") who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an Award.

The purposes of the Post-IPO Share Award Scheme are to align the interests of Eligible Persons' with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 38,394,558 Shares (representing approximately 5% of the total issued Shares immediately after completion of the Global Offering) without Shareholders' approval, subject to an annual limit of 1% of the total number of issued Shares at the relevant time. The Post-IPO Share Award Scheme has a term of ten years commencing on the Listing Date. As at 30 June 2021, no Shares had been granted or agreed to be granted pursuant to the Post-IPO Share Award Scheme and therefore the total number of Shares available for grant under the Post-IPO Share Award Scheme was 38,394,558 Shares (representing approximately 5% of the number of issued Shares as at the date of this interim report).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the Reporting Period was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other legal entity, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other legal entity or had exercised any such right.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) USD'000	2020 (Audited) USD'000
REVENUE	4	**2,212**	6,070
Cost of sales		**–**	(287)
Gross profit		**2,212**	5,783
Other income and gains	4	**2,681**	349
Administrative expenses		**(25,268)**	(5,306)
Research and development costs		**(41,183)**	(15,198)
Loss on fair value change of convertible redeemable preferred shares		**–**	(33,162)
Other expenses		**–**	(667)
Finance costs		**(39)**	(235)
LOSS BEFORE TAX	5	**(61,597)**	(48,436)
Income tax (expense)/credit	6	**(18)**	54
LOSS FOR THE PERIOD		**(61,615)**	(48,382)
Attributable to:			
Owners of the parent		**(61,560)**	(48,305)
Non-controlling interests		**(55)**	(77)
		(61,615)	(48,382)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (USD)	8	**(0.08)**	(0.39)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

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

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 (Unaudited) USD'000	31 December 2020 (Audited) USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**8,912**	10,262
Right-of-use assets		**4,708**	1,351
Intangible assets		**7,878**	7,800
Other non-current assets		**14**	29
Other financial assets	11	**5,644**	–
Total non-current assets		**27,156**	19,442
CURRENT ASSETS			
Trade receivables	10	**2,210**	1,056
Prepayments, other receivables and other assets		**16,852**	11,293
Other financial assets	11	**–**	153
Cash and bank balances	12	**281,024**	356,794
Total current assets		**300,086**	369,296
CURRENT LIABILITIES			
Trade payables	13	**8,294**	7,960
Other payables and accruals		**5,811**	14,784
Contract liabilities		**1,389**	1,361
Lease liabilities		**1,841**	1,447
Total current liabilities		**17,335**	25,552
NET CURRENT ASSETS		**282,751**	343,744
TOTAL ASSETS LESS CURRENT LIABILITIES		**309,907**	363,186

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 (Unaudited) USD'000	31 December 2020 (Audited) USD'000
NON-CURRENT LIABILITIES			
Contract liabilities		**415**	–
Lease liabilities		**3,481**	278
Deferred tax liabilities		**1,916**	1,900
Total non-current liabilities		**5,812**	2,178
Net assets		**304,095**	361,008
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	**19**	19
Treasury shares	15	**(1)**	(1)
Reserves		**304,310**	361,168
		304,328	361,186
Non-controlling interests		**(233)**	(178)
Total equity		**304,095**	361,008

Jingsong Wang
Director

Mai-Jing Liao
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the parent								
	Share capital USD'000	Treasury shares USD'000	Share premium* USD'000	Capital Reserve* USD'000	Exchange fluctuation reserve* USD'000	Accumulated losses* USD'000	Sub-total USD'000	Non-controlling interests USD'000	Total USD'000
As at 1 January 2021 (audited)	**19**	**(1)**	**817,871**	**2,989**	**(590)**	**(459,102)**	**361,186**	**(178)**	**361,008**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(61,560)**	**(61,560)**	**(55)**	**(61,615)**
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(163)**	**–**	**(163)**	**–**	**(163)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(163)**	**(61,560)**	**(61,723)**	**(55)**	**(61,778)**
Share-based payments	**–**	**–**	**2,048**	**2,817**	**–**	**–**	**4,865**	**–**	**4,865**
At 30 June 2021 (unaudited)	**19**	**(1)**	**819,919**	**5,806**	**(753)**	**(520,662)**	**304,328**	**(233)**	**304,095**

