HARBOUR BIOMED

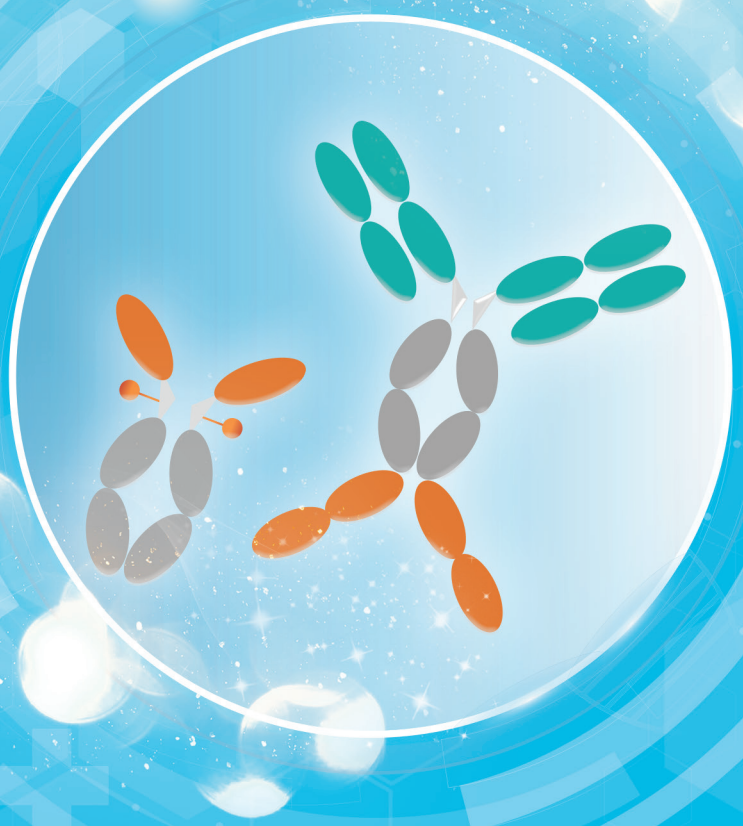
和鉑醫藥控股有限公司
HBM HOLDINGS LIMITED

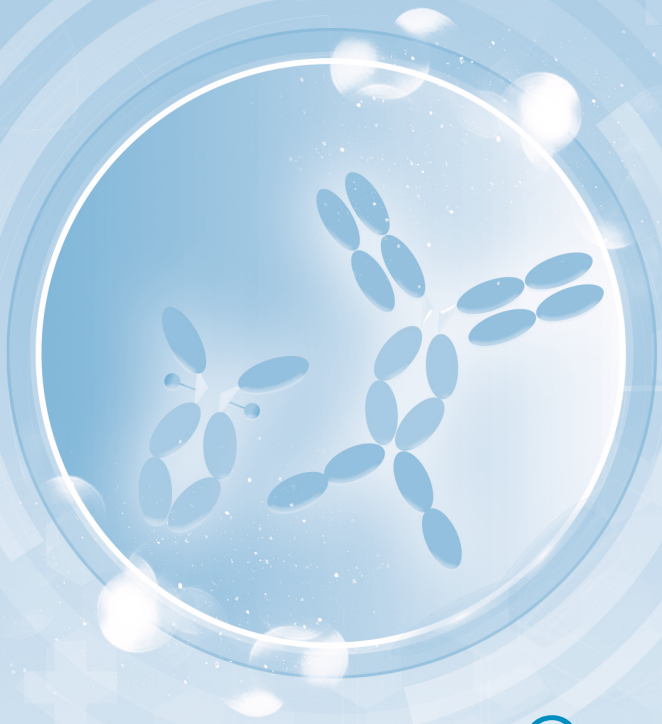
(incorporated in the Cayman Islands with limited liability)

Stock Code : 02142

INTERIM REPORT

2023





Contents

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Jingsong Wang *(Chief Executive Officer)*
(Chairperson)
Dr. Yiping Rong

NON-EXECUTIVE DIRECTOR

Ms. Weiwei Chen
Mr. Junfeng Wang *(resigned with effect from 13 July 2023)*
Mr. Yu Min Qiu *(resigned with effect from 13 July 2023)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Robert Irwin Kamen
Dr. Xiaoping Ye
Mr. Ka Chi Yau
Dr. Albert R. Collinson *(appointed with effect from 13 July 2023)*

AUDIT COMMITTEE

Mr. Ka Chi Yau *(Chairperson)*
Dr. Xiaoping Ye
Ms. Weiwei Chen

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

AUTHORIZED REPRESENTATIVES

Dr. Jingsong Wang
Mr. Richard Yu Fu

JOINT COMPANY SECRETARIES

Mr. Richard Yu Fu
Mr. Wing Yat Christopher Lui

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 472, Harbour Place, 2nd Floor
103 South Church Street, George Town
Grand Cayman KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CHINA

Suite 202, Building A3,
218 Xinghu Street,
Suzhou Industrial Park, Suzhou, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place,
348 Kwun Tong Road, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.
P.O. Box 472, Harbour Place, 2nd Floor
103 South Church Street, George Town
Grand Cayman KY1-1106, Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

Corporate Information

LEGAL ADVISER

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom and affiliates

PRINCIPAL BANKS

China Merchants Bank, Shenzhen Branch
23/F, No. 2016 Shennan Boulevard, Futian District
Shenzhen, China

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 immune-oncology and immunology disease areas. We are committed to the discovery, development and commercialization of novel antibody therapeutics to address current patients' needs.

In 2022, we established two sub-brands, Harbour Therapeutics, focusing on pipeline development, products collaboration and commercialization, and Nona Biosciences, a global biotechnology company providing a total solution for partners worldwide.

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. HBM9161, HBM4003, HBM7008 and HBM1020 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. On 10 October 2022, we entered into a license agreement with CSPC NBP Pharmaceutical Co. Ltd. ("**NBP Pharma**", a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited), pursuant to which we granted NBP Pharma an exclusive sublicensable license under the licensed technology to develop, manufacture and commercialize batoclimab in Greater China (including Hong Kong, Macau and Taiwan).

PORUSTOBART (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 HBM4003 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 of the current CTLA-4 therapy, and become the core product in cancer immunotherapy.

Corporate Profile

HBM7008

HBM7008 is a bispecific antibody targeting Tumor Associated Antigen (TAA) B7H4 and 4-1BB that not only displays high potency in the T cell co-stimulation and tumor growth inhibition, but also potentially may also translate to better safety due to its strict dependency of TAA-mediated crosslinking T cell activation. HBM7008 is one of the fully human bispecific antibodies developed from the HBICE® Platform of the Company. It is the only bispecific antibody against these two targets in clinical stage globally. Its unique specificity on 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 with the benefit of its innovative biology mechanisms and bispecific design.

HBM1020

HBM1020 is a first-in-class fully human monoclonal antibody generated from Harbour Mice® Platform targeting B7H7. As a newly discovered member of the B7 family, B7H7 expression is found non-overlapping with PD-L1 expression in multiple tumor types, which potentially play a more important role for tumor cells to escape immune surveillance. HBM1020 is the first and the only product targeting B7H7 in clinical stage globally. With its excellent product design and target features, B7H7 unique expression is found non-overlapping with PD-L1 in multiple tumor indicates an alternative immune evasion pathway besides PD-(L)1. In PD-L1 negative/refractory patients, B7H7 potentially plays a more important role for tumor cells to escape immune surveillance. We believe that HBM1020 has great potential to address huge unmet medical needs on solid tumors treatment.

Engaged in the discovery and development of differentiated antibody therapeutics in immune-oncology and immunology disease areas, we also explored and developed multiple programs including novel and challenging mAbs such as HBM1022 (CCR8), HBM1007 (a CD73 targeted mAb working through dual modes of action), HBM9378 (a TSLP targeted mAb with better bioavailability), HBM1047 (a CD200R1 targeted mAb), HBM9014 (a LIFR targeted mAb), and bispecific antibodies generated from our HBICE® Platform with novel design and differentiated mechanism such as HBM7020 (BCMAxCD3), HBM9027 (PD-L1xCD40), HBM7022 (CLDN18.2xCD3), HBM7004 (B7H4xCD3). In addition, by leveraging the advantages of the Harbour Mice® Platform, we explored more modalities of therapy in immune-oncology, such as HBM9033 (a MSLN targeted ADC).

Corporate Profile

LEADING DRUG INNOVATION AND DISCOVERY ENGINE

HBM4003 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 mRNA, nanobodies, bispecific/multispecific antibodies, cell therapy and ADC) 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, and also HCAb Plus™ Platform which is suitable for various modalities of therapy. 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.

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

PLATFORM-VALUE MAXIMIZED BUSINESS COLLABORATIONS

We own the 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 will 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 Harbour Therapeutics is not only limited to pure out-licensing, but also to engage with academic institutions or other leading innovative pioneers in the industry for co-development and incubation of joint ventures on next-generation innovative therapy. Our platforms have been validated by over 50 industry and academic partners. Built upon our strong track record of collaborations, we believe our platforms will generate the potential on revenue creation and broaden the scope of our business development.

In addition to collaboration through the molecules and pipeline generated from the platforms, we are also focusing our vision on more original and innovative collaborations on early stages. By integrating the industry leading Harbour Mice® and HCAb Plus™ Platforms with our experienced therapeutic antibody discovery team, Nona Biosciences provides a one-stop solution for therapeutic antibody discovery, engineering and development from I to I™ with flexible business model. We believe that Nona Biosciences will show us a new path to expand our collaboration networks and maximize the value of our platform.

Financial Highlights

	For the six months ended 30 June	
	2023	2022
	US$ in thousand	US$ in thousand
	(Unaudited)	(Unaudited)
Revenue	**40,996**	27,630
Cost of sales	**(23)**	(68)
Other income and gains	**3,226**	2,755
Research and development costs	**(28,378)**	(83,619)
Administrative expenses	**(8,576)**	(15,339)
Finance costs	**(2,347)**	(574)
Other expenses	**(1,995)**	(3,635)
Income tax benefits/(expense)	**11**	(229)
Profit/(Loss) for the period	**2,914**	(73,079)
Earnings/(Loss) per share (Basic and diluted) (USD)	**0.00**	(0.10)

	As of	As of
	30 June	31 December
	2023	2022
	US$ in thousand	US$ in thousand
	(Unaudited)	(Audited)
Cash and bank balances	**179,339**	171,705
Total assets	**223,513**	232,123
Total liabilities	**123,152**	139,622
Total equity	**100,361**	92,501

Business Highlights

PROGRESS ON HARBOUR THERAPEUTICS

1. BATOCLIMAB (HBM9161)

a. Completed the Phase III clinical trial for generalized myasthenia gravis ("**gMG**") in March 2023.

b. The Biologics License Application ("**BLA**") for the treatment of gMG was accepted by the National Medical Products Administration of China (the "**NMPA**") in June 2023.

