Sirnaomics Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2257)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The Board of Directors is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2023, together with the comparative figures for the year ended December 31, 2022. The consolidated financial statements of the Group for the year ended December 31, 2023 have been reviewed by the Audit Committee and audited by the Company's auditor, Deloitte Touche Tohmatsu.

BUSINESS HIGHLIGHTS

During the fiscal year and the first quarter of 2024, we continued advancing our drug pipeline and business operation. Capitalizing on our dual proprietary delivery platforms — PNP and GalAhead™, we have built an enriched clinical pipeline initially focused on therapeutics for oncology and expanding to anticoagulant therapies, cardiometabolic disease, complement-mediated diseases, medical aesthetics, and viral infections. With STP705 advancing to late-stage clinical development for the treatment of NMSC, we have solidified a leadership position in RNA medicine for oncology treatment on the global stage. The following milestones have been achieved as at the date of this announcement:

Clinical Development

STP705 for the treatment of isSCC

After discussing the Phase IIa and Phase IIb results with the U.S. FDA via an End-of-Phase II meeting in early 2023, we were well-positioned to advance STP705 in clinical studies for the treatment of isSCC. As mentioned in the Company's announcement in June 2023, we are continuing to move forward in 2024 and have now proposed a well-designed Phase II/III study to serve as a pivotal trial to achieve alignment with the U.S. FDA. We expect to provide an update on our proposal to the U.S. FDA in Q2 2024.

STP705 for the treatment of BCC

We started our Phase II clinical study for the treatment of BCC in 2021 and have fully completed the study in 2023. The final data readout from the Phase II clinical study of STP705 for the treatment of BCC demonstrated very favorable efficacy without any systemic drug related AEs and SAEs, further validating the broad potential of this drug candidate for the treatment of NMSC and beyond.

As a standard approach, we are going to hold the End-of-Phase II meeting with U.S. FDA to obtain guidance from them for our future path moving forward to late-stage development for STP705 for the treatment of BCC. With our existing experience from isSCC, we expect communication with U.S. FDA will be smooth and efficient. We are planning to have the End-of-Phase II meeting in 2024.

STP705 for focal fat reduction

In June 2023, we announced the interim results of the Phase I trial which appeared to indicate that the use of STP705 in the treatment of unwanted fat was safe and showed clear signs of efficacy. These interim efficacy results examined efficacy data from six participants that were scheduled to undergo abdominoplasty. Participants in the safety review were examined for the presence of and severity of LSR including erythema, edema, and bruising over a time frame as well as the incidence (severity and causality) of any adverse events for a time frame of approximately 98 days. We also looked at histological evidence of fat changes that would be seen in fat tissue remodeling such as fat inflammation, panniculitis, fibrosis and fat necrosis. There were no significant adverse events and all tissue samples examined in this review using variables doses of STP705 showed histological evidence suggestive of fat remodeling. Based on the histological scoring and panniculitis, and fat necrosis ranking, a dose-dependent effect was observed for all treatment groups compared to the placebo group with statistical significance ($P < 0.05$). The 240 μg at the volume of 1.0 ml treatment group has demonstrated the most potent activity.

We have completed Phase I study in Q4 2023. The result was encouraging and demonstrated that:

- STP705 was well-tolerated at all doses, concentrations, and volumes.
- STP705 demonstrated excellent safety with very few LSR.
- There were very few observed treatment-associated adverse reactions and these resolved without intervention.
- STP705 may have a favorable safety profile when administered locally for the purpose of fat reduction.
- Histologic analysis performed on excised tissue samples provided further evidence of STP705's activity in adipocyte destruction, which occurred in a suggested dose-response manner; this will guide future clinical dosing parameters for optimal efficacy and safety.

The positive results and the histology observations provide preliminary evidence that STP705 may become a best-in-class drug candidate for focal fat reduction and is worth further investigation. This will better inform later stage development of this asset in the medical aesthetics category.

STP707 for the treatment of multiple solid tumors

50 participants with advanced solid tumors, who had failed standard therapies, were included in the dose escalation analysis. In August 2023, we completed the dose escalation for Phase I clinical study. Based on preliminary efficacy observations, 74% of evaluable patients demonstrated a best response of SD per RECIST. Among the 10 pancreatic patients, the average SD duration is 3.5 months with a dose response correlation among 12mg, 24mg and 48mg treatment groups. The high dose treatment group with 48mg resulted in an average SD duration of 4.5 months. Therefore, the low toxicity and relatively long SD duration warrants further study with STP707 alone or in a rational combination with immune check point inhibitors, given the unique ability of this drug to recruit active T-cells into TME.

STP122G for the treatment of coagulation disorders

In April 2023, we launched the Phase I clinical trial of STP122G based on the Group's GalNAc FXI Program. This FXI program is applicable across a broad range of disease indications as an anticoagulant therapeutic. FXI is an enzyme produced predominantly by hepatocytes in the liver and it plays an important role in the body's blood clotting cascade. The site of production for FXI also makes it an ideal target for GalNAc-based siRNA therapeutics.