	Attributable to owners of the parent								
	Share capital USD'000	Treasury shares USD'000	Share premium* USD'000	Capital Reserve* USD'000	Exchange fluctuation reserve* USD'000	Accumulated losses* USD'000	Sub-total USD'000	Non-controlling interests USD'000	Total USD'000
As at 1 January 2020 (audited)	5	(1)	9,224	–	66	(162,705)	(153,411)	(36)	(153,447)
Loss for the period	–	–	–	–	–	(48,305)	(48,305)	(77)	(48,382)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	236	–	236	–	236
Total comprehensive loss for the period	–	–	–	–	236	(48,305)	(48,069)	(77)	(48,146)
Share-based payments	1	(1)	–	–	–	–	–	–	–
At 30 June 2020 (audited)	6	(2)	9,224	–	302	(211,010)	(201,480)	(113)	(201,593)

* *These reserve accounts comprise the consolidated reserves of USD304,310,000 (30 June 2020: USD201,484,000) in the interim condensed consolidated statement of financial position.*

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) USD'000	2020 (Audited) USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(61,597)**	(48,436)
Adjustments for:			
Finance costs		**39**	235
Foreign exchange (gains)/losses, net		**(362)**	509
Bank interest income		**(848)**	(298)
Gain on fair value change of other financial assets	4	**(8)**	–
Loss on fair value change of convertible redeemable preferred shares		**–**	33,162
Share-based payment expenses	16	**4,865**	–
Depreciation of property, plant and equipment	9	**2,155**	2,067
Depreciation of right-of-use assets		**746**	600
Amortisation of intangible assets		**107**	275
		(54,903)	(11,886)
(Increase)/decrease in trade receivables		**(1,191)**	1,259
Increase in prepayments, other receivables and other assets		**(5,665)**	(172)
Increase/(decrease) in trade payables		**155**	(5,000)
Decrease in contract liabilities		**(83)**	(2,639)
Decrease in other payables and accruals		**(8,710)**	(502)
Cash used in operations		**(70,397)**	(18,940)
Income tax paid		**(2)**	–
Net cash flows used in operating activities		**(70,399)**	(18,940)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of other financial assets	11	**(5,056)**	(1,130)
Proceeds from redemption of other financial assets	11	**153**	396
Interest received		**848**	288
Purchases of property, plant and equipment		**(703)**	(192)
Purchase of intangible assets		**(184)**	(25)
Increase in time deposits with original maturity of more than three months but less than one year when acquired		**(140,000)**	(15,000)
Net cash flows used in investing activities		**(144,942)**	(15,663)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) USD'000	2020 (Audited) USD'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible redeemable preferred shares		**–**	76,000
Transaction costs related to issue of convertible redeemable preferred shares		**–**	(180)
Principal portion of lease liabilities		**(510)**	(279)
Repayment from shareholders		**–**	250
Interest portion of lease liabilities		**(39)**	(55)
Net cash flows (used in)/generated from financing activities		**(549)**	75,736
Net (decrease)/increase in cash and cash equivalents		**(215,890)**	41,133
Cash and cash equivalents at beginning of period		**256,794**	27,391
Effect of foreign exchange rate changes, net		**120**	(84)
Cash and cash equivalents at end of period		**41,024**	68,440
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statement of financial position	12	**281,024**	89,440
Time deposits with original maturity of more than three months but less than one year when acquired	12	**(240,000)**	(21,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**41,024**	68,440

1. CORPORATE INFORMATION

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

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

3. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative therapeutics in the fields of immunology and oncology 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

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

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

(b) Non-current assets

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

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

3. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

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

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

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

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

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

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

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

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

Technology license fee

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

Molecule license fee

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

Platform-based research fee

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

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

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

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

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) *Performance obligations (Continued)*

An analysis of other income and gains is as follows:

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

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

5. LOSS BEFORE TAX

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

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

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

6. INCOME TAX EXPENSES

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

Cayman Islands

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

British Virgin Islands

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

6. INCOME TAX EXPENSES *(Continued)*

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, unless such profits are taxable at the half-rate of 8.25% (2020: 8.25%) that may apply for the first HK$2,000,000 (2020: HK$2,000,000) of the assessable profits.

Mainland China

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

Netherlands

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

United States

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

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

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

7. DIVIDENDS

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

8. LOSS PER SHARE

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

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. As the Group incurred losses for the six months ended 30 June 2021 and 2020, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share. Accordingly, the diluted loss per share amounts for the six months ended 30 June 2021 and 2020 are the same as the basic loss per share amounts of the respective periods.

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

9. PROPERTY, PLANT AND EQUIPMENT

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

10. TRADE RECEIVABLES

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

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

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

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

11. OTHER FINANCIAL ASSETS

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

11. OTHER FINANCIAL ASSETS *(Continued)*

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

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

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

On 10 June 2021, the Group subscribed 590,625 shares of Shanghai NK Cells Technology Limited. ("NK") and holds 15.79% interests in NK. The consideration of the subscription is RMB32,660,000 in the form of cash and RMB3,400,000 in the form of technology sublicense agreements.

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

12. CASH AND BANK BALANCES

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

12. CASH AND BANK BALANCES *(Continued)*

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

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

13. TRADE PAYABLES

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

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

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

14. PREFERRED SHARES

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

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

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

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

15. SHARE CAPITAL AND TREASURY SHARES

Issued and fully paid

	As at 30 June 2021 (Unaudited)	
	Number of shares in issue	**Share capital USD'000**
Ordinary shares of USD0.000025 each*	**756,900,600**	**19**
Restricted shares of USD0.000025 each**	**10,990,560**	**–**
	767,891,160	**19**

	As at 31 December 2020 (Audited)	
	Number of shares in issue	Share capital USD'000
Ordinary shares of USD0.000025 each*	756,850,200	19
Restricted shares of USD0.000025 each**	11,040,960	–
	767,891,160	19

* *This includes treasury shares as set out in the table below.*

** *Amount less than USD1,000.*

15. SHARE CAPITAL AND TREASURY SHARES *(Continued)*

Movements in the share capital and treasury shares were as follows:

	Number of shares in issue					
	Ordinary shares	**Treasury shares**	**Restricted shares**	**Series A2 Preferred Shares**	**Total**	**Share capital** USD'000
At 31 December 2019 and 1 January 2020 (audited)	3,038,980	1,398,737	179,595	232,200	4,849,512	5
Issue of ordinary shares (a)	–	1,030,169	–	–	1,030,169	1
Grant of restricted shares (note 16)	–	(1,768,447)	1,768,447	–	–	–
Restricted shares vested (note 16)	1,662,206	–	(1,662,206)	–	–	–
Forfeiture of restricted shares	–	9,812	(9,812)	–	–	–
Share subdivision by 1:40 (b)	183,346,254	26,140,569	10,764,936	9,055,800	229,307,559	–
Issue of ordinary shares for IPO (c)	138,221,000	–	–	–	138,221,000	3
Automatic conversion of Preferred Shares to ordinary shares (b) (note 14)	403,770,920	–	–	(9,288,000)	394,482,920	10
At 31 December 2020 (audited)	730,039,360	26,810,840	11,040,960	–	767,891,160	19
Grant of restricted shares (note 16)	**–**	**(1,728,000)**	**1,728,000**	**–**	**–**	**–**
Restricted shares vested (note 16)	**1,728,000**	**–**	**(1,728,000)**	**–**	**–**	**–**
Forfeiture of restricted shares	**–**	**50,400**	**(50,400)**	**–**	**–**	**–**
At 30 June 2021 (unaudited)	**731,767,360**	**25,133,240**	**10,990,560**	**–**	**767,891,160**	**19**

15. SHARE CAPITAL AND TREASURY SHARES *(Continued)*

(a) In 2020, 1,030,169 ordinary shares were issued to the Company's trust for the benefits of future employees of the Company. The trust was considered as an extension of the Company and such ordinary shares were accounted for as treasury shares.

(b) Pursuant to the shareholders' resolution passed on 23 November 2020, the Company conducted a share subdivision pursuant to which each share in the then issued and unissued share capital was split into 40 shares of the corresponding class with par value of US$0.000025 each effective upon the successful IPO of the Company on 10 December 2020. Immediately upon the completion of the share subdivision, all Preferred Shares were automatically converted into ordinary shares on a 1:1 basis.

(c) On 10 December 2020, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited. The total number of offer shares under the global offering was 138,221,000 with a par value of US$0.000025 each.

16. SHARE-BASED PAYMENTS

2016 Equity Incentive Plan

On 11 November 2016, the Company adopted the 2016 Equity Incentive Plan (the "2016 Plan") for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the Group. Under the 2016 Plan, the Company initially reserved an aggregate of 1,500,000 ordinary shares of par value of USD0.001 each for issuance.

On 11 November 2016, the Company issued and granted an aggregate of 1,263,200 restricted shares to its founders and certain employees.

The vesting schedule pursuant to the grant agreements is as follows:

1) On 7 December 2016 (the "Vesting Commencement Date 1"), 10% of the total number of restricted shares granted shall vest.

2) So long as a grantee's continuous status as a service provider has not yet terminated, 22.5% of the total number of restricted shares granted shall vest on the first anniversary of the Vesting Commencement Date 1.