2. PORUSTOBART (HBM4003)

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

a. Presented the results of Phase Ib clinical trial in combination of toripalimab in patients with hepatocellular carcinoma (HCC) at the American Society of Clinical Oncology (ASCO) Annual Meeting 2023 in June.

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

b. Presented the results of Phase Ib clinical trial in combination of toripalimab in patients with advanced high-grade neuroendocrine neoplasms ("**NENs**") at the American Association for Cancer Research (AACR) Annual Meeting 2023.

3. HBM9378

a. Completed subjects recruitment of ongoing Phase I trial in March 2023.

4. HBM1020

a. Obtained the Investigational New Drug ("**IND**") clearance to commence Phase I trial for solid tumors from US Food and Drug Administration ("**U.S. FDA**") in January 2023.

b. Completed first dosing of first patient in Phase I trial in the U.S. in June 2023.

5. OTHER PRODUCTS

a. Obtained the IND clearance to commence Phase I trial of HBM1007 for solid tumors from U.S. FDA in January 2023.

b. Obtained the IND clearance to commence Phase I trial of HBM1022 for solid tumors from U.S. FDA in February 2023.

BUSINESS DEVELOPMENTS

1. COLLABORATIONS ON ASSETS

a. In April 2022, we entered into a global out-license agreement with AstraZeneca to develop and commercialize HBM7022, a novel bispecific antibody generated from the HBICE® Platform of the Company. In the first half of 2023, AstraZeneca obtained the IND clearance from U.S. FDA and IND approval from NMPA and initiated global Phase I trial for solid tumors.

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

c. Further advanced the strategic collaboration with Hualan Genetic Engineering Co., Ltd. ("**Hualan Genetic**") in respect of three innovative monoclonal antibody and bispecific antibody drugs, two of which have received the IND approvals in 2022 and the first half of 2023, respectively.

2. PLATFORM-BASED COLLABORATIONS

a. Further advanced the collaboration with BioMap to explore the integration of Harbour Mice® Platform and AI technology developed by BioMap.

b. In 2022, we entered into a collaboration on antibody-drug conjugate ("**ADC**") projects with Duality Biotherapeutics, Inc. ("**Duality Biologics**"), and in July 2023, Beigene, Ltd. acquired an exclusive option for a global clinical and commercial license of an investigational preclinical ADC therapy developed under the collaboration between Duality Biologics and the Company for patients with select solid tumors.

c. In February 2023, Nona Biosciences entered into a collaboration agreement with Mythic Therapeutics, a biotechnology company focused on the development of ADC therapies for the treatment of a wide range of cancers.

d. In April 2023, Nona Biosciences entered into a collaboration agreement with Washington University in St. Louis to discover viral targets for which few or no human monoclonal antibodies (mAbs) currently exist, such as western equine encephalitis virus (WEEV), rabies and severe fever with thrombocytopenia syndrome virus (SFTSV).

e. In May 2023, Nona Biosciences entered into a strategic collaboration agreement with Massachusetts-based PharmaEssentia Innovation Research Center (PIRC) on our proprietary Harbour Mice® fully human antibody transgenic mice platform.

f. In May 2023, Nona Biosciences entered into an agreement with ModeX Therapeutics, an OPKO Health company, for the use of Nona's platforms to support ModeX's development of multispecific antibody therapeutics.

Business Highlights

3. INCUBATION TO ADVANCE CUTTING-EDGE AREAS

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

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

Management Discussion and Analysis

OVERVIEW

ABOUT HARBOUR THERAPEUTICS

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

ABOUT NONA BIOSCIENCES

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

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

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

PORTFOLIO:

We have over 10 drug candidates focusing on oncology and immunology diseases in pre-clinical to late clinical stages. The following table summarizes our product pipeline and the development status of each drug candidate in the areas indicated in the chart.

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

HARBOUR BIOMED

1. HBM in-license the Greater China Rights of HBM9161 from HanAll in 2017, and the rights is out-license to CSPC in Oct 2022
2. HBM4003 is a next-gen anti-CTLA-4 antibody with enhanced ADCC for Treg depletion
3. The U.S. rights of HBM7008 is out-licensed to Cullinan in Feb 2023

* MG: Myasthenia Gravis; TED: Thyroid Eye Disease;

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

BUSINESS REVIEW

Since 2023, 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. The newly revised "Drug Registration Regulation of PRC" (the "**DRR**") took effect on 1 July 2020. The DRR and its complementary measures provide an accelerated pathway for new drug launches, aiming to encourage clinical value-oriented drug innovation, accelerate the filing of clinically urgent drugs and address unmet clinical needs, which will ultimately benefit more patients.

At the same time, we have also seen opportunities and challenges in the global industry. On the one hand, biopharmaceutical companies are facing challenges in global development and commercialization of innovative medicines in recent years, due to changes in policy and orientation. Successive new policies impose new requirements on the quality of clinical trials and the protection of patient privacy. We are also closely monitoring relevant policy changes in major countries around the world to align our product development with the rules and regulations of the region where clinical trials are registered. On the other hand, against the backdrop of healthcare services upgrades and the acceleration of the aging of the population, industry demand is still large and growing steadily. The industry as a whole is still on an upward trend which brings greater market opportunities for differentiated innovative drugs. The Company has been upholding the clinical value-oriented product line layout, and the forward-looking clinical development by itself and its worldwide collaborators.

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, patent and global collaborations, focus on developing highly differentiated products with clear value that can meet clinical needs and plan the product cycles adequately. We believe that the Company's pipeline products, cutting-edge platform and leading global collaborations will have broad market prospects in the future.

Management Discussion and Analysis

PRODUCTS DEVELOPMENT OF HARBOUR THERAPEUTICS

PRODUCTS IN CLINICAL STAGE

Batoclimab (HBM9161)

We completed the treatment of patients in early 2023 and announced the positive topline results of the phase III clinical trial of batoclimab for the treatment of gMG in March, which is also the first positive pivotal trial outcome for batoclimab worldwide. This marks a major milestone as it is the Company's first product to complete phase III clinical trial and be poised for commercialization to benefit the gMG patients. In June 2023, NMPA has accepted the BLA of batoclimab (HBM9161) for the treatment of gMG. This is also the first BLA accepted by NMPA since Harbour BioMed's establishment. We believe that the collaboration with CSPC Group enables the Company to optimize the market potential and advance the clinical development of HBM9161, so as to further maximize the value of batoclimab in Greater China.

Porustobart (HBM4003)

HBM4003 is the next-generation, fully human heavy chain only anti-CTLA-4 antibody generated from the HCAb Platform. It is also the first fully human heavy chain only antibody entered into clinical development around the world in history. In 2023, we implemented the global development plan for multiple types of solid tumors with adaptive treatment designed for HBM4003, and positive data of efficacy and safety profile have been read out in the ongoing trials of NET/NEC and HCC. This flagship program is a great combination of our R&D capabilities with technology platform, and has made significant progress:

Combination Therapy with PD-1 for NET/NEC

A. Released the results of Phase Ib clinical trial of porustobart (HBM4003) in combination of toripalimab at the AACR Annual Meeting 2023.

   This is an open-label Phase Ib clinical study to evaluate the safety, tolerability, PK/PD and preliminary efficacy of HBM4003 combined with toripalimab in patients with advanced NEN and other solid tumors. Patients (pts) with pretreated advanced high-grade NENs received porustobart at one of the two dose levels (0.3 mg/kg and 0.45 mg/kg) plus toripalimab 240 mg every three weeks (Q3W). The primary endpoint is objective response rate (ORR) per RECIST 1.1 by investigator.

   – Porustobart in combination of toripalimab showed promising anti-tumor activity in advanced high-grade NENs. No significant difference in efficacy was observed between the two dose groups.

   – The overall objective response rate (ORR) and disease control rate (DCR) were 38.9% and 61.1%, respectively, and 3-month duration of response (DOR) rate was 80%, while the median DOR was not reached.

   – For patients with NEC the ORR and DCR were 38.5% and 69.2%, respectively.

Combination Therapy with PD-1 for HCC

B. Released the results of phase Ib clinical trial of porustobart (HBM4003), in combination of toripalimab in patients with HCC at ASCO Annual Meeting 2023.

This is an open-label Phase Ib dose expansion study to evaluate the safety, tolerability, PK/PD and preliminary efficacy of HBM4003 in combination with toripalimab in patients with advanced HCC and other solid tumors. Patients with advanced HCC (n=28) received porustobart 0.45 mg/kg plus toripalimab 240 mg every three weeks (Q3W) in both Cohort 1 and Cohort 2. Cohort 1 recruited patients who failed previous anti-VEGFR multikinase inhibitor(s) treatment while have not received anti-PD-(L)1 treatment (n=16); Cohort 2 recruited patients who failed previous anti-PD-(L)1 and anti-VEGF(R) treatments (n=12). The primary endpoint was objective response rate (ORR) per RECIST 1.1.

- In Cohort 1, the ORR and disease control rate (DCR) were 46.7% and 73.3%, respectively in 15 patients with post-treatment tumor assessments.

- In Cohort 2, the ORR and DCR were 9.1% (18.2% per mRECIST) and 54.5%, respectively in 11 patients with post-treatment tumor assessments.

Porustobart in combination of toripalimab showed promising anti-tumor activity. Greater effects were observed in Cohort 1, suggesting a larger available pool of effectors to induce anti-tumor activity in the presence of effective Treg depletion.

HBM9378

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

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

HBM9378 completed the healthy Chinese subjects recruitment of ongoing Phase I trial in March 2023.

Management Discussion and Analysis

HBM1020

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

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

In January 2023, we obtained the IND clearance to commence Phase I trial for solid tumors in the U.S. and completed the first dosing of this trial in June.

OTHER DEVELOPMENT PROJECTS

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

1. **HBM1022**

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

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

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

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

2. HBM1007

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

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

3. HBM9033

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

4. HBM9027

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

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

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

- Potent in vivo anti-tumor efficacy and remarkable in vivo stability.