In January 2024, we successfully completed follow-up of Cohort 1 and dosing of Cohort 2 in an ongoing Phase I clinical trial of STP122G. Each of these cohorts was comprised of eight subjects who completed dosing and were being followed over a period of 140 days. Safety data showed there were no dose-limiting toxicities or serious adverse events, so the study proceeded to Cohort 2 dosing. We expect that activity but corresponding elevation in PPT. The relatively long (140 days) observation period between dosing cohorts is related to the sustained pharmacologic effect of STP122G, a highly desirable characteristic for an anticoagulant.

This study marks the first time that Sirnaomics is utilizing its proprietary GalNAc RNAi platform technology, GalAhead™, in one of its siRNA-based candidates and conducting a trial for a patient population with high unmet need for anticoagulation but with low bleeding incidence. By targeting FXI, the Group has the potential to target multiple diseases that require anticoagulation such as atrial fibrillation, pulmonary embolism, DVT, and deep venous thrombosis prophylaxis for surgical procedures.

RV-1770 RSV Vaccine

In December 2023, RNAimmune received regulatory clearance on its IND application from the U.S. FDA to commence a Phase I clinical trial for RV-1770, an mRNA vaccine targeting the human RSV. The proposed Phase I clinical study will assess the safety and tolerance of RV-1770, a combination of an mRNA-based vaccine with a lipid nanoparticle formulation, aimed at preventing RSV infection in adults. Healthy volunteers between the ages of 18–49 and an older adult group aged 60–79 will receive a single dose of RV-1770 intramuscularly. The study plans to recruit a total of 162 participants divided into two cohorts of younger and older adults with 81 each. All participants will undergo a 12-month post-vaccination monitoring for evaluation of RV-1770's safety and immunogenicity.

IND Enabling Studies and Expected Clinical Studies

We are expecting to submit a U.S. IND for STP125G and STP144G in 2025. Based on the current progress of IND enabling studies for both efficacy and toxicity evaluation, drug formulation and CMC, the IND package is in development.

FINANCIAL HIGHLIGHTS

	Year ended December 31,	
	2023	2022
	US$'000	*US$'000*
Other income	**1,414**	2,114
Changes in fair value of financial liabilities at FVTPL	**(1,512)**	(6,124)
Impairment losses recognized on property, plant and equipment and right-of-use assets	**(8,345)**	—
Administrative expenses	**(23,161)**	(24,191)
Research and development expenses	**(54,382)**	(67,641)
Loss for the year	**(84,990)**	(97,378)

- For the year ended December 31, 2023, the loss on changes in fair value of financial liabilities at FVTPL decreased to US$1.5 million, representing a reduction of US$4.6 million, or 75%, from US$6.1 million for the year ended December 31, 2022, primarily due to a lower rate of increase in the valuation of preferred shares of RNAimmune.

- During the year ended December 31, 2023, the Directors considered that there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets. Impairment losses of US$6.9 million and US$1.4 million, had been recognized against the carrying amount of property, plant and equipment and right-of-use assets, respectively.

- For the year ended December 31, 2023, the administrative expenses of the Group decreased to US$23.2 million, representing a reduction of US$1.0 million, or 4%, from US$24.2 million for the year ended December 31, 2022. The decrease was primarily attributable to the reduction of professional and consultancy fees as a result of the Group's cost saving strategy on marketing and business development activities, partly offset by the increase in directors' emolument and staff costs in relation to the Group's administrative staff, mainly due to increase in share-based payment expense.

- For the year ended December 31, 2023, the research and development expenses of the Group decreased to US$54.4 million, representing a reduction of US$13.2 million, or 20%, from US$67.6 million for the year ended December 31, 2022. The decrease was primarily attributable to decrease in the Group's chemistry, manufacturing and controls expenses, clinical trials expenses, materials consumed and preclinical test expenses. Such decreases were in line with the Group's resource allocation strategy. Despite the increase in share-based payment expense, directors' emolument and staff costs in relation to the Group's research and development activities remained at a similar level due to decrease in salaries and other allowances resulting from the Group's restructuring efforts to optimize its taskforce during the year ended December 31, 2023.

- The Group's loss for the year decreased from US$97.4 million for the year ended December 31, 2022 to US$85.0 million for the year ended December 31, 2023. Such decrease in loss is primarily attributable to: (i) decrease in research and development expenses; and (ii) decrease in loss on changes in fair value of financial liabilities at FVTPL, partly offset by the impairment losses recognized on property, plant and equipment and right-of-use assets for the year ended December 31, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Founded in 2007, Sirnaomics' mission is to become a fully integrated international biopharmaceutical company, leveraging our deep experience in RNA therapeutics and novel delivery platform technologies. Capitalizing on our dual proprietary delivery platforms — PNP and GalAhead™, we have built an enriched clