和鉑醫藥控股有限公司

HBM Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02142)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of HBM Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2023 (the "**Reporting Period**"). These annual results have been reviewed by the Company's audit committee.

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

FINANCIAL HIGHLIGHTS

	As of 31 December/For the year ended 31 December				
	2023	2022	2021	2020	2019
	US$ in thousands	*US$ in thousands*	*US$ in thousands*	*US$ in thousands*	*US$ in thousands*
Revenue	**89,502**	40,659	4,308	14,107	5,419
Cost of sales	**(2,034)**	(130)	(137)	(449)	(623)
Other income and gains	**6,589**	4,768	5,965	5,270	1,581
Selling expense	**(1,062)**	–	–	–	–
Research and development expenses	**(45,081)**	(135,143)	(107,103)	(55,244)	(49,477)
Administrative expenses	**(19,498)**	(27,274)	(40,067)	(46,294)	(10,587)
Impairment losses on financial assets, net	**(503)**	–	–	–	–
Finance costs	**(3,872)**	(1,987)	(176)	(280)	(213)
Loss on fair value change of convertible redeemable preferred shares	**–**	–	–	(213,703)	(13,387)
Other expenses	**(1,359)**	(17,913)	(619)	(45)	(301)
Income tax credit/(expense)	**81**	(248)	(49)	99	92
Profit/(Loss) for the year	**22,763**	(137,268)	(137,878)	(296,539)	(67,496)
Earnings/(Loss) per share (Basic and diluted) (USD)	**0.03**	(0.19)	(0.19)	(1.69)	(0.57)
Cash and cash equivalents	**140,324**	171,705	216,304	356,794	33,391
Total assets	**228,480**	232,123	282,361	388,738	69,499
Total liabilities	**108,851**	139,622	59,447	27,730	222,946
Total equity/(deficit)	**119,629**	92,501	222,914	361,008	(153,447)

BUSINESS HIGHLIGHTS

PROGRESS ON HARBOUR THERAPEUTICS

1. BATOCLIMAB (HBM9161)

a. Completed the Phase III clinical trial for generalized myasthenia gravis ("**gMG**") in March 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 HCC at the American Society of Clinical Oncology (ASCO) Annual Meeting 2023 in June 2023.

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 Phase I trial in March 2023.

b. Completed the Phase I clinical trial in October 2023.

4. HBM1020

a. Obtained the Investigational New Drug ("**IND**") clearance to commence Phase I trial for solid tumors from U.S. 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.

c. Obtained the IND clearance to commence Phase I trial of HBM9027 for solid tumors from U.S. FDA in January 2024.

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. In July 2023, AstraZeneca initiated Phase I/II international multi-centre clinical trial.

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. In December 2023, we entered into a global out-license agreement with Pfizer for the global clinical development and commercialize HBM9033, a novel MSLN antibody drug conjugation generated from the Harbour Mice® Platform, with the aggregate amount of US$53 million upfront and near-term payments, up to US$1.05 billion in milestone payments and tiered royalties on net sales ranging from high single digits to high teens.

d. We have also further advanced the strategic collaboration with Hualan Genetic Engineering Co., Ltd. ("**Hualan Genetic**") in respect of three innovative monoclonal antibody and bispecific antibody drugs, one of which had received the IND approvals in the first half of 2023 and the other two in the second half of 2023.

2. PLATFORM-BASED COLLABORATIONS

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

b. In 2018, Beigene, Ltd. (stock code 6160) ("**Beigene**") obtained rights to use the proprietary Harbour Mice® H2L2 Platform for multiple antibody programs, and in September 2023 Nona Biosciences expanded the antibody discovery collaboration with Beigene leveraging the Harbour Mice® Platform.

c. In 2022, we entered into collaboration with Duality Biotherapeutics, Inc. ("**Duality Biologics**") on antibody-drug conjugate ("**ADC**") projects, and in July 2023, Beigene 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.

d. 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.

e. In April 2023, Nona Biosciences entered into a collaboration agreement with Washington University in St. Louis, the U.S. 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).

f. 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.

g. 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 multi-specific antibody therapeutics.

h. In October 2023, Nona Biosciences entered into a collaboration agreement with INGENIA Therapeutics for the use of our proprietary Harbour Mice® to accelerate the development of innovative therapeutics for immunological disorders with highly unmet needs.

i. In November 2023, Nona Biosciences entered into strategic collaboration with GeneQuantum Healthcare ("**GeneQuantum**") to empower early discovery of next-generation bioconjugates.

j. In December 2023, Nona Biosciences entered into a collaboration agreement with Lycia Therapeutics, for the use of Nona Biosciences's proprietary Harbour Mice HCAb fully human antibody transgenic mice platform to discover novel antibodies for its LYTAC support ModeX's development of multi-specific antibody therapeutics.

k. In December 2023, Nona Biosciences entered into a collaboration agreement with Evive Biotech on antibody discovery based on the Harbour Mice® Platform to accelerate antibody discovery.

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.

b. We advanced the exploration in NK cell therapy with Shanghai NK Cell Technology Limited ("**NK Cell Tech**") since 2021, pursuant to which the Company granted non-exclusive sublicense of its platforms to NK Cell Tech for specific cell therapy. In 2023, NK Cell Tech presented clinical data of NK-010 in ASCO for ovarian cancer and myeloid leukemia. In January 2024, NK-010 obtained U.S. FDA IND clearance to conduct Phase I trial in the U.S.

ACADEMIC CONVENTIONS/PUBLICATIONS

a. Presented a novel human heavy-chain-only antibody to mitigate neutralization resistance of SARS-CoV-2 variants on Front Immunol in February 2023.

b. Presented the Phase I data of Porustobart + Toripalimab in patients with NET/NEC at AACR Annual Meeting in April 2023.

c. Presented the Phase I data of Porustobart + Toripalimab in patients with HCC at ASCO Annual Meeting in June 2023.

d. Presented the safety result of Porustobart in nonclinical and clinical at Society of Toxicology in September 2023.

e. Presented the non-clinical data of HBM7008 at Society for Immunotherapy of Cancer Meeting in November 2023.

f. Presented new preclinical data of two assets, HBM9014 and R1055 in separate poster presentation at PEGS Annual Meeting 2023.

g. Presented "Cutting-edge HCAb Harbour Mice® platform to generate fully human heavy chain only antibodies" at Festival of Biologics U.S. in March 2023.

h. Presented the direct CAR-Based library screening Platform to develop fully human heavy-chain only CAR-T Cell therapies at 8th CAR-TCR summit 2023.

i. Presented the novel fully human heavy chain only antibody-based mRNA-encoded T cell engager for cancer immunotherapy at mRNA Therapy Summit 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

About Harbour Therapeutics

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

About Nona Biosciences

Our proprietary antibody technology platforms, Harbour Mice®, generate fully human monoclonal antibodies in the classical two heavy and two light chain (H2L2) format, as well as heavy chain only (HCAb) format. Building upon our HCAb antibodies, the HCAb-based immune cell engagers (HBICE®) are capable of delivering tumor killing effects unachievable by combination therapies. Integrated with our single B cell cloning platform, our antibody discovery engine is highly productive and efficient in driving innovation and the 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 total solution for partners worldwide, from academies, biotechnology startups to biopharmaceutical giants. The integrated antibody discovery services range from antigen preparation, animal immunization, single B cell screening, to antibody lead generation and engineering, developability assessment and pharmacological evaluation, leveraging the advantages of Harbour Mice® Platforms and the experienced therapeutic antibody discovery team.

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

Portfolio

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

Project	Target	Indication	Commercial Rights	Status
				Discovery / Pre-Clinical / IND / Phase I / Phase II / Phase III / BLA
Batoclimab HBM9161	FcRn	Myasthenia Gravis	Greater China Rights Out-licensed[1]	Phase III (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 Out-license	US IND clearance (Pfizer)
HBM9027	PD-L1xCD40	Solid Tumors	Global	US IND clearance in January 2024
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;

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 catalogues, medical insurance price negotiations and the new round of volume-based procurement have brought continuous challenges to drug prices, especially for the pricing of less differentiated products. Meanwhile, the exploration of medical insurance payment reform has also driven the industry to focus more on the drugs' potency-price ratio. The revised "Drug Registration Regulation" (the "**DRR**") took effect on 1 July 2020. The DRR and its supplementary measures provide several accelerated pathways for new drug development and approval, aiming to encourage clinical value-oriented drug innovation, accelerate the filing of clinically urgent drugs and address unmet clinical needs, which will ultimately benefit more patients.

In the second half of 2023, a one-year centralized governance of the medical anti-corruption campaign has been launched, covering the whole field and the whole chain for key links, such as production, supply, sales, use and reimbursements. The medical reform policy is still the core variable, and the pharmaceutical industry will pay more attention to the research and development of clinically valuable products and services, and the innovation orientation is significant.

At the same time, we have also seen opportunities and challenges in the global industry competition. On the one hand, biopharmaceutical companies face challenges in global development and commercialization of innovative medicines in recent years, mainly caused by changes in policy and market orientation. Successive new policy imposes new requirements on the quality of clinical trials and the protection of patient privacy. We are also paying attention to relevant policy changes in major countries around the world to align our product development with the rules and regulations of the region where the products are registered. On the other hand, against the backdrop of healthcare services upgrades and 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.

With the gradual improvements of the structural adjustment of the pharmaceutical industry, a new ecosystem has formed in the industry. The Company will further optimize its strategies in research, development, registration, patenting and global collaboration, by focusing on the development of highly differentiated products with clear value that can meet clinical needs and by providing integrated discovery solutions for biotechnology and pharmaceutical companies. We believe that the Company's business will have broad market prospects in the future.

Product Development of Harbour Therapeutics

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

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 2023, which was 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. We also initiated Open-Label extension clinical trial in 2022 and completed enrolment in March 2023. In June 2023, NMPA 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. In December 2023, the Company voluntarily planned to include additional long-term safety data and re-submitted the BLA for batoclimab (HBM9161). According to the analysis on the Open-Label extension clinical trial for gMG up to November 2023, the data showed sustainable efficacy and safety of batoclimab in long-term disease management. We will continue to communicate with the NMPA and subsequent submission-related interactions and processes are still ongoing. 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 research and development ("**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 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 signalling pathway by blocking the interaction between TSLP and TSLP receptor. TSLP plays important roles in DC cell maturation, T helper 2 (Th2) cell polarization and inflammation, particularly in both eosinophilic and non-eosinophilic inflammation asthma. HBM9378 has fully human sequences with less immunogenicity risk and better bioavailability compared to other TSLP target competitors. The long half-life optimization and outstanding biophysical properties support its favorable dosing and formulation advantages.

HBM9378 completed the healthy Chinese subjects recruitment Phase I trial in March 2023, and completed the Phase I clinical trial in October 2023.

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 2023.

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 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 has 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 signalling 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 U.S. FDA to initiate Phase I trial in the U.S.

3. 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.
- 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.

In January 2024, HBM9027 obtained the IND approval from U.S. FDA to initiate Phase I trial in the U.S.

4. 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.

5. 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.

6. 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 signalling 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. In July 2023, AstraZeneca initiated Phase I/II international multi-centre clinical trial.

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. All three products under the collaboration have received the IND approvals to initiate Phase I trial in China in 2023.

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.

5. Further exploration on NK Cell Therapy

The Company entered into a subscription agreement with NK Cell Tech in June 2021, pursuant to which the Company granted its platform non-exclusive sublicense to NK Cell Tech for specific cell therapy. In June 2022, NK Cell Tech announced that it has completed its A round financing raising a fund of over RMB100 million. In 2023, NK Cell Tech presented clinical data of NK-010 in ASCO for ovarian cancer and myeloid leukemia. In January 2024, NK-010 obtained U.S. FDA IND clearance to conduct Phase I trial in U.S.

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, biotechnology startups to biopharmaceutical 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 industry pioneers and academic researchers in 2023 to further expand our network of collaborations in China and globally.

ASSET LICENSING

1. HBM9033 Out-licensed to Pfizer

In December 2023, we entered into a license agreement with Pfizer, for the global clinical development and commercialization of HBM9033, with the aggregate amount of US$53 million upfront and near-term payments, up to approximately US$1.05 billion in milestone payments and tiered royalties ranging from high single digits to high teens.

TECHNOLOGY LICENSING

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. Expanded Antibody Discovery Collaborations with Beigene

In 2018, Beigene obtained rights to use the proprietary Harbour Mice® H2L2 platform for multiple antibody programs. In September 2023, we advanced and expanded collaboration between Nona Biosciences and Beigene. Through the collaboration, Beigene was granted access to Nona Biosciences' proprietary fully human transgenic mice platform Harbour Mice®, which extends to the Harbour Mice® HCAb (heavy chain only antibody format) platform to further improve therapeutic antibody discovery efficiency and flexibility.

3. Collaborations with Duality Biologics

In 2022, we entered into a collaboration on ADC projects with Duality Biologics. In July 2023, Beigene 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 selected solid tumors.

4. 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 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.

5. 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, the U.S. 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).

6. Collaborations with PIRC

In May 2023, Nona Biosciences entered into a strategic collaboration agreement with Massachusetts-based PIRC on Harbour Mice® fully human antibody transgenic mice platform (H2L2 & HCAb). PIRC'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.

7. 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 multi-specific 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.

8. Collaborations with INGENIA Therapeutics

In October 2023, Nona Biosciences entered into an agreement with INGENIA Therapeutics, a preclinical-stage biotechnology company with a breakthrough technology to restore defective blood vessels, for the use of Nona Biosciences' platforms to empower INGENIA's innovative pipeline. By harnessing the immense expertise and resources of both companies, the collaboration aims to accelerate the development of innovative therapeutics for immunological disorders with highly unmet needs.

9. Collaborations with GeneQuantum Healthcare

In November 2023, Nona Biosciences entered into a strategic collaboration with GeneQuantum to advance the early discovery of next-generation bioconjugates. Under the terms of the collaboration, Nona Biosciences will integrate GeneQuantum's exclusive and innovative iLDC (intelligent Ligase-dependent Conjugation) and iGDC (intelligent Glycotransferase-dependent conjugation) platforms, with Nona Biosciences' Harbour Mice® platform and cutting-edge technologies, to further enhance technology platform capabilities, providing global partners with a one-stop solution for the early discovery of next-generation bioconjugates.

10. Collaborations with Lycia Therapeutics

In December 2023, Nona Biosciences entered into a collaboration agreement with Lycia Therapeutics, a leader in extracellular protein degradation. Through the collaboration, Lycia Therapeutics will leverage Nona Biosciences' proprietary Harbour Mice® HCAb fully human antibody transgenic mice platform to discover novel antibodies for its LYTAC protein degrader therapeutics of cutting-edge treatments. We believe that leveraging Nona Biosciences' antibody discovery capabilities will help accelerate the efforts to advance novel protein degrader therapeutics.

11. Collaborations with Evive Biotech

In December 2023, Nona Biosciences entered into a collaboration agreement with Evive Biotech, a global biopharmaceutical company devoted to developing a portfolio of novel biological therapies, for the use of Harbour Mice® antibody technology platform on antibody discovery. The collaboration brings together professional advantages of Nona Biosciences and Evive Biotech, aiming to accelerate the process of antibody discovery and drug development.

Research, Development and Technology

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

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

- Applied for 82 patents, and 51 patents have been granted invention patent license by the China National Intellectual Property Administration, with 280 patent applications still in progress as at 31 December 2023. These patent applications have further strengthened the protection of intellectual property rights of the Company's core products and technology platforms.

- Developed a novel human heavy-chain-only antibody to mitigate neutralization resistance of SARS-CoV-2 variants, which was presented on Front Immunol in February 2023.

- 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 in April 2023.

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

- Presented the safety results of porustobart (HBM4003), in nonclinical and clinical trial at Society of Toxicology in September 2023.

- Presented the non-clinical data of HBM7008 at Society for Immunotherapy of Cancer Meeting in November 2023.

- Presented new preclinical data of two assets, HBM9014 and R1055, in separate poster presentations at PEGS 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.

Nona Biosciences has established a robust antibody discovery platform, protein engineering platform, conjugation technology platform, HCAb-CAR screening 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. During the Reporting Period, the Company presented academic articles or conference posters as follows:

- Developed our HCAb Harbour Mice® platform and presented a poster of "Cutting-edge HCAb Harbour Mice® platform to generate fully human heavy chain only antibodies" at Festival of Biologics U.S. in March 2023.

- Developed a direct CAR-Based library screening Platform to develop fully human heavy-chain only CAR-T Cell therapies, which presented in post at 8th CAR-TCR summit 2023.

- Developed novel fully human heavy chain only antibody-based mRNA-encoded T cell engager for cancer immunotherapy, which presented in post at mRNA Therapy Summit.

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 of the Company (the "**Shareholders**") and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company (the "**Shares**").

Significant Investments

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 up a new channel for our platform technology value creation and conversion. In June 2022, NK Cell Tech announced that it has completed its A round financing raising a fund of over RMB100 million. As of 31 December 2023, the Company, through HBM Shanghai, held 11.75% of the total equity interest of NK Cell Tech.

As of 31 December 2023, the fair value of the investment is US$5.75 million, which represented 2.52% of the Company's total assets. During the Reporting Period, the Group recorded unrealized loss on fair value change of US$0.51 million of its investment in NK Cell Tech.

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 % or more of the total assets of the Group as at 31 December 2023) during the Reporting Period.

Prospects and Outlook

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

Since 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 2024, 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 two new products, and we will continue to identify new quality candidates through Harbour Mice® and HBICE®, our highly effective drug discovery engine.

The values of the antibody discovery platforms and flexible partnership models of Nona Biosciences have been well validated through the collaboration in 2022 and 2023. With a big success of the launch of Nona Biosciences, we will enhance the approaches with partners worldwide, from academies, biotechnology startups to pharmaceutical giants, providing total solution. The platform-valued-maximized business collaborations will further drive the Company down the path of global development. We have seen very exciting value through these platform-based collaborations with top institutions around the world as our preclinical products become increasingly mature, more extensive global collaborations are expected in 2024.

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

FINANCIAL REVIEW

Overview

For the year ended 31 December 2023, the Group recorded a revenue of US$89.5 million, which increased significantly by US$48.8 million, or 119.9%, compared with US$40.7 million for the year ended 31 December 2022. The research and development expenses decreased by US$90.0 million, or 66.6%, from US$135.1 million for the year ended 31 December 2022 to US$45.1 million for the year ended 31 December 2023. The administrative expenses decreased by US$7.8 million, or 28.6%, from US$27.3 million for the year ended 31 December 2022 to US$19.5 million for the year ended 31 December 2023. Other income and gains were US$6.6 million for the year ended 31 December 2023, as compared with US$4.8 million for the year ended 31 December 2022. The Group recorded the profit of US$22.8 million for the year ended 31 December 2023.

Revenue

Our revenue primarily consists of molecule license fee, research service fee and technology license fee, the increase primarily attributable to license out and collaboration agreement with Seagen, Cullinan and Kelun-Biotech.

Up to the year ended 31 December 2023, research service agreements with a total value of US$6.4 million have been successfully signed. Our research service fee increased by 300.0%, from US$0.8 million for the year ended 31 December 2022 to US$3.2 million for the year ended 31 December 2023.

Cost of Sales

Our cost of sales increased by US$1.9 million, from US$0.1 million for the year ended 31 December 2022 to US$2.0 million for the year ended 31 December 2023, mainly consisted of the labor costs and material costs for the research service. The increase was consistent with the growth of research service fee income.

Other Income and Gains

Other income and gains primarily consist of interest income, government grants recognized and other miscellaneous income, which increased from US$4.8 million for the year ended 31 December 2022 to US$6.6 million for the year ended 31 December 2023, primarily due to the increase in cash which generated more interest income.

Research and Development Costs

Due to the overall economic downturn, the management of clinical trials has been optimized, thereby reducing our research and development costs by US$90.0 million, or 66.6%, from US$135.1 million for the year ended 31 December 2022 to US$45.1 million for the year ended 31 December 2023.

This decrease was primarily attributable to the combined impact of (i) optimized investments in our clinical programs and our molecule assets in discovery and pre-clinical stages; and (ii) optimized in employee cost from US$26.0 million to US$14.2 million.

	For the year ended December 31			
	2023		2022	
	US$ in thousands		*US$ in thousands*	
Third-party contracting costs	**19,784**	**43.9%**	86,917	64.3%
Employee costs	**14,155**	**31.4%**	25,950	19.2%
Depreciation and amortization	**3,761**	**8.3%**	5,609	4.2%
Materials	**2,966**	**6.6%**	11,904	8.8%
Provision for impairment of inventories	**1,035**	**2.3%**	–	–
Upfront and milestone fees	**773**	**1.7%**	1,589	1.2%
Others	**2,607**	**5.8%**	3,174	2.3%
	45,081	**100.0%**	135,143	100.0%

Administrative Expenses

Our administrative expenses decreased from US$27.3 million for the year ended 31 December 2022 to US$19.5 million for the year ended 31 December 2023, primarily attributable to a decrease in employee cost from US$14.8 million for the year ended 31 December 2022 to US$10.4 million for the year ended 31 December 2023 caused by the decrease of salary and welfare in relation to the decrease of our administration headcount.

	For the year ended 31 December			
	2023		2022	
	US$ in thousands		*US$ in thousands*	
Employee costs	**10,379**	**53.2%**	14,768	54.1%
Professional expenses	**6,498**	**33.3%**	8,905	32.7%
Depreciation and amortization	**870**	**4.5%**	2,426	8.9%
Others	**1,751**	**9.0%**	1,175	4.3%
	19,498	**100.0%**	27,274	100.0%

Other Expenses

Our other expenses decreased from US$17.9 million for the year ended 31 December 2022 to US$1.4 million for the year ended 31 December 2023, primarily due to the one-off loss on disposals of STD production plant and related assets in 2022.

	For the year ended 31 December			
	2023		2022	
	US$ in thousands		*US$ in thousands*	
Foreign exchange losses, net	**850**	**62.5%**	5,376	30.0%
Loss on fair value change of other financial assets	**506**	**37.2%**	–	–
Loss on disposals of property, plant and equipment	**3**	**0.2%**	12,537	70.0%
	1,359	**100.0%**	17,913	100.0%

Profit/(Loss) for the Year

As a result of the above factors, the profit for the year of the Group increased significantly by US$160.1 million from US$137.3 million losses for the year ended 31 December 2022 to US$22.8 million profits for the year ended 31 December 2023.

Ageing Analysis of Accounts Receivable

	2023	2022
	USD'000	*USD'000*
Within 6 months	52,323	7,118
Less: Impairment allowance	–	–
Net carrying amount	52,323	7,118

A majority of the accounts receivables aged less than six months.

After the Reporting Period to the date of this announcement, 98.5% of the ending balance have been collected.

Ageing Analysis of Accounts Payables

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

	2023	2022
	USD'000	*USD'000*
Within 1 month	**14,864**	19,978
1-3 months	**256**	1,171
3-6 months	**234**	826
6-12 months	**9**	54
	15,363	22,029

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

Liquidity and Source of Funding

Our primary uses of cash are to fund our clinical trials, research, purchase of equipment and materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through proceeds from IPO, pre-IPO fund raising, positive cashflow from the increase in revenue in 2023 and bank loans. We closely monitor uses of cash and cash equivalents (mainly held in RMB and USD) and strive to maintain a healthy liquidity for our operations.

Key Financial Ratios

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

	As of 31 December	
	2023	2022
Current ratio[(1)]	**3.28**	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 the same date.

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

(3) As at 31 December 2023 and 31 December 2022, the Group's cash and cash equivalents plus restricted bank balances exceeded the financial liabilities. As such, no gearing ratio as of 31 December 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 and joint ventures for the year ended 31 December 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 31 December 2023, except the cash in bank amounting to US$0.7 million (31 December 2022: US$0.7 million) was restricted, the Group had no other pledge of assets.

Contingent Liabilities

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

Foreign Exchange Exposure

During the year ended 31 December 2023, the Group mainly operated in China and the majority of the transactions were settled in Renminbi ("**RMB**"), whereas the funding source of the Company was United States dollars ("**US$**"), the functional currency of the Company. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currencies. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 31 December 2023.

Bank Loans and Other Borrowings

As of 31 December 2023, we had bank loans of US$64.4 million and lease liabilities of US$1.6 million.

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

	Less than 1 year *US$ in thousands*	**Between 1-5 years** *US$ in thousands*	**Total** *US$ in thousands*
As of 31 December 2023			
Lease liabilities	**874**	**731**	**1,605**
Bank borrowings – unsecured*	**39,103**	**28,993**	**68,096**
As of 31 December 2022			
Lease liabilities	1,299	1,438	2,737
Bank borrowings – 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 31 December 2023, 154 of our employees were located in the PRC, 22 were located in the United States, and 1 was located in the Netherlands. The following table sets forth the total number of employees by function as of 31 December 2023:

Function	**Number of Employees**	**% of Total Employees**
Research and Development	**118**	66.7
General and Administrative	**59**	33.3
Total	**177**	100.0

The total remuneration cost incurred by the Group for the year ended 31 December 2023 was US$26.3 million (including share-based payment amounting to US$3.9 million), as compared to US$40.7 million for the year ended 31 December 2022.

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

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2023.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Thursday, 6 June 2024 (the "**AGM**"). A notice convening the AGM will be published and made available to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Thursday, 6 June 2024. The register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 31 May 2024.

POST BALANCE SHEET EVENTS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

1. Compliance with the Corporate Governance Code

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except for the following deviation.

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

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2023.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the Reporting Period.

3. Scope of Work of the Company's Auditors

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

4. Audit Committee

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules. The audit committee comprises two independent non-executive Directors, namely, Mr. Ka Chi Yau and Dr. Xiaoping Ye, and one non-executive Director, Ms. Weiwei Chen. Mr. Ka Chi Yau is the chairperson of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 and has met with the independent auditor, Ernst & Young. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and risk management and internal control with senior management members of the Company.

5. Other Board Committees

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

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

During the Reporting Period, the Company repurchased Shares on the Stock Exchange, details of which are as follows:

Trading month	Number of Shares repurchased	Highest price paid per Share (HK$)	Lowest price paid per Share (HK$)	Total consideration paid (HK$)
December 2023	1,750,000	1.64	1.5	2,744,000

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

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

7. Use of Proceeds

The Company's shares were listed on the Stock Exchange on 10 December 2020 with a total of 138,221,000 offer shares issued and the net proceeds raised during the global offering were approximately HK$1,656.6 million. On 10 October 2022, the Board has resolved to change the use of the remaining net proceeds allocated for the funding of HBM9161 as such product was out-licensed. For details, please refer to the announcement of the Company dated 10 October 2022. The Company has fully utilized the balance of net proceeds of the global offering by the end of 2023 according to the intentions previously disclosed.

Set out below is the status of use of proceeds from the global offering as of 31 December 2023.

Purpose	Original allocation of net proceeds (HK$ million)	Unutilised amount as at 31 December 2022	Utilised for the year ended 31 December 2023	Unutilised amount as at 31 December 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	172.5	0

Purpose	Original allocation of net proceeds (HK$ million)	Unutilised amount as at 31 December 2022	Utilised for the year ended 31 December 2023	Unutilised amount as at 31 December 2023
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	82.7	0
Funding the discovery of innovative molecules generated from our Harbour antibody platforms	198.8	43.0	43.0	0
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	20.9	0
Working capital and other general corporate purposes	132.5	32.3	32.3	0
Total	**1,656.6**	**351.4**	**351.4**	**0**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023**	2022
		USD'000	*USD'000*
REVENUE	*6*	**89,502**	40,659
Cost of sales		**(2,034)**	(130)
Gross profit		**87,468**	40,529
Other income and gains	*6*	**6,589**	4,768
Selling expense		**(1,062)**	–
Administrative expenses		**(19,498)**	(27,274)
Research and development costs		**(45,081)**	(135,143)
Other expenses	*7*	**(1,359)**	(17,913)
Impairment losses on financial assets, net	*8*	**(503)**	–
Finance costs	*9*	**(3,872)**	(1,987)
PROFIT/(LOSS) BEFORE TAX	*10*	**22,682**	(137,020)
Income tax credit/(expense)	*11*	**81**	(248)
PROFIT/(LOSS) FOR THE YEAR		**22,763**	(137,268)
Attributable to:			
Owners of the parent		**22,797**	(137,222)
Non-controlling interests		**(34)**	(46)
		22,763	(137,268)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (USD)	*13*	**0.03**	(0.19)
Diluted (USD)	*13*	**0.03**	(0.19)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	USD'000	*USD'000*
PROFIT/(LOSS) FOR THE YEAR	**22,763**	(137,268)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**778**	1,845
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**778**	1,845
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**23,541**	(135,423)
Attributable to:		
Owners of the parent	**23,575**	(135,377)
Non-controlling interests	**(34)**	(46)
	23,541	(135,423)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31 December 2023** ***USD'000***	31 December 2022 *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**3,324**	5,290
Right-of-use assets	*15*	**1,555**	2,667
Intangible assets	*16*	**7,678**	8,168
Prepayments, other receivables and other assets	*19*	**–**	629
Other financial assets	*20*	**5,747**	6,357
Total non-current assets		**18,304**	23,111
CURRENT ASSETS			
Inventories	*17*	**–**	1,044
Trade receivables	*18*	**52,323**	7,118
Prepayments, other receivables and other assets	*19*	**16,876**	28,482
Restricted bank balances	*21*	**653**	663
Cash and cash equivalents	*21*	**140,324**	171,705
Total current assets		**210,176**	209,012
CURRENT LIABILITIES			
Trade payables	*22*	**15,363**	22,029
Other payables and accruals	*23*	**10,087**	9,139
Contract liabilities	*24*	**1,246**	1,470
Interest-bearing bank borrowings	*25*	**36,560**	41,107
Lease liabilities	*15*	**874**	1,299
Total current liabilities		**64,130**	75,044
NET CURRENT ASSETS		**146,046**	133,968
TOTAL ASSETS LESS CURRENT LIABILITIES		**164,350**	157,079