Management Discussion and Analysis

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

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

5. HBM7004

HBM7004 is a novel B7H4xCD3 bispecific antibody. Using our proprietary fully human HBICE® bispecific technology and Harbour Mice® Platform (H2L2&HCAb), we discovered a B7H4xCD3 bispecific antibody to provide novel solutions for cancer immunotherapy from both efficacy and safety angles. The development of B7H4xCD3 bispecific HBICE® further consolidates our bispecific immune cell engager platform and demonstrates HBICE® platform's versatile geometry formats and plug-and-play advantages.

- Binds to target cells via bivalent B7H4 binding arms and demonstrates an intratumor B7H4-dependent T cell activation manner.

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

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

- Potent in vivo anti-tumor efficacy and remarkable in vivo stability in multiple animal models.

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

6. HBM9014

HBM9014 is a first-in-class, fully human antibody targeting Leukemia Inhibitory Factor Receptor (LIFR) for cancer treatment. It has been discovered using Harbour Mice® Platform. It:

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

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

- Shows great tolerability in monkey toxicology study.

7. HBM1047

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

- HBM1047 is a fully human anti-CD200R1 antibody with potent antagonistic activities.
- HBM1047 preferentially binds to tumor infiltrating T cells and myeloid cells.
- HBM1047 shows dramatic anti-tumor efficacy in different preclinical models.
- HBM1047 exhibits superior developability, PK and safety profile.
- HBM1047 was well tolerated up to the highest dose at 200 mg/kg in cynomolgus.

BUSINESS DEVELOPMENT OF HARBOUR THERAPEUTICS

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

1. Collaboration Progress on HBM7022 with AstraZeneca

In April 2022, we entered into a global out-license agreement with AstraZeneca to develop and commercialize HBM7022, a novel bispecific antibody generated from the HBICE® Platform of the Company. In the first half of 2023, AstraZeneca obtained the IND clearance from U.S. FDA and IND approval from NMPA and initiated global Phase I trial for solid tumors.

2. HBM7008 Out-licensed to Cullinan Oncology

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

3. Advancement of the Strategic Collaboration with Hualan Genetic

The strategic collaboration with Hualan Genetic was further advanced in 2023. In September 2020, the Company entered into a strategic partnership agreement with Hualan Genetic to develop our three proprietary innovative monoclonal and bispecific antibodies, including HBM1029, HBM7015 and HBM7020. Two products under the collaboration have received the IND approvals to initiate Phase I trial in China during 2022 and the first half of 2023.

Management Discussion and Analysis

4. Collaboration with Boston Children's Hospital

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

BUSINESS DEVELOPMENT OF NONA BIOSCIENCES

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

We believe our flexible business models built around our proprietary technologies and our strong internal discovery capabilities will maximize our platform value by leveraging complementary advantages from the Company and our collaborators. To give full play to the value of our unique platform technologies, we continue to explore the expandability of platform technology application scenarios which generate impactful values to the Company. We have established partnerships with more than 25 industry pioneers and academic researchers in 2023 to further expand our network of collaborations in China and globally.

1. Strategic Collaboration on AI and digitization with BioMap

In 2023, we have further advanced the collaboration with BioMap in relation to the co-development of innovative therapies to explore the integration of Harbour Mice® Platform and AI technology developed by BioMap. In 2021, the Company entered into a strategic collaboration agreement with BioMap for scientific research, development and transformation on novel antibodies products, which will be based on the Harbour Mice® Platform incorporating the benefits of the AI technology developed by BioMap. We believe that the collaboration with BioMap can optimize the discovery and pre-clinical development of innovative therapy through AI and digitization and empower the discovery engine of the Company.

2. Collaborations with Duality Biologics

In 2022, we entered into a collaboration on antibody-drug conjugate ("**ADC**") projects with Duality Biologics. In July 2023, BeiGene, Ltd. acquired an exclusive option for a global clinical and commercial license of an investigational preclinical ADC therapy developed under the collaboration between Duality Biologics and the Company for patients with select solid tumors.

3. Collaborations with Mythic Therapeutics

In February 2023, Nona Biosciences entered into a collaboration agreement with Mythic Therapeutics, a biotechnology company focused on the development of antibody-drug conjugate-based (ADC) therapies for the treatment of a wide range of cancers. Through the collaboration, Nona Biosciences will provide Mythic Therapeutics with access to its proprietary fully human heavy chain only antibody (HCAb) transgenic mice platform and antibody generation services to serve as input for Mythic Therapeutics' proprietary FateControl™ antibody engineering approach to generate next-generation ADCs for a wide range of cancers.

4. Collaborations with Washington University

In April 2023, Nona Biosciences entered into a collaboration agreement with Michael S. Diamond, MD, PhD, of Washington University in St. Louis to discover viral targets for which few or no human monoclonal antibodies (mAbs) currently exist, such as western equine encephalitis virus (WEEV), rabies and severe fever with thrombocytopenia syndrome virus (SFTSV).

5. Collaborations with PIRC

In May 2023, Nona Biosciences entered into a strategic collaboration agreement with Massachusetts-based PharmaEssentia Innovation Research Center (PIRC) on Harbour Mice® fully human antibody transgenic mice platform (H2L2 & HCAb). PharmaEssentia's therapeutic solutions reflect its motivation for reshaping the treatment path for progressive cancers, and we believe that by leveraging Nona Biosciences' antibody discovery ability, we can accelerate the R&D process of novel therapies.

6. Collaborations with ModeX Therapeutics

In May 2023, Nona Biosciences entered into an agreement with ModeX Therapeutics, an OPKO Health company, for the use of Nona Biosciences' platforms to support ModeX's development of multispecific antibody therapeutics. Under the terms of the agreement, ModeX will have access to Harbour Mice® platforms to accelerate discovery of monoclonal antibodies to be integrated into ModeX's MSTAR platform. This is intended to significantly reduce an often-time-consuming step of the preclinical development process. The collaboration aims to leverage each company's unique strengths to drive forward the discovery of cutting-edge treatments.

Management Discussion and Analysis

Research, Development and Technology

We focus on innovative next-generation therapies in oncology and immunology. Our discovery and pre-clinical research teams conduct drug discovery, formulation development, process development and pre-clinical studies on new candidates. During the Reporting Period, we achieved multiple progress on the academic research on our clinical development:

- Presented the results of Phase Ib clinical trial of porustobart (HBM4003) in combination of toripalimab in patients with NET/NEC at the AACR Annual Meeting 2023.

- Presented the results of Phase Ib clinical trial of porustobart (HBM4003), in combination of toripalimab in patients with HCC at ASCO Annual Meeting 2023.

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

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

- Applied for 268 patents, and 12 patents have been granted invention patent license by the China National Intellectual Property Administration, with 174 patent applications still in progress as at 30 June 2023. These patent applications have further strengthened the protection of intellectual property rights of the Company's core products and technology platforms.

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

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

Material Investments, Acquisitions and Disposals

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

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

Investment in NK Cell Tech

In June 2021, the Company entered into an agreement with NK Cell Tech, a startup company established in the PRC with globally leading technology and talents in the NK cell field, in respect of the co-development of novel NK cell therapy. The Company, via Harbour BioMed (Shanghai) Technology Development Co., Ltd ("**HBM Shanghai**"), a subsidiary of the Company, as the co-founder, made an investment in NK Cell Tech. Pursuant to the shareholders' agreement entered into by the parties, HBM Shanghai subscribed for redeemable ordinary shares with preferential shares of NK Cell Tech, representing 15.8% of the equity interest in the registered capital of NK Cell Tech, for a consideration of cash and technology sublicense agreement. Upon completion of the subscription, the Company, through its subsidiary, held 15.8% of the total equity interest of NK Cell Tech and has the right to appoint a person as a director of NK Cell Tech. This investment shows the expandability of our platform technology application scenarios which generate impactful values to the Company in the diversified deployment of next generation innovation. It opens a new channel for our platform technology value creation and conversion. In June 2022, NK Cell Tech announced that it has completed its A round financing with a fund raising over RMB100 million. As of 30 June 2023, the Company, through its subsidiary, held 11.75% of the total equity interest of NK Cell Tech.

As of 30 June 2023, the fair value of the investment is US$6.13 million, which represented 2.74% of the Company's total assets. During the Reporting Period, the Group did not record any unrealized gain of its investment in NK Cell Tech.

Save as disclosed above and in this interim report, we have no current plans for material investments, acquisitions and disposals.

Management Discussion and Analysis

Prospects and Outlook

The Company's achievements and growth momentum in the first half of 2023 give us confidence that we will be able to successfully address the complex market environment and provide innovative therapeutic drugs to patients with immune diseases and cancer in the near future.

Since its establishment, we have been committed to developing innovative therapies for patients around the world and have become an innovative biopharmaceutical company with core technological advantages and a differentiated portfolio. In 2023, Harbour Therapeutics will further accelerate the progress of its portfolio. We will advance the multiple clinical trials of HBM4003, HBM1020 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 one new product, and we will continue to identify new quality candidates through Harbour Mice® and HBICE®, our highly effective drug discovery engine.

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

We will re-allocate our internal resources to focus on the development of portfolio in which all assets are generated from our platforms, and the exploration on expanding of collaboration networks by Nona Biosciences.

Events after the Reporting Period

Reference is made to the announcements of the Company dated 23 December 2022 and 4 August 2023 in relation to the collaboration between Nona Biosciences and Kelun-Biotech. In December 2022, Nona Biosciences entered into two agreements with Kelun-Biotech, pursuant to which Kelun-Biotech is entitled to license two ADC products (product 1 and product 2) jointly developed by the Nona Biosciences and Kelun-Biotech to a licensed third party. In August 2023, the Company provided further update on Nona Biosciences' entitlement to receive 30% of the payments of product 1, including 30% of US$30 million of upfront payment (the Company has received the related proceeds during the Reporting Period), 30% of approximately US$1,300 million in aggregate of milestones payment and tired royalties.

FINANCIAL REVIEW

OVERVIEW

The Group recorded a revenue of US$41.0 million and a profit of US$2.9 million for the six months ended 30 June 2023, as compared with a revenue of US$27.6 million and a loss of US$73.1 million for the six months ended 30 June 2022.

Other income and gains was US$3.2 million for the six months ended 30 June 2023, as compared with US$2.8 million for the six months ended 30 June 2022. The research and development costs of the Group was US$28.4 million for the six months ended 30 June 2023, as compared with US$83.6 million for the six months ended 30 June 2022. The administrative expenses was US$8.6 million for the six months ended 30 June 2023, as compared with US$15.3 million for the six months ended 30 June 2022.

Revenue

Our total revenue increased significantly from US$27.6 million for the six months ended 30 June 2022 to US$41.0 million for the six months ended 30 June 2023, primarily due to the increase in our revenue from recognizing molecule license fees. Our molecule license fees increased from US$27.1 million for the six months ended 30 June 2022 to US$39.5 million for the six months ended 30 June 2023, primarily due to the increase of upfront/milestone income arising from our license and collaboration agreements. Our research service fee and technology license fee increased from US$0.5 million for the six months ended 30 June 2022 to US$1.5 million for the six months ended 30 June 2023.

Cost of Sales

Our cost of sales was US$0.02 million for the six months ended 30 June 2023, as compared with US$0.07 million for the six months ended 30 June 2022.

Other Income and Gains

Other income and gains were US$3.2 million for the six months ended 30 June 2023, and US$2.8 million for the six months ended 30 June 2022. Other income and gains primarily consist of interest income and government grants related income.

Management Discussion and Analysis

Research and Development Costs

Our research and development costs decreased significantly from US$83.6 million for the six months ended 30 June 2022 to US$28.4 million for the six months ended 30 June 2023. This decrease was primarily attributable to (i) decreased investments in clinical trials after multiple out-licensing transactions; and (ii) a decrease in employee cost from US$17.7 million to US$8.8 million due to the decrease of our R&D staffs and share-based payment expenses.

	For the six months ended			
	2023		2022	
	US$ in thousands		US$ in thousands	
Upfront and milestone fees	**233**	**0.8%**	400	0.5%
Employee costs	**8,849**	**31.2%**	17,725	21.2%
Materials	**1,563**	**5.5%**	2,103	2.5%
Third-party contracting costs	**14,725**	**51.9%**	58,425	69.9%
Depreciation and amortization	**1,946**	**6.9%**	3,251	3.9%
Others	**1,062**	**3.7%**	1,715	2.0%
	28,378	**100.0%**	83,619	100.0%

Administrative Expenses

Our administrative expenses decreased by US$6.8 million to US$8.6 million for the six months ended 30 June 2023, primarily due to the decrease in employee cost from US$10.8 million for the six months ended 30 June 2022 to US$5.5 million for the six months ended 30 June 2023, caused by the decrease of salary and welfare in relation to our administration headcount.

	For the six months ended 30 June			
	2023		2022	
	US$ in thousands		US$ in thousands	
Employee costs	**5,529**	**64.5%**	10,774	70.2%
Professional expenses	**1,577**	**18.4%**	2,484	16.2%
Depreciation and amortization	**508**	**5.9%**	1,635	10.7%
Others	**962**	**11.2%**	446	2.9%
	8,576	**100.0%**	15,339	100.0%

Profit/Loss for the Period

As a result of the above factors, the profit for the period of the Group increased by US$76.0 million from US$73.1 million losses for the six months ended 30 June 2022 to US$2.9 million profit for the six months ended 30 June 2023.

Ageing Analysis of Accounts Receivable

All the accounts receivables aged less than one year.

Ageing Analysis of Accounts Payables

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

	30 June 2023 USD in thousands	31 December 2022 USD in thousands
Within 1 month	**13,697**	36,111
1-3 months	**1,755**	3,235
3-6 months	**509**	285
6-12 months	**437**	23
	16,398	39,654

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

Liquidity and Source of Funding

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

Management Discussion and Analysis

Key Financial Ratios

The following table sets forth the key financial ratios as of the following dates indicated:

	As of 30 June 2023	As of 31 December 2022
Current ratio[1]	**3.14**	2.79
Gearing ratio[2]	**N/A[3]**	N/A[3]

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

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

(3) As of 30 June 2023 and 31 December 2022, the Group's cash and cash equivalents exceeded the financial liabilities. As such, no gearing ratio as of 30 June 2023 and 31 December 2022 was presented.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended 30 June 2023.

Future Plans for Material Investments or Capital Asset

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

Pledge of Assets

As of 30 June 2023, except for the cash in bank amounting to US$0.6 million (as of 31 December 2022: US$0.7 million) that is restricted, the Group had no pledge of assets.

Contingent Liabilities

The Group had no material contingent liabilities as of 30 June 2023 (as of 31 December 2022: nil).

Foreign Exchange Exposure

During the six months ended 30 June 2023, the Group mainly operated in China in which the majority of the transactions were settled in the Renminbi ("**RMB**"), whereas the funding source of the Company was United States dollar ("**US$**") the functional currency of the Company. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 30 June 2023.

Bank Loans and Borrowings

As of 30 June 2023, we had bank loans of US$80.9 million and lease liabilities of US$2.1 million.

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

	Less than 1 year US$ in thousands	Between 1-5 years US$ in thousands	Total US$ in thousands
As of 30 June 2023			
Lease liabilities	998	1,093	2,091
Bank borrowing – unsecured*	42,493	45,382	87,875
As of 31 December 2022			
Lease liabilities	1,299	1,438	2,737
Bank borrowing – unsecured*	43,867	49,193	93,060

The bank borrowings carry interest at rates ranging from 3.45% to 4.65% (2022: 3.45% to 4.65%) per annum.

Employees and Remuneration

As of 30 June 2023, 151 of our employees were located in the PRC, 15 were located in the United States, and one was located in the Netherlands. The following table sets forth the total number of employees by function as of 30 June 2023:

Function	Number of Employees	% of Total Number of Employees
Research and Development	108	64.7%
General and Administrative	59	35.3%
Total	167	100.0%

The total remuneration cost incurred by the Group for the six months ended 30 June 2023 was US$14.4 million (including share-based payment expenses amounting to US$2.9 million), as compared to US$28.5 million (including share-based payment expenses and certain one-time compensation expenses amounting to US$6.9 million) for the six months ended 30 June 2022.

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

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 devised its own Corporate Governance Policy which incorporates the principles and practices as set out in the the Corporate Governance Code (the "**CG Code**") under Appendix 14 to the Listing Rules. The Board will continue to review and enhance the corporate governance practice of the Company to ensure compliance and alignment with the latest measures and standards set out in the CG Code.

The Board is of the view that, during the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code, save and except for the deviation from code provision C.2.1 of the CG Code, details of which are set out below.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Companies listed on the Stock Exchange are expected to comply with such requirement, but may choose to deviate from such requirement. Currently, the Company does not have a separate chairman and chief executive officer and Dr. Jingsong Wang currently performs both roles.

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 as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of the Directors. Having made specific enquiry with the Directors, all 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 2023.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2023.

AUDIT COMMITTEE

The Board has established 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, Ms. Weiwei Chen (Ms. Weiwei Chen was appointed following the resignation of Mr. Yu Min Qiu resigned as a non-executive Director on 13 July 2023).

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 2023.

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 future plans for material investments and capital assets.

Corporate Governance/Other information

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Directors' information subsequent to the 2022 Annual Report of the Company are set out below:

- Mr. Junfeng Wang resigned as a non-executive Director, and Mr. Yu Min Qiu resigned as a non-executive Director and member of the Audit Committee with effect from 13 July 2023.

- Dr. Albert. R. Collinson has been appointed as an independent non-executive Director with effect from 13 July 2023.

- Ms. Weiwei Chen, a non-executive Director, has been appointed as a member of the Audit Committee with effect from 13 July 2023.

Dr. Albert. R. Collinson, aged 65, has over 30 years of experience in the pharmaceutical and biotechnology industries. Dr. Collinson has been the president and chief executive officer at Theracos, Inc. since July 2009, a pharmaceutical research and development company focusing on mid- to late- stage assets for the treatment of human diseases including type-2 diabetes. Prior to joining the Group, Dr. Collinson founded and served as president and chief executive officer of Opsonic Therapeutics from 2009 to June 2014, a privately held biotechnology company engaged in the development of the next generation of antibody therapeutics. Dr. Collinson also served as the chief business officer of Rib-X Pharmaceuticals from 2004 to 2009, the senior vice president of business development at Phylos, Inc. from 2000 to 2004, and the vice president of global research & development licensing at BASF Pharma from 1998 to 2000. Dr. Collinson began his career as a scientist at ImmunoGen, Inc..

Dr. Collinson received his Ph.D. in Biochemistry from Brandeis University in 1987 and his bachelor's degree in science in Biology (General) from the University of Rhode Island in 1980. Dr. Collinson was a post-doctoral fellow at the Dana Farber Cancer Institute and Harvard Medical School.

Save as disclosed above, the Directors confirm that no other 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 2023.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2023. 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 2023.

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 ("**Global Offering**") and the net proceeds raised during the Global Offering were approximately HK$1,656.6 million. On 10 October 2022, the Board resolved to change the use of the remaining net proceeds allocated for the funding of HBM9161 as such product was out-licensed (the "**Reallocation**"). For details, please refer to the announcement of the Company dated 10 October 2022. The Company plans to utilize the balance of net proceeds of the Global Offering by the end of 2023.

Set out below is the status of use of proceeds from the Global Offering as of 30 June 2023.

Purpose	Original allocation of net proceeds (HK$ million)	Unutilized amount as at 31 December 2022	Utilized during the six months ended 30 June 2023	Unutilized amount as at 30 June 2023
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of batoclimab (HBM9161), one of our Core Products	405.4	0	0	0
Funding ongoing and planned clinical trials and other related research and development activities, preparation for registration filings and potential commercial launches in Greater China of tanfanercept (HBM9036), one of our Core Products	132.5	0	0	0
Funding ongoing and planned clinical trials in Greater China and Australia, preparation for registration filings and potential commercial launches of HBM4003, our anchor asset, in Greater China, the United States and other jurisdictions	431.0	172.5	85.1	87.4
Funding the research and development of our other drug candidates seeking IND approvals and yet to commence clinical trials or those in pre-clinical studies	273.5	82.7	56.3	26.4
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	198.8	43.0	25.4	17.6
Funding the continued improvement of our platform technologies and our pursuit of licensing and collaboration opportunities utilizing our Harbour antibody platforms	82.9	20.9	13.1	7.8
Working capital and other general corporate purposes	132.5	32.3	21.6	10.7
Total	**1,656.6**	**351.4**	**201.5**	**149.9**

Corporate Governance/Other information

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

As at 30 June 2023, 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	Nature of Interest	Number of Shares	Approximate Percentage of Interest in the Company[1]
Dr. Jingsong Wang[2]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	60,334,400 (L)	7.85%
Dr. Jingsong Wang[3]	Beneficial interest	6,159,000 (L)	0.80%
Dr. Robert Irwin Kamen[4]	Beneficial interest	4,128,040 (L)	0.54%
Dr. Yiping Rong[5]	Beneficial interest	716,000 (L)	0.09%

Notes:

(1) The calculation is based on the total number of 768,428,910 Shares in issue as of 30 June 2023 and rounded off to two decimal places.

(2) As of 30 June 2023, 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. Wang has been granted 3,381,000 options pursuant to the Post-IPO Share Option Scheme and 2,328,000 restricted shares pursuant to Post-IPO Share Award Scheme which are held on his behalf by Kastle Limited.

(4) 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 Pre-IPO Equity Plan being held on his behalf by Shuxin Biotech Limited.

(5) Dr. Rong has been granted 435,000 options pursuant to the Post-IPO Share Option Scheme and 281,000 restricted shares pursuant to Post-IPO Share Award Scheme which are held on his behalf by Kastle Limited.

Save as disclosed above, as at 30 June 2023, 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 2023, 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[1]	Approximate percentage of interest in the Company[2]
Golden Link Investment Limited[3]	Beneficial interest	93,561,360 (L)	12.18%
Advantech Master Investment Limited[3]	Interest in controlled corporations	93,561,360 (L)	12.18%
Advantech Capital L.P.[3]	Interest in controlled corporations	93,561,360 (L)	12.18%
Advantech Capital Partners Ltd.[3]	Interest in controlled corporations	93,561,360 (L)	12.18%
Advantech Capital Holdings Ltd.[3]	Interest in controlled corporations	93,561,360 (L)	12.18%
Pang Kee Chan Hebert[3]	Interest in controlled corporations	93,561,360 (L)	12.18%
LC Healthcare Fund I, L.P.[4]	Beneficial interest	68,601,000 (L)	8.93%
LC Healthcare Fund I GP, L.P[4]	Interest in controlled corporations	68,601,000 (L)	8.93%
LC Fund GP Limited[4]	Interest in controlled corporations	68,601,000 (L)	8.93%
Union Season Holdings Limited[4]	Interest in controlled corporations	68,601,000 (L)	8.93%
Legend Capital Co., Ltd[4]	Interest in controlled corporations	68,601,000 (L)	8.93%
HARBOURBIO LLC[5]	Beneficial interest	60,334,400 (L)	7.85%
South Dakota Trust Company LLC	Trustee	60,334,400 (L)	7.85%
Jingsong Wang[5]	Interest in controlled corporations	60,334,400 (L)	7.85%
Jingsong Wang[6]	Beneficial interest	6,159,000 (L)	0.80%
GIC Private Limited	Investment manager	11,607,760 (L)	1.51%
GIC Private Limited[7]	Interest in controlled corporations	34,364,640 (L)	4.47%

Corporate Governance/Other information

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares.

(2) The calculation is based on the total number of 768,428,910 Share in issue as of 30 June 2023 and rounded off two decimal places.

(3) 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.

(4) 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 1,636,750 Shares (or 65,470,000 Shares after the Share Subdivision and Conversion) held by LC Healthcare Fund I, L.P..

(5) 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.

(6) Dr. Wang has been granted 5,628,000 options pursuant to the Post-IPO Share Option Scheme and 2,328,000 restricted shares pursuant to Post-IPO Share Award Scheme which are held on his behalf by Kastle Limited.

(7) 34,364,640 Shares was directly held by Owap Investment Pte. Ltd, which is a wholly-owned subsidiary of GIC (Ventures) Pte. Ltd. GIC (Ventures) Pte. Ltd was wholly owned by GIC Special Investment Private Limited, which in turn is a wholly-owned subsidiary of GIC Private Limited. GIC Private Limited is deemed to be interested in the 34,346,640 Shares held by Owap Investment Pte. Ltd.

Save as disclosed above, as at 30 June 2023, 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

The Company has three existing share schemes, namely the Pre-IPO Equity Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on 1 January 2023. The Company has complied and will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

40,494,000 new Shares, representing approximately 5.27% of the weighted average of issued share capital of the Company, may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme. Further details and relevant breakdowns of each of the share schemes of the Company are set out below:

1. PRE-IPO EQUITY PLAN

Given that the awards granted under the Pre-IPO Equity Plan shall be satisfied by existing Shares, details of the unvested restricted stock and restricted stock units will be set out in the upcoming annual report.

For details of the Pre-IPO Equity Plan, please refer to the prospectus and the 2022 Annual Report of the Company.

2. POST-IPO SHARE OPTION SCHEME

Maximum number of Shares available for grant

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.

As of 1 January 2023, 67,697,116 Shares were available for grant under the Post-IPO Share Option Scheme. During the Reporting Period, 39,967,000 and 3,259,900 Shares were granted to eligible participants pursuant to the Post-IPO Share Option Scheme and lapsed/cancelled, respectively. Therefore, as of 30 June 2023, the total number of Shares available for grant under the Post-IPO Share Option Scheme was 30,990,016 Shares.

Further details of the Post-IPO Share Option Scheme are set out in the prospectus and the 2022 Annual Report of the Company.

Details of the outstanding options granted under the Post-IPO Share Option Scheme (to be satisfied by new Shares) are as follows:

Name	Role	Date of Grant	Vesting Period	Exercise price	Outstanding options as of 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding options as of 30 June 2023	Closing price of Shares immediately before the grant during the Reporting Period	Fair value of options at the date of grant during the Reporting Period[1]	Weighted average closing price of the Share immediately before the date of exercise during the Reporting Period	Performance targets for grant of options during the Reporting Period
Directors														
Dr. Jingsong Wang	Executive Director, chief executive officer and chairman of the Board	27 July 2022	(i) 25% shall vest on 31 March 2023; (ii) 25% shall vest on 31 March 2024; (iii) 25% shall vest on 31 March 2025; and (iv) 25% shall vest from 31 March 2026	HK$6.20	3,381,000	N/A	Nil	Nil	Nil	3,381,000	N/A	N/A	N/A	N/A
		18 April 2023	(i) 20% shall vest on 18 April 2023; (ii) 20% shall vest on 18 April 2024; (iii) 20% shall vest on 18 April 2025; and (iv) the remaining 40% shall vest on 18 April 2026	HK$2.41	Nil	2,247,000	Nil	Nil	Nil	2,247,000	HK$2.26	HK$1,865,010.00	N/A	See Note 2

Name	Role	Date of Grant	Vesting Period	Exercise price	Outstanding options as of 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding options as of 30 June 2023	Closing price of Shares immediately before the grant during the Reporting Period	Fair value of options at the date of grant during the Reporting Period[1]	Weighted average closing price of the Share immediately before the date of exercise during the Reporting Period	Performance targets for grant of options during the Reporting Period
Dr. Yiping Rong	Executive Director	27 July 2022	(i) 25% shall vest on 31 March 2023; (ii) 25% shall vest on 31 March 2024; (iii) 25%shall vest on 31 March 2025; and (iv) 25% shall vest from 31 March 2026	HK$6.20	435,000	Nil	Nil	Nil	Nil	435,000	N/A	N/A	N/A	N/A
		18 April 2023	(i) 20% shall vest on 18 April 2023; (ii) 20% shall vest on 18 April 2024; (iii) 20% shall vest on 18 April 2025; and (iv) the remaining 40% shall vest on 18 April 2026	HK$2.41	Nil	1,664,000	Nil	Nil	Nil	1,664,000	HK$2.26	HK$1,381,120.00	N/A	See Note 2
Other grantees in category														
Employee Participants[6]		27 July 2022	See Note 4		5,276,000	Nil	Nil	Nil	37,500	5,238,500	N/A	N/A	N/A	N/A
		18 April 2023	See Note 5	HK$2.41 & HK$6.20[6]	Nil	36,056,000	Nil	Nil	3,222,400	32,833,600	HK$2.26	HK$29,271,640.00	N/A	See Notes 2 and 5
Total					9,092,000	39,967,000	Nil	Nil	3,259,900	45,799,100				

Corporate Governance/Other information

Notes:

1. The fair value of options granted are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The assumptions including the expected volatility, the exercise multiple, the risk-free rate, the dividend yield and the fair value of the ordinary shares. For expected volatility, we have made reference to historical volatility of several comparable companies in the same industry. The exercise multiple was estimated as the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested share options. The risk-free rate for periods within the contractual life of the share options is based on the market yield of Hong Kong Government Bonds in effect at the time of grant. The dividend yield is based on the expected dividend policy over the contractual life of the share options.

2. Each vesting of the abovementioned options will be subject to the results of the individual performance appraisal of each grantee. The Group will conduct performance appraisal on each grantee before each vesting, and the performance appraisal criteria (such as financial benchmarks or business/operative milestones, etc) shall be determined by the Board. The said options will only vest if the grantee obtains over a certain score at his/her performance appraisal. Based on the above vesting schedule, subject to the satisfaction of the individual performance appraisal, 20% of the options shall vest immediately after the grant.

3. Employee Participants other than Dr. Jingsong Wang and Dr. Yiping Rong as disclosed above, on individual basis.

4. For one participant: (a) 25% shall vest on 31 March 2022; (b) 25% shall vest on 31 March 2023; (c) 25% shall vest on 31 March 2024; and (d) the remaining 25% shall vest on 31 March 2025. For another one: (a) 25% shall vest on 11 April 2023; (b) 25% shall vest on 11 April 2024; (c) 25% shall vest on 11 April 2025; and (d) the remaining 25% shall vest on 11 April 2026. For others: (a) 25% shall vest on 31 March 2023; (b) 25% shall vest on 31 March 2024; (c) 25% shall vest on 31 March 2025; and (d) the remaining 25% shall vest on 31 March 2026.

5. Among the 36,056,000 options, 1,284,000 options granted to 5 non-connected employees, (i) 25% of which shall vest on 18 April 2024; (ii) 25% of which shall vest on 18 April 2025; (iii) 25% of which shall vest on 18 April 2026; and (iv) the remaining 25% shall vest on 18 April 2027. There is no performance targets attached to these 1,284,000 options.

   Save for the 1,284,000 options as stated above, subject to the satisfaction of the performance targets as stated in Note 2, the remaining options (i) 20% of which shall vest on 18 April 2023; (ii) 20% of which shall vest on 18 April 2024; (iii) 20% of which shall vest on 18 April 2025; and (iv) the remaining 40% shall vest on 18 April 2026. The performance targets for these options are set out in note 2 above.