3) So long as a grantee's continuous status as a service provider has not yet terminated, the remaining 67.5% of the total number of restricted shares granted hereunder shall vest monthly in equal instalments over the next three consecutive years from the first anniversary of the Vesting Commencement Date 1.

The Company was incorporated on 20 July 2016. On the grant date of the restricted shares, the Company had not started business operation and only had issued one ordinary share with par value of USD0.001. The fair value of the restricted shares at that date approximates to the par value, which is minimal.

16. SHARE-BASED PAYMENTS *(Continued)*

2016 Equity Incentive Plan *(Continued)*

In 2019, one founder and two other employees resigned from the Group and the 44,625 unvested restricted shares granted to them were forfeited.

On 31 July 2020, the Company granted 1,742,862 restricted shares and 243,878 restricted share units to the Group's employees, directors and consultants under the 2016 Plan. The fair value of the restricted shares and restricted share units on the grant date was US$22.06 per share/per unit. Among the 1,742,862 restricted shares:

(a) all the restrictions with respect to 425,734 shares are removed on the grant date;

(b) 1,257,024 shares are subject to the vesting schedule as follows:

1) restrictions with respect to 30% of the restricted shares shall be removed on the first anniversary of the grant date;

2) restrictions with respect to 30% of the restricted shares shall be removed on the second anniversary of the grant date; and

3) restrictions with respect to 40% of the restricted shares shall be removed on the third anniversary of the grant date;

(c) 22,552 shares are subject to the vesting schedule as follows:

1) restrictions with respect to 7,552 restricted shares shall be removed on the grant date;

2) restrictions with respect to 4,500 restricted shares shall be removed on the first anniversary of the grant date;

3) restrictions with respect to 4,500 restricted shares shall be removed on the second anniversary of the grant date; and

4) restrictions with respect to 6,000 restricted shares shall be removed on the third anniversary of the grant date;

16. SHARE-BASED PAYMENTS *(Continued)*

2016 Equity Incentive Plan *(Continued)*

and

(d) 37,552 shares are subject to the vesting schedule as follows:

1) restrictions with respect to 7,552 restricted shares shall be removed on the grant date;

2) restrictions with respect to 9,000 restricted shares shall be removed on the first anniversary of the grant date;

3) restrictions with respect to 9,000 restricted shares shall be removed on the second anniversary of the grant date; and

4) restrictions with respect to 12,000 restricted shares shall be removed on the third anniversary of the grant date.

The vesting schedule of the 243,878 restricted share units granted on 31 July 2020 is as follows:

1) 30% of shares subject to the restricted shares units shall vest on the first anniversary of the date on which the shares of the Company are first listed on any internationally recognised stock exchange (including but not limited to The Stock Exchange of Hong Kong Limited, The New York Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange) (the "Vesting Commencement Date 2");

2) 30% of shares subject to the restricted shares units shall vest on the second anniversary of the Vesting Commencement Date 2; and

3) 40% of shares subject to the restricted shares units shall vest on the third anniversary of the Vesting Commencement Date 2.

For the above restricted shares and restricted share units granted, the employees, directors and consultants shall remain as service providers during the vesting periods.

On 20 October 2020, the Company granted 25,585 restricted shares and 7,536 restricted share units to the Group's ex-employees. On 25 December 2020, the Company granted 21,600 (after share subdivision) restricted share units to an ex-employee. On 15 June 2021, the Company granted 1,728,000 (after share subdivision) restricted share to an ex-employee. The fair values of the restricted shares and restricted share units granted on 20 October and 25 December 2020 and 15 June 2021 were US$60.23 (before share subdivision), US$1.29 per share/per unit and US$1.18 per share, respectively. The restricted shares and restricted share units granted to the ex-employees are as compensations for their past services provided to the Group.

16. SHARE-BASED PAYMENTS *(Continued)*

2016 Equity Incentive Plan *(Continued)*

In this period, 11 employees resigned from the Group and 50,400 unvested restricted shares (after share subdivision) and 878,400 unvested restricted share units (after share subdivision) granted to them were forfeited, the Company repurchased the 302,400 vested restricted shares (after share subdivision) from 2 ex-employees with a consideration of par value of US$0.000025 each.