	Notes	31 December 2023 *USD'000*	31 December 2022 *USD'000*
NON-CURRENT LIABILITIES			
Contract liabilities	*24*	**14,079**	13,860
Interest-bearing bank borrowings	*25*	**27,847**	47,085
Lease liabilities	*15*	**731**	1,438
Deferred tax liabilities	*26*	**2,064**	2,195
Total non-current liabilities		**44,721**	64,578
Net assets		**119,629**	92,501
EQUITY			
Equity attributable to owners of the parent			
Share capital		**19**	19
Treasury shares		**(9,223)**	(8,869)
Reserves		**129,192**	101,676
		119,988	92,826
Non-controlling interests		**(359)**	(325)
Total equity		**119,629**	92,501

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

2 BASIS OF PREPARATION

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
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 new and revised standards has had no significant financial effect on these financial statements.

4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

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

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

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

5. OPERATING SEGMENT INFORMATION

Operating segment information

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

Geographical information

(a) Revenue from external customers

	2023	2022
	USD'000	*USD'000*
United States	**78,430**	7,084
Chinese Mainland	**10,598**	8,557
Europe	**278**	24,851
Others	**196**	167
Total revenue	**89,502**	40,659

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

(b) Non-current assets

	2023	2022
	USD'000	*USD'000*
Europe	**8,157**	8,207
Chinese Mainland	**3,276**	7,142
United States	**1,124**	1,405
Total non-current assets	**12,557**	16,754

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

Information about major customers

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

	2023	2022
	USD'000	*USD'000*
Customer A	**51,332**	–
Customer B	**25,000**	–
Customer C	**–**	24,663
Customer D	**712**	6,281
Customer E	**–**	6,000
Total	**77,044**	36,944

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	USD'000	*USD'000*
Types of goods or services		
– Molecule licence fee	**85,572**	38,437
– Research service fee	**3,169**	818
– Technology licence fee	**761**	1,404
Total	**89,502**	40,659

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023	2022
	USD'000	*USD'000*
Timing of revenue recognition		
At a point in time		
– Molecule licence fee	**85,572**	38,437
– Research service fee	**860**	500
Over time		
– Research service fee	**2,309**	318
– Technology licence fee	**761**	1,404
Total	**89,502**	40,659

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

	2023	2022
	USD'000	*USD'000*
Technology licence fee	**451**	565
Total	**451**	565

(ii) Performance obligations

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

Molecule licence fee

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

Technology licence fee

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

Research service fee

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

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

	2023	2022
	USD'000	*USD'000*
Amounts expected to be recognised as revenue:		
– Within one year	**909**	683
– After one year	**40**	278
Total	**949**	961

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

An analysis of other income and gains is as follows:

	2023	2022
	USD'000	*USD'000*
Other income and gains		
– Interest income	**5,624**	2,866
– Government grants recognised*	**840**	561
– Gains on fair value change of other financial assets	**–**	1,039
– Others	**125**	302
Total other income and gains	**6,589**	4,768

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

7. OTHER EXPENSES

An analysis of other expenses is as follows:

	2023	2022
	USD'000	*USD'000*
Foreign exchange losses, net	**850**	5,376
Loss on fair value change of other financial assets	**506**	–
Loss on disposals of property, plant and equipment	**3**	12,537
Total	**1,359**	17,913

8. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	2023	2022
	USD'000	*USD'000*
Provided for impairment of other receivables	**503**	–

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	USD'000	*USD'000*
Interest on bank borrowings	**3,017**	1,722
Interest on contract liabilities	**765**	–
Interest on lease liabilities	**90**	265
Total	**3,872**	1,987

10. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**2023**	2022
		USD'000	*USD'000*
Cost of sales (excluding employee benefit expense)		**987**	130
Depreciation of property, plant and equipment	*14*	**2,799**	4,821
Depreciation of right-of-use assets	*15*	**1,281**	2,596
Amortisation of intangible assets	*16*	**551**	618
Loss on disposals of property, plant and equipment		**3**	12,537
Gain on disposals of right-of-use assets	*15*	**(20)**	(183)
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		**21,292**	32,769
– Pension scheme contributions*		**1,116**	2,186
– Share-based payment expenses		**3,941**	5,763
Auditors' remuneration		**464**	484
Lease expenses arising from short-term leases	*15*	**41**	23
Foreign exchange losses, net	*7*	**850**	5,376

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

11. INCOME TAX

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

Cayman Islands

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

British Virgin Islands

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

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, unless such profits are taxable at the half-rate of 8.25% (2022: 8.25%) that may apply for the first HK$2,000,000 (2022: HK$2,000,000) of the assessable profits.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Chinese Mainland 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 renewed the certificate in December 2023 and was entitled to a preferential CIT rate of 15% (2022: 15%), Nona Biosciences (Suzhou) Co., Ltd., which was certified as a High and New Technology Enterprise in 2021 and was entitled to a preferential CIT rate of 15% (2022: 15%).

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 19% (2022: 15%) for the first EUR200,000 (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 year.

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 (credit)/expense of the Group are as follows:

	2023	2022
	USD'000	*USD'000*
Current income tax	**50**	–
Deferred income tax *(note 26)*	**(131)**	248
Total tax (credit)/expense for the year	**(81)**	248

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

	2023	2022
	USD'000	*USD'000*
Profit/(Loss) before tax	**22,682**	(137,020)
Tax at a tax rate of 25%	**5,671**	(34,255)
Effect of different tax rates enacted by local authorities	**(3,270)**	10,707
Tax losses not recognised	**2,619**	24,015
Expenses not deductible for tax purposes	**2,622**	9,443
Tax losses utilised from previous periods	**(1,730)**	–
Income not subject to tax	**(808)**	(261)
Additional deductible allowance for qualified research and development costs	**(5,185)**	(9,401)
Tax expense at the Group's effective tax rate	**(81)**	248

12. DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiaries during the year (2022: Nil).

13. EARNINGS/(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 year.

The calculation of the diluted earnings per share amount for the year ended 31 December 2023 is based on the profit for the year attributable to ordinary equity holders of the parent. 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 year ended 31 December 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.

	2023	2022
Earnings/(loss)		
Earnings/(loss) attributable to owners of the parent *(USD'000)*	**22,797**	(137,222)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**733,944,377**	729,435,207
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	**8,585,633**	–
Option/Share Award*	**–**	–
Total	**742,530,010**	729,435,207
Basic earnings/(loss) per share *(USD per share)*	**0.03**	(0.19)
Diluted earnings/(loss) per share *(USD per share)*	**0.03**	(0.19)

* The option/share award were not assumed to be exercised because they were antidilutive in the period.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery *USD'000*	Electronic equipment *USD'000*	Furniture and fixtures *USD'000*	Leasehold improvements *USD'000*	Construction in process *USD'000*	Total *USD'000*
31 December 2023						
Cost						
As at 1 January 2023	14,520	765	231	4,678	–	20,194
Additions	898	8	–	57	–	963
Disposals	(134)	(140)	–	–	–	(274)
Exchange differences	(206)	(13)	(3)	(78)	–	(300)
As at 31 December 2023	15,078	620	228	4,657	–	20,583
Accumulated depreciation						
As at 1 January 2023	(9,786)	(515)	(183)	(4,420)	–	(14,904)
Charge for the year	(2,507)	(122)	(33)	(137)	–	(2,799)
Disposals	131	97	–	–	–	228
Exchange differences	132	8	3	73	–	216
As at 31 December 2023	(12,030)	(532)	(213)	(4,484)	–	(17,259)
Net carrying amount						
As at 31 December 2023	3,048	88	15	173	–	3,324
As at 31 December 2022	4,734	250	48	258	–	5,290
31 December 2022						
Cost						
As at 1 January 2022	16,399	814	360	6,071	841	24,485
Additions	1,515	117	11	96	25,982	27,721
Disposals	(2,110)	(98)	(17)	(1,003)	(26,775)	(30,003)
Exchange differences	(1,284)	(68)	(123)	(486)	(48)	(2,009)
As at 31 December 2022	14,520	765	231	4,678	–	20,194
Accumulated depreciation						
As at 1 January 2022	(7,905)	(435)	(153)	(4,203)	–	(12,696)
Charge for the year	(2,922)	(190)	(149)	(1,560)	–	(4,821)
Disposals	338	70	5	970	–	1,383
Exchange differences	703	40	114	373	–	1,230
As at 31 December 2022	(9,786)	(515)	(183)	(4,420)	–	(14,904)
Net carrying amount						
As at 31 December 2022	4,734	250	48	258	–	5,290
As at 31 December 2021	8,494	379	207	1,868	841	11,789

As at 31 December 2023, there were no pledged property, plant and equipment (2022: Nil).

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	2023	2022
	USD'000	*USD'000*
Right-of-use assets		
Carrying amount at 1 January	**2,667**	7,287
Additions	**745**	194
Depreciation charge	**(1,281)**	(2,596)
Exchange differences	**(25)**	(391)
Termination	**(551)**	(1,827)
Carrying amount at 31 December	**1,555**	2,667

	2023	2022
	USD'000	*USD'000*
Lease liabilities		
Carrying amount at 1 January	**2,737**	7,420
New leases	**745**	194
Interest during the year	**90**	265
Payments	**(1,369)**	(2,734)
Exchange differences	**(27)**	(398)
Termination	**(571)**	(2,010)
Carrying amount at 31 December	**1,605**	2,737
Analysed into:		
Current portion	**874**	1,299
Non-current portion	**731**	1,438

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

	2023	2022
	USD'000	*USD'000*
Depreciation charge of right-of-use assets	**1,281**	2,596
Interest on lease liabilities	**90**	265
Expense relating to short-term leases	**41**	23
Total amount recognised in profit or loss	**1,412**	2,884

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

	2023	2022
	USD'000	*USD'000*
Within operating activities	**41**	23
Within financing activities	**1,369**	2,734
Total	**1,410**	2,757

16. INTANGIBLE ASSETS

	Software	**Backlog**	**Technology licencing agreement**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
31 December 2023				
Cost				
As at 1 January 2023	1,572	1,728	7,600	10,900
Additions	69	–	–	69
Exchange differences	(27)	–	–	(27)
As at 31 December 2023	1,614	1,728	7,600	10,942
Amortisation				
As at 1 January 2023	(1,004)	(1,728)	–	(2,732)
Charge for the year	(551)	–	–	(551)
Exchange differences	19	–	–	19
As at 31 December 2023	(1,536)	(1,728)	–	(3,264)
Net carrying amount				
As at 31 December 2023	78	–	7,600	7,678
31 December 2022				
Cost				
As at 1 January 2022	1,334	1,728	7,600	10,662
Additions	361	–	–	361
Exchange differences	(123)	–	–	(123)
As at 31 December 2022	1,572	1,728	7,600	10,900
Amortisation				
As at 1 January 2022	(442)	(1,728)	–	(2,170)
Charge for the year	(618)	–	–	(618)
Exchange differences	56	–	–	56
As at 31 December 2022	(1,004)	(1,728)	–	(2,732)
Net carrying amount				
As at 31 December 2022	568	–	7,600	8,168

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

Impairment testing of technology licencing agreement

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

The recoverable amount of the technology licencing agreement is determined based on the fair value less costs of disposal, and the fair value of the technology licencing agreement is determined using the relief from royalty method taking into account the nature of the asset, using cash flow projections based on financial budgets covering a 14-year period, and the growth rate used to extrapolate the cash flows beyond the 14-year period is 2% (2022: 3%), which is close to the long-term inflation rate. Management believes that using a 14-year forecast period is appropriate because it generally takes longer for a biotechnology company to use the technologies to generate therapeutics and develop them into products to reach perpetual growth mode when the market of such products is developing with substantial growth potential. Hence, financial budget covering a 14-year period is more feasible and reflects a more accurate value. The fair value measurement hierarchy of the technology licencing agreement was Level 3. Other key assumptions to the valuation model used are as follows:

	2023	2022
Discount rate	**16.0%**	16.0%
Royalty rate	**6.0%**	6.0%

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

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

17. INVENTORIES

	2023	2022
	USD'000	*USD'000*
Raw materials	**–**	1,044

There were no inventories pledged as at 31 December 2023.

18. TRADE RECEIVABLES

	2023	2022
	USD'000	*USD'000*
Within 6 months	**52,323**	7,118
	52,323	7,118
Less: Impairment allowance	**–**	–
Net carrying amount	**52,323**	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.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023	2022
	USD'000	*USD'000*
Other receivables	**9,075**	16,349
Prepayments *(i)*	**3,524**	7,277
Loans provided to an associate	**2,824**	2,872
Value-added tax recoverable	**1,553**	1,813
Deposits	**401**	800
	17,377	29,111
Less: Impairment allowance on Other receivables	**501**	–
Total	**16,876**	29,111
Less: Non-current portion Prepayments *(i)*	**–**	629
Current portion	**16,876**	28,482

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

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

Movements in the provision for impairment of other receivables are as follows:

	2023	2022
	USD'000	*USD'000*
At beginning of year	**–**	–
Impairment losses, net *(note 8)*	**503**	–
Exchange differences	**(2)**	–
At end of year	**501**	–

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

20. OTHER FINANCIAL ASSETS

	2023		2022	
	Categories	**Carrying amount** ***USD'000***	Categories	Carrying amount *USD'000*
Assets:				
Debt instruments (including hybrid contracts):				
Unlisted equity investments	**FVPL**	**5,747**	FVPL	6,357
Total		**5,747**		6,357

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

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

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

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

As at 31 December 2023, the interests of the Group held in NK was diluted to 11.75% when NK issued certain series A+ redeemable shares to an investor.

21. CASH AND CASH EQUIVALENTS

	2023	2022
	USD'000	*USD'000*
Cash and cash balances	**140,977**	162,368
Time deposits with original maturity of more than three months but less than one year when acquired	**–**	10,000
Subtotal	**140,977**	172,368
Less:		
Restricted bank balances *(a)*	**653**	663
Cash and cash equivalents	**140,324**	171,705
Denominated in:		
USD	**103,778**	98,447
RMB	**35,143**	71,735
Others	**1,403**	1,523
	140,324	171,705

(a) As at 31 December 2023, cash in bank amounting to USD653,000 (31 December 2022: USD663,000) was restricted.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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 Chinese Mainland 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.

22. TRADE PAYABLES

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

	2023	2022
	USD'000	*USD'000*
Within 1 month	**14,864**	19,978
1-3 months	**256**	1,171
3-6 months	**234**	826
6-12 months	**9**	54
Total	**15,363**	22,029

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

23. OTHER PAYABLES AND ACCRUALS

	2023	2022
	USD'000	*USD'000*
Other accrued expenses	**3,746**	3,542
Payroll and welfare	**3,357**	726
Other payables	**2,371**	4,398
Other tax payables	**613**	473
Total	**10,087**	9,139

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

24. CONTRACT LIABILITIES

	31 December 2023	31 December 2022	1 January 2022
	USD'000	*USD'000*	*USD'000*
Amounts received in advance for molecule licence fee	**14,209**	13,723	314
Amounts received in advance for the technology licence fee	**610**	790	1,124
Amounts received in advance for research service fee	**506**	817	157
Total	**15,325**	15,330	1,595
Less: Non-current portion	**14,079**	13,860	363
Current portion	**1,246**	1,470	1,232

25. INTEREST-BEARING BANK BORROWINGS

	2023	2022
	USD'000	*USD'000*
Bank borrowings – unsecured	**64,407**	88,192
Analysed into:		
On demand or within one year	**36,560**	41,107
More than one year, but not exceeding five years	**27,847**	47,085
Total	**64,407**	88,192
Current	**36,560**	41,107
Non-current	**27,847**	47,085

As at 31 December 2023, the Group's banking facilities amounted to RMB1,110,000,000 (31 December 2022: RMB850,000,000), of which RMB456,174,000 (31 December 2022: RMB614,222,000) had been utilised.

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

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

26. DEFERRED TAX

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

	Fair value adjustments arising from acquisition of subsidiaries and investments *USD'000*
31 December 2023	
As at 1 January 2023	**2,195**
Deferred tax credited to the consolidated statement of profit or loss during the year *(note 11)*	**(131)**
As at 31 December 2023	**2,064**
31 December 2022	
As at 1 January 2022	1,947
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 11)*	248
As at 31 December 2022	2,195

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

	2023 ***USD'000***	2022 *USD'000*
Tax losses	**387,590**	381,720
Deductible temporary differences	**1,536**	–
	389,126	381,720

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

	2023 ***USD'000***	2022 *USD'000*
Chinese Mainland (tax losses expire in one to ten years)	**349,554**	353,744
United States (tax losses with no expiration)	**21,294**	15,246
Netherlands (tax losses with no expiration)	**16,742**	12,730
	387,590	381,720

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

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at **www.hkexnews.hk** and of the Company at **www.harbourbiomed.com**. The annual report of the Group for the year ended 31 December 2023 will be published on the aforesaid websites and will be made available to the Shareholders in due course.

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

Hong Kong, 28 March 2024

As of the date of this announcement, the Board comprises Dr. Jingsong Wang and Dr. Yiping Rong as executive Directors; Ms. Weiwei Chen as non-executive Director; Dr. Robert Irwin Kamen, Dr. Xiaoping Ye, Mr. Ka Chi Yau and Dr. Albert R. Collinson as independent non-executive Directors.