6. the exercise price of the options granted is HK$2.41 per Share, save for the 1,284,000 options granted to 5 non-connected employees whose exercise price is HK$6.20 per Share.

7. The options have a term of 10 years from the date of grant.

8. The exercise period of the options granted under the Post-IPO Share Option Scheme shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Post-IPO Share Option Scheme and the share option or award agreement signed by the grantee.

3. POST-IPO SHARE AWARD SCHEME

Maximum number of award Shares (which can be satisfied by new Shares or existing Shares) available for grant

The aggregate number of award 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.

As of 1 January 2023, 3,137,558 award Shares were available for grant under the Post-IPO Share Award Scheme. During the Reporting Period, 527,000 and 18,750 award Shares were granted to eligible persons pursuant to the Post-IPO Share Award Scheme and lapsed/canceled, respectively. It follows that, as of 30 June 2023, 30,809,308 award Shares were available for grant under the Post-IPO Share Award Scheme.

Maximum number of new Shares available for issue

The total number of new Shares issued and may be issued pursuant to the Post-IPO Share Award Scheme will not exceed 38,394,558 Shares (the "**Scheme Mandate**").

As of 1 January 2023, 38,355,808 new Shares were available for issue under the Scheme Mandate. During the Reporting Period, 499,000 new Shares were issued pursuant to the Post-IPO Share Award Scheme. It follows that, as of 30 June 2023, 37,856,808 new Shares were available for issue under the Scheme Mandate.

Details of unvested award Shares granted under the Post-IPO Share Award Scheme (to be satisfied by existing Shares) will be set out in the upcoming annual report.

Details of the unvested Post-IPO Award Shares granted under the Post-IPO Share Award Scheme (to be satisfied by new Shares) are as follows:

Name	Date of grant	Vesting period	Purchase price	Unvested award Shares as of 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested award Shares as of 30 June 2023	Closing price of Shares immediately before the grant during the Reporting Period	Fair value of award Shares on the date of grant during the Reporting Period[1]	Weighted average closing price of Shares immediately before date of vesting during the Reporting Period	Performance targets for grant of awards during the Reporting Period
Directors													
–	–	–	–	–	–	–	–	–	–	–	–	–	
Other grantees in category													
Employee Participants	27 July 2022	See Note 2	Nil	1,957,250	N/A	499,000	18,750	Nil	1,477,000	N/A	N/A	HK$2.18	N/A
	18 April 2023	(i) 25% shall vest on 18 April 2024; (ii) 25% shall vest on 18 April 2025; (iii) 25% shall vest on 18 April 2026; and (iv) 25% shall vest on 18 April 2027.	Nil	Nil	527,000	Nil	Nil	Nil	527,000	HK$2.26	HK$1,191,020.00	Nil	Nil
Total				1,957,250	527,000	499,000	18,750	Nil	2,004,000				

Notes:

1. The fair value of Award Shares are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements and based on the closing price on the date of grant.

2. For one participant: (a) 25% shall vest on 31 March 2022; (b) 25% shall vest on 31 March 2023; (c) 25% shall be vest on 31 March 2024; and (d) the remaining 25% shall vest on 31 March 2025. For another one: (a) 25% shall vest on 11 April 2023; (b) 25% shall vest on 11 April 2024; (c) 25% shall vest on 11 April 2025; and (d) the remaining 25% shall vest on 11 April 2026; For others:(a) 25% shall vest on 31 March 2023; (b) 25% shall vest on 31 March 2024; (c) 25% shall be vest on 31 March 2025; and (d) the remaining 25% shall vest on 31 March 2026.

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 2023

	Notes	2023 (Unaudited) USD'000	2022 (Unaudited) USD'000
REVENUE	4	**40,996**	27,630
Cost of sales		**(23)**	(68)
Gross profit		**40,973**	27,562
Other income and gains		**3,226**	2,755
Administrative expenses		**(8,576)**	(15,339)
Research and development costs		**(28,378)**	(83,619)
Other expenses		**(1,995)**	(3,635)
Finance costs		**(2,347)**	(574)
PROFIT/(LOSS) BEFORE TAX	5	**2,903**	(72,850)
Income tax benefits/(expense)	6	**11**	(229)
PROFIT/(LOSS) FOR THE PERIOD		**2,914**	(73,079)
Attributable to:			
Owners of the parent		**2,922**	(73,051)
Non-controlling interests		**(8)**	(28)
		2,914	(73,079)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (USD)	8	**0.00**	(0.10)
Diluted (USD)	8	**0.00**	(0.10)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	2023 (Unaudited) USD'000	2022 (Unaudited) USD'000
PROFIT/(LOSS) FOR THE PERIOD	**2,914**	(73,079)
OTHER COMPREHENSIVE PROFIT		
Other comprehensive profit that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,085**	833
OTHER COMPREHENSIVE PROFIT FOR THE PERIOD, NET OF TAX	**2,085**	833
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	**4,999**	(72,246)
Attributable to:		
Owners of the parent	**5,007**	(72,218)
Non-controlling interests	**(8)**	(28)
	4,999	(72,246)

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) USD'000	31 December 2022 (Audited) USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**4,389**	5,290
Right-of-use assets		**2,039**	2,667
Intangible assets		**7,917**	8,168
Prepayments, other receivables and other assets		**–**	629
Other financial assets	10	**6,127**	6,357
Total non-current assets		**20,472**	23,111
CURRENT ASSETS			
Inventories		**1,000**	1,044
Trade receivables	11	**7,191**	7,118
Prepayments, other receivables and other assets		**14,871**	28,482
Restricted bank balances	12	**640**	663
Cash and cash equivalents	12	**179,339**	171,705
Total current assets		**203,041**	209,012
CURRENT LIABILITIES			
Trade payables	13	**16,398**	22,029
Other payables and accruals		**6,861**	9,139
Contract liabilities		**1,016**	1,470
Interest-bearing bank borrowings		**39,334**	41,107
Lease liabilities		**998**	1,299
Total current liabilities		**64,607**	75,044
NET CURRENT ASSETS		**138,434**	133,968
TOTAL ASSETS LESS CURRENT LIABILITIES		**158,906**	157,079

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) USD'000	31 December 2022 (Audited) USD'000
NON-CURRENT LIABILITIES			
Contract liabilities		**13,653**	13,860
Interest-bearing bank borrowings		**41,615**	47,085
Lease liabilities		**1,093**	1,438
Deferred tax liabilities		**2,184**	2,195
Total non-current liabilities		**58,545**	64,578
Net assets		**100,361**	92,501
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	**19**	19
Treasury shares	14	**(8,869)**	(8,869)
Reserves		**109,544**	101,676
		100,694	92,826
Non-controlling interests		**(333)**	(325)
Total equity		**100,361**	92,501

Jingsong Wang
Director

Yiping Rong
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	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 2023 (audited)	**19**	**(8,869)**	**826,960**	**7,823**	**994**	**(734,101)**	**92,826**	**(325)**	**92,501**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**2,922**	**2,922**	**(8)**	**2,914**
Other comprehensive profit for the period:									
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**2,085**	**–**	**2,085**	**–**	**2,085**
Total comprehensive profit for the period	**–**	**–**	**–**	**–**	**2,085**	**2,922**	**5,007**	**(8)**	**4,999**
Share-based payments	**–**	**–**	**–**	**2,861**	**–**	**–**	**2,861**	**–**	**2,861**
At 30 June 2023 (unaudited)	**19**	**(8,869)**	**826,960**	**10,684**	**3,079**	**(731,179)**	**100,694**	**(333)**	**100,361**

	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 2022 (audited)	19	(8,116)	821,737	7,283	(851)	(596,879)	223,193	(279)	222,914
Loss for the period	–	–	–	–	–	(73,051)	(73,051)	(28)	(73,079)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	833	–	833	–	833
Total comprehensive loss for the period	–	–	–	–	833	(73,051)	(72,218)	(28)	(72,246)
Share-based payments	–	–	961	5,923	–	–	6,884	–	6,884
Equity-settled share award arrangements	–	(753)	–	–	–	–	(753)	–	(753)
At 30 June 2022 (unaudited)	19	(8,869)	822,698	13,206	(18)	(669,930)	157,106	(307)	156,799

* *These reserve accounts comprise the consolidated reserves of USD109,544,000 (30 June 2022: USD165,956,000) in the interim condensed consolidated statement of financial position.*

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) USD'000	2022 (Unaudited) USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**2,903**	(72,850)
Adjustments for:			
Finance costs		**2,347**	574
Foreign exchange losses, net		**1,883**	3,635
Bank interest income		**(2,722)**	(1,129)
Gain on disposal of right-of-use assets		**(21)**	(116)
Gain on fair value change of other financial assets		**–**	(914)
Share-based payment expenses	15	**2,861**	6,884
Depreciation of property, plant and equipment	9	**1,463**	3,247
Depreciation of right-of-use assets		**690**	1,332
Amortisation of intangible assets		**301**	307
		9,705	(59,030)
Decrease in inventories		**44**	–
Increase in trade receivables		**(53)**	(69)
Decrease in prepayments, other receivables and other assets		**1,151**	8,094
(Decrease)/increase in trade payables		**(6,235)**	12,955
Decrease in contract liabilities		**(661)**	(299)
Decrease in other payables and accruals		**(2,075)**	(3,423)
Cash generated from/(used in) operations		**1,876**	(41,772)
Income tax paid		**–**	–
Net cash flows generated from/(used in) operating activities		**1,876**	(41,772)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,722**	1,129
Purchases of property, plant and equipment		**(1,543)**	(11,790)
Purchase of intangible assets		**(73)**	(351)
Disposal of property, plant and equipment		**13,776**	–
Decrease in time deposits with original maturity of more than three months but less than one year when acquired		**–**	110,000
Net cash flows generated from investing activities		**14,882**	98,988

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) USD'000	2022 (Unaudited) USD'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**1,514**	44,628
Interest paid		**(2,151)**	(637)
Equity-settled share option arrangements		**–**	(753)
Principal portion of lease liabilities		**(710)**	(808)
Interest portion of lease liabilities		**(49)**	(146)
Repayment of bank loans		**(5,569)**	(336)
Net cash flows (used in)/generated from financing activities		**(6,965)**	41,948
Net increase in cash and cash equivalents		**9,793**	99,164
Cash and cash equivalents at beginning of period		**161,705**	56,304
Effect of foreign exchange rate changes, net		**(2,159)**	(2,612)
Cash and cash equivalents at end of period		**169,339**	152,856
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	12	**179,339**	202,856
Time deposits with original maturity of more than three months but less than one year when acquired	12	**(10,000)**	(50,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**169,339**	152,856

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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 immuno-oncology and immunology diseases.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

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 2022, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
United States	**25,497**	284
Mainland China	**15,153**	1,440
Europe	**131**	25,760
Others	**215**	146
	40,996	27,630

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

(b) Non-current assets

	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	USD'000	USD'000
Europe	**8,208**	8,207
Mainland China	**5,018**	7,142
United States	**1,119**	1,405
	14,345	16,754

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

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:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
Customer A	**25,000**	–
Customer B	**7,553**	–
Customer C	**7,284**	–
Customer D	**–**	25,617
	39,837	25,617

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
Types of goods or services		
– Molecule licence fee	**39,498**	27,118
– Research service fee	**870**	–
– Technology licence fee	**628**	512
	40,996	27,630

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

4. REVENUE *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
Timing of revenue recognition		
At a point in time		
– Molecule licence fee	**39,498**	27,118
– Research service fee	**61**	–
Over time		
– Research service fee	**809**	–
– Technology licence fee	**628**	512
	40,996	27,630

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:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
Technology licence fee	**588**	304
	588	304

4. REVENUE *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

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

Technology licence fee

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

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

Research service fee

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

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
Amounts expected to be recognised as revenue:		
– Within one year	**598**	768
– After one year	**648**	579
	1,246	1,347

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

5. PROFIT/(LOSS) BEFORE TAX

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

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	**USD'000**	USD'000
Cost of sales		**(23)**	(68)
Depreciation of property, plant and equipment	9	**(1,463)**	(3,247)
Depreciation of right-of-use assets		**(690)**	(1,332)
Amortisation of intangible assets		**(301)**	(307)
Disposals of right-of-use assets		**21**	116
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		**(10,928)**	(20,418)
– Pension scheme contributions		**(589)**	(1,197)
– Share-based payment expenses		**(2,861)**	(6,884)
Auditors' remuneration		**(252)**	(236)
Lease expenses arising from short-term leases*		**(168)**	(205)
Foreign exchange losses, net		**(1,883)**	(3,635)

* *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.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 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% (2022: 8.25%) that may apply for the first HK$2,000,000 (2022: HK$2,000,000) of the assessable profits.

6. INCOME TAX EXPENSES *(Continued)*

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% (2022: 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% (2022: 15%), Harbour BioMed (Suzhou) Co., Ltd., which was certified as a High and New Technology Enterprise in 2021 and was entitled to a preferential CIT rate of 15% (2022: 15%).

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 15% (2022: 15%) for the first EUR395,000 (2022: EUR395,000) of taxable income, and the excess amount is subject to corporate income tax at a rate of 25.8% (2022: 25.8%) during the period.

United States

The subsidiaries which operate in the US are subject to federal income tax at a rate of 21% (2022: 21%) and the Massachusetts state income tax at a rate of 8% (2022: 8%) on the taxable income.

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
Current income tax	**–**	–
Deferred income tax	**11**	(229)
Total tax expense for the period	**11**	(229)

7. DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiaries during the period (six months ended 30 June 2022: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

8. EARNING/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the earnings/(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 as described in note 15. The share subdivision was treated as having been in issue for the whole period and also included in the earnings/(loss) per share calculation of the comparative period presented so as to give a comparable result.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Group incurred loss for the six months ended 30 June 2022, 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.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Earnings/(loss) attributable to owners of the parent (USD'000)	**2,922**	(73,051)
Shares		
Weighted average number of ordinary shares in issue during the period	**732,387,673**	732,901,025
Effect of dilution – weighted average number of ordinary shares:		
Options	**26,527,138**	–
Restricted share units	**10,280,863**	–
Restricted shares	**3,513,280**	–
	772,708,954	732,901,025
Basic earnings/(loss) per share (USD per share)	**0.00**	(0.10)
Diluted earnings/(loss) per share (USD per share)	**0.00**	(0.10)

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of USD718 thousand (six months ended 30 June 2022: USD1,922 thousand).

10. OTHER FINANCIAL ASSETS

	30 June 2023		31 December 2022	
	Categories	**Carrying amount USD'000 (Unaudited)**	Categories	Carrying amount USD '000 (Audited)
Assets:				
Debt instruments (including hybrid contracts):				
Unlisted equity investments	**FVPL[1]**	**6,127**	FVPL	6,357
		6,127		6,357

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

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

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

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

As at 30 June 2023, the interests of the Group held in NK was diluted to 11.75% when NK issued 66,150 series A+ redeemable shares to an investor at a cash consideration of RMB10,000,000 (equivalent to USD1.41 million) or RMB151.17 (equivalent to USD21.31) per share.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

11. TRADE RECEIVABLES

	30 June 2023 (Unaudited) USD'000	31 December 2022 (Audited) USD'000
Within 1 year	**7,191**	7,118
Less: impairment	**–**	–
	7,191	7,118

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

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

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

12. CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) USD'000	31 December 2022 (Audited) USD'000
Cash and bank balances	**169,979**	162,368
Time deposits with original maturity of more than three months but less than one year when acquired	**10,000**	10,000
	179,979	172,368
Less:		
Restricted bank balances (a)	**640**	663
Cash and cash equivalents	**179,339**	171,705
Denominated in:		
USD	**111,652**	98,447
RMB	**66,424**	71,735
Others	**1,263**	1,523
	179,339	171,705

(a) As at 30 June 2023, cash in bank amounting to USD640,000 (31 December 2022: USD663,000) is restricted.

12. CASH AND CASH EQUIVALENTS *(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:

	30 June 2023 (Unaudited) USD'000	31 December 2022 (Audited) USD'000
Within 1 month	**13,697**	19,978
1-3 months	**1,755**	1,171
3-6 months	**509**	826
6-12 months	**437**	54
	16,398	22,029

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

14. SHARE CAPITAL AND TREASURY SHARES

Issued and fully paid

	30 June 2023 (Unaudited)	
	Number of shares in issue	**Share capital USD'000**
Ordinary shares of USD0.000025 each*	**764,915,630**	**19**
Restricted shares of USD0.000025 each**	**3,513,280**	**–**
	768,428,910	**19**

	31 December 2022 (Audited)	
	Number of shares in issue	Share capital USD'000
Ordinary shares of USD0.000025 each*	764,382,070	19
Restricted shares of USD0.000025 each**	3,547,840	–
	767,929,910	19

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

** *Amount less than USD1,000.*

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

Issued and fully paid *(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 2021 (audited)	727,364,560	22,602,520	17,924,080	–	767,891,160	19
Ordinary share issued	38,750	–	–	–	38,750	–
Grant of restricted shares	–	–	–	–	–	–
Restricted shares vested	6,216,960	–	(6,216,960)	–	–	–
Forfeiture of restricted shares	–	8,159,280	(8,159,280)	–	–	–
Repurchase of ordinary shares	(1,468,000)	1,468,000	–	–	–	–
At 31 December 2022 (audited)	732,152,270	32,229,800	3,547,840	–	767,929,910	19
Ordinary share issued (note 15)	499,000	–	–	–	499,000	–
Forfeiture of restricted shares	–	34,560	(34,560)	–	–	–
At 30 June 2023 (unaudited)	732,651,270	32,264,360	3,513,280	–	768,428,910	19

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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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

Issued and fully paid *(Continued)*

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.

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.

15. 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.

15. 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;

and

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

15. SHARE-BASED PAYMENTS *(Continued)*

2016 Equity Incentive Plan *(Continued)*

(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 and US$1.18 per share/per unit, respectively. The restricted shares and restricted share units granted to the ex-employees are as compensations for their past services provided to the Group.

15. SHARE-BASED PAYMENTS *(Continued)*

2016 Equity Incentive Plan *(Continued)*

On 20 July 2021, the Company granted 7,600,000 restricted shares to a Group's employee under the 2016 Plan, the vesting schedule is 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;

On 12 October 2021, the Company granted 3,800,000 restricted shares to a Group's employee under the 2016 Plan, the vesting schedule is as follows:

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

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

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

On 7 November 2022, the Company granted 7,600,000 (after share subdivision) restricted share units to a Group's employee under the 2016 Plan, the vesting schedule is as follows:

1) restrictions with respect to 30% of the restricted share units shall be removed on 1 December 2022;

2) restrictions with respect to 30% of the restricted share units shall be removed on 1 December 2023; and

3) restrictions with respect to 40% of the restricted share units shall be removed on 1 December 2024;

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

15. SHARE-BASED PAYMENTS *(Continued)*

2016 Equity Incentive Plan *(Continued)*

On 10 December 2022, the Company granted a total of 1,510,400 (after share subdivision) restricted share units to two certain eligible persons under the 2016 Plan, of which 1,208,320 restricted shares will be vested in part in 2023, the remaining of 302,080 restricted shares will be vested is as follows:

1) restrictions with respect to 30% of the restricted share units shall be removed on 1 March 2023;

2) restrictions with respect to 30% of the restricted share units shall be removed on 1 March 2024; and

3) restrictions with respect to 40% of the restricted share units shall be removed on 1 March 2025;

The fair values of the restricted shares and restricted share units granted on 20 July 2021, 12 October 2021, 7 November 2022, and 10 December 2022 were determined by the stock price on the date of grant.

In this period, 13 employees resigned from the Group and 34,560 unvested restricted shares (after share subdivision) and 239,040 unvested restricted share units (after share subdivision) granted to them were forfeited (six months ended 30 June 2022: 18 employees resigned from the Group and 35,280 unvested restricted shares (after share subdivision) and 1,887,480 unvested restricted share units (after share subdivision) granted to them were forfeited).

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

	2023 Jan-Jun	2022 Jan-Jun
Restricted shares:		
At the beginning of the period	**3,547,840**	17,924,080
Forfeited during the period	**(34,560)**	(35,280)
Reclassification to ordinary shares of vested restricted shares	**–**	(1,168,000)
At the end of the period	**3,513,280**	16,720,800

15. SHARE-BASED PAYMENTS *(Continued)*

2016 Equity Incentive Plan *(Continued)*

	2023 Jan-Jun	2022 Jan-Jun
Restricted share units:		
At the beginning of the period	**8,726,560**	6,037,320
Forfeited during the period	**(239,040)**	(1,887,480)
Vested during the period	**(815,616)**	–
At the end of the period	**7,671,904**	4,149,840

The Group recognised share-based payment expenses of USD775,000 in the first half year of 2023 (six months ended 30 June 2022: USD5,717,000) in relation to the restricted shares and restricted share units under the 2016 Equity Incentive Plan.

2020 Post-IPO Share Award Scheme

On 23 November 2020, the Company adopted a Share Award Scheme by a resolution passed by its shareholders ("2020 Post-IPO Share Award Scheme") for the purpose of providing incentives and rewards to eligible participants within the Group who contribute to the success of the Group's operation. The 2020 Post-IPO Share Award Scheme has become effective for the period of 10 years commencing on 10 December 2020. The maximum number of the Company's shares in respect of which options may be granted pursuant to the 2020 Post-IPO Share Award Scheme is 38,394,558 shares, representing approximately 5% of the total issued Shares immediately after the Company's listing on the Stock Exchange.

Pursuant to the rules of the share award scheme, the Company has set up the trust for the purposes of administering the share award scheme and holding the Award Shares before vested and the expiry of the effective trust period. The Company can (i) remit payment to the trust from time to time for the purchase of the Award Shares under the trust deed agreement; (ii) instruct its broker to purchase existing shares in the Company from the market, settle payment and costs and deliver the same to the trustee to hold on trust for the eligible employees; and (iii) allot and issue new shares in the Company to the trustee to hold on trust for the eligible employees.

During the six months ended 30 June 2023, the Company didn't repurchase its own ordinary shares on the Stock Exchange(30 June 2022: the Company repurchased its own ordinary shares of 1,468,000 on the Stock Exchange through the trustee at an aggregate consideration of HK$5,891,000, approximately equivalent to USD753,000, to grant these shares to any eligible employees in the future).

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

15. SHARE-BASED PAYMENTS *(Continued)*

2020 Post-IPO Share Award Scheme *(Continued)*

On 31 December 2021, the Company granted 7,686,000 share awards to the Group's eligible person under the 2020 Post-IPO Share Award Scheme. The vesting schedule is as follows:

1) 50% of awards shall be vested on the first anniversary of the grant date;

2) The remaining 50% of awards shall be vested upon the occurrence of the following events (whichever is the earlier to occur):

   (i) the second anniversary of the grant date, and

   (ii) the first business day falling after the first anniversary of the grant date but before the second anniversary of the grant date on which the closing price of the share as quoted on the Stock Exchange is HK$12.38 or more.

The fair values of equity-settled awards granted on 31 December 2021 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Post-IPO Share Award Scheme
Expected dividend yield	0
Expected volatility	40%
Risk-free interest rate	1.13%
Expected life of options (year)	10
Weighted average exercise price	HK$8.22

On 27 July 2022, the Company granted 3,381,000 restricted shares units to the Group's eligible person under the 2020 Post-IPO Share Award Scheme, of which 155,000 restricted shares units will be vested in four equal batches on each of the date of grant, 31 March 2023, 2024 and 2025, and 2,126,000 restricted shares units will be vested in four equal batches on each of 31 March 2023, 2024, 2025 and 2026, and the remaining 1,100,000 restricted shares units will be vested in four equal batches on each of 11 April 2023, 2024, 2025 and 2026.

On 18 April 2023, the Company granted 527,000 restricted shares units to the Group's eligible person under the 2020 Post-IPO Share Award Scheme, of which 527,000 restricted shares units will be vested in four equal batches on each of 18 April 2024, 2025, 2026 and 2027.

15. SHARE-BASED PAYMENTS *(Continued)*

2020 Post-IPO Share Award Scheme *(Continued)*

The fair values of the restricted share units granted on 27 July 2022 and 18 April 2023 were determined by the stock price on the date of grant.

In this period, 2 employees (six months ended 30 June 2022: 5) resigned from the Group and 18,750 unvested restricted share units (six months ended 30 June 2022: 551,000 unvested share awards) granted to them under the 2020 Post-IPO Share Award Scheme were forfeited.

The following table illustrates the number of the share awards and restricted share units under the 2020 Post-IPO Share Award Scheme during the period:

	2023 Jan-Jun	2022 Jan-Jun
Share awards:		
At the beginning of the period	**1,904,500**	7,686,000
Forfeited during the period	**–**	(551,000)
At the end of the period	**1,904,500**	7,135,000

	2023 Jan-Jun	2022 Jan-Jun
Restricted share units:		
At the beginning of the period	**3,229,250**	–
Granted during the period	**527,000**	–
Forfeited during the period	**(18,750)**	–
Vested during the period	**(817,000)**	–
At the end of the period	**2,920,500**	–

The Group recognised share-based payment expenses of USD594,000 in the first half year of 2023 (six months ended 30 June 2022: USD1,167,000).

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

15. SHARE-BASED PAYMENTS *(Continued)*

2020 Post-IPO Share Option Scheme

On 23 November 2020, the Company adopted a Share Option Scheme by a resolution passed by its shareholders ("2020 Post-IPO Share Option Scheme") for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and Shareholders as a whole. The 2020 Post-IPO Share Option Scheme has become effective for the period of 10 years commencing on 10 December 2020. The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under any other share option scheme of the Company is 76,789,116, representing approximately 10% of the total issued Shares immediately after the Company's listing on the Stock Exchange. The shares shall be allotted and issued pursuant to the exercise of options.

On 27 July 2022, the Company granted 9,318,000 options to the Group's eligible person under the 2020 Post-IPO Share option Scheme, of which 465,000 options units will be vested in four equal batches on each of the date of grant, 31 March 2023, 2024 and 2025, and 5,544,000 options will be vested in four equal batches on each of 31 March 2023, 2024, 2025 and 2026, and the remaining 3,309,000 options will be vested in four equal batches on each of 11 April 2023, 2024, 2025 and 2026.

The fair values of options granted on 27 July 2022 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Post-IPO Share Option Scheme
Expected dividend yield	0
Expected volatility	41%
Risk-free interest rate	2.53%
Expected life of options (year)	10
Weighted average exercise price	HK$5.65, HK$6.2

On 18 April 2023, the Company granted 39,967,000 options to the Group's eligible person under the 2020 Post-IPO Share option Scheme, of which 1,284,000 options units will be vested in four equal batches on each of 18 April 2024, 2025, 2026 and 2027, and 23,209,800 options will be vested in three equal batches on each of 18 April 2023, 2024 and 2025, and the remaining 15,473,200 options will be vested on 18 April 2026.

15. SHARE-BASED PAYMENTS *(Continued)*

2020 Post-IPO Share Option Scheme *(Continued)*

The fair values of options granted on 18 April 2023 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Post-IPO Share Option Scheme
Expected dividend yield	0
Expected volatility	49%
Risk-free interest rate	3.80%
Expected life of options (year)	10
Weighted average exercise price	HK$2.41, HK$6.2

In this period, 27 employees (30 June 2022: Nil) resigned from the Group and 3,259,900 (six months ended 30 June 2022: Nil) unvested options granted to them under the 2020 Post-IPO Share Option Scheme were forfeited.

The following table illustrates the number of the share awards and restricted share units under the 2020 Post-IPO Share Option Scheme during the period:

	2023 Jan-Jun	2022 Jan-Jun
Options:		
At the beginning of the period	**8,975,750**	–
Granted during the period	**39,967,000**	–
Forfeited during the period	**(3,259,900)**	–
Vested during the period	**(10,004,800)**	–
At the end of the period	**35,678,050**	–

The Group recognised share-based payment expenses of USD1,492,000 in the first half year of 2023 (six months ended 30 June 2022: Nil) in relation to the options under the 2020 Post-IPO Share Option Scheme.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

16. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of the reporting period.

17. COMMITMENTS

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

	30 June 2023 (Unaudited) USD'000	31 December 2022 (Audited) USD'000
Contracted, but not provided for:		
Plant and machinery	**7,126**	3,862

18. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2023 (Unaudited) USD'000	2022 (Unaudited) USD'000
Loans provided to associates	**–**	2,980
Key management personnel service fees paid by the Company		
Ms. Weiwei Chen	**–**	169
Dr. Robert Irwin Kamen*	**12**	12
	12	181

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

18. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

The Group had the following balances with related parties:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Audited)
	USD'000	USD'000
Amounts due from associates	**2,768**	2,872
	2,768	2,872

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	USD'000	USD'000
Short term employee benefits	**2,061**	2,200
Contributions to the pension scheme	**40**	40
Share-based payment expenses	**848**	4,248
	2,949	6,488

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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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

The fair values of unlisted equity investments have been estimated by using the back-solve method from the most recent transactions price of series A+ redeemable shares. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements 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 as at 30 June 2023.

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.

Fair value hierarchy

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

As at 30 June 2023

	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	**–**	**–**	**6,127**	**6,127**

As at 31 December 2022

	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	–	–	6,357	6,357

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:

	2023 Jan-Jun USD'000 (Unaudited)	2022 Jan-Jun USD'000 (Unaudited)
At 1 January	**6,357**	5,843
Total gains recognised in the statement of profit or loss	**(230)**	594
At period end	**6,127**	6,437

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 (six months ended 30 June 2022: 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 2023:

	Valuation technique	**Significant unobservable input**	**Range**	**Sensitivity of fair value to the input**
Investment in equity investment of NK	back-solve method	Risk-free interest rate	2.60%	1% increase/(decrease) in terminal growth rate would result in increase/(decrease) in fair value by USD20,000/(USD9,000)
		Volatility	72%	1% increase/(decrease) in weighted average cost of capital (WACC) would result in (decrease)/increase in fair value by (USD4,000)/USD4,000
		Discount of lack of marketability	29%	1% increase/(decrease) in discount of lack of marketability would result in (decrease)/increase in fair value by (USD85,000)/USD85,000

20. EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period that may have a material impact on the Group's reported financial position at 30 June 2023.

Definitions

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"BLA"	Biologics License Application
"Board"	the board of Directors of the Company
"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 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
"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
"Global Offering"	the Hong Kong Public Offering and the International Offering
"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
"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

Definitions

"IFRS"	International Financial Reporting Standards, as issued and amended from time to time by the International Accounting Standards 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
"NMPA"	National Medical Products Administration of the People's Republic of China
"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
"Reporting Period"	from 1 January 2023 to 30 June 2023
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"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

Definitions

"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