The following table illustrates the number of the outstanding restricted shares and restricted share units under the 2016 Plan during the period:

	2021 Jan-Jun	2020 Jan-Jun
Restricted shares:		
At the beginning of the period	**11,040,960**	179,595
Forfeited during the period	**(50,400)**	–
Granted during the period	**1,728,000**	–
Reclassification to ordinary shares of vested restricted shares	**(1,728,000)**	(89,797)
At the end of the period	**10,990,560**	89,798

	2021 Jan-Jun	2020 Jan-Jun
Restricted share units:		
At the beginning of the period	**9,776,720**	–
Forfeited during the period	**(878,400)**	–
Vested during the period	**(21,600)**	–
At the end of the period	**8,876,720**	–

The fair value of restricted shares and restricted share units granted during the period was USD2,048,053 (30 June 2020: Nil), of which the Group recognised share-based payment expenses of USD4,864,619 in the first half year of 2021 (30 June 2020: Nil).

17. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2021 (Unaudited) USD'000	As at 31 December 2020 (Audited) USD'000
Contracted, but not provided for:		
Plant and machinery	**973**	568

18. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

The Group had the following balances with related parties:

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

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

18. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel of the Group

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

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

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of reporting periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of investments in financial products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of Investments in unlisted equity investments have been estimated using income approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) USD'000	**Significant observable inputs (Level 2) USD'000**	**Significant unobservable inputs (Level 3) USD'000**	**Total USD'000**
Financial assets:				
Other financial assets				
– Unlisted equity investments	**–**	**–**	**5,644**	**5,644**

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000	Total USD'000
Financial assets:				
Other financial assets				
– Investments in financial products	–	153	–	153

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

The movements in fair value measurements within Level 3 during the period are as follows:

	30 June 2021 USD'000 (Unaudited)
At 1 January	–
Purchase – satisfied by cash (note 11)	**5,056**
Purchase – satisfied by sublicense agreements (note 11)	**526**
Total gains recognised in the statement of profit or loss	**62**
At period end	**5,644**

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (30 June 2020: Nil).

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2021:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investment in equity investment of NK	Income approach	Terminal growth rate	3%	1% increase/(decrease) in terminal growth rate would result in increase/(decrease) in fair value by USD531,000/(USD495,000)
		Weighted average cost of capital (WACC)	17.5%	1% increase/(decrease) in weighted average cost of capital (WACC) would result in (decrease)/increase in fair value by (USD2,455,000)/ USD2,352,000
		Discount of lack of marketability	27%	1% increase/(decrease) in discount of lack of marketability would result in (decrease)/increase in fair value by (USD70,000)/USD70,000

Definitions

"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on 23 November 2020 with effect from the Listing Date, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"Companies Law of Cayman"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"China" or "the PRC"	the People's Republic of China, and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"China/PRC NMPA"	National Medical Products Administration of the People's Republic of China
"BLA"	Biologics License Application
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	HBM Holdings Limited (和鉑醫藥控股有限公司), a company with limited liability incorporated in the Cayman Islands on 20 July 2016
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"conversion"	conversion of each preferred share to ordinary share on a one-to-one basis immediately upon completion of the Share Subdivision
"Director(s)"	the director(s) of our Company
"Dr. Wang"	Dr. Jingsong Wang, M.D., Ph.D. (王勁松), an executive Director, the chief executive officer and chairman of the Board of our Company
"Erasmus Medical Center"	Erasmus University Medical Center Rotterdam
"Global Offering"	the Hong Kong Public Offering and the International Offering

"Governmental Authority"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organisation, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Harbour Antibodies"	Harbour Antibodies B.V., a limited liability company incorporated in the Netherlands on 27 December 2006 and a direct wholly-owned subsidiary of the Company
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Laws"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the Securities and Futures Commission of Hong Kong) of all relevant jurisdictions
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	10 December 2020, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

Definitions

"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted on 23 November 2020, with effect from the Listing Date, as amended from time to time
"Post-IPO Share Award Scheme"	the post-IPO share award scheme adopted by the Company on 23 November 2020
"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by the Company on 23 November 2020
"Pre-IPO Equity Plan"	the share incentive plan approved and adopted by our Company on 11 November 2016, as amended on 26 October 2017, 6 August 2018, 19 September 2019 and 24 June 2020
"Pre-IPO Investor(s)"	the Series A1 Preferred Shareholders, Series A3 Preferred Shareholders, Series B Preferred Shareholders, Series B2 Preferred Shareholders and Series C Preferred Shareholders
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Reporting Period"	from 1 January 2021 to 30 June 2021
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.000025 each following the Share Subdivision and the Conversion
"Share Subdivision"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.001 each into 40 shares of the corresponding class with par value of US$0.000025 each
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in Section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"U.S. FDA"	U.S. Food and Drug Administration
"United States", "U.S." or "US"	United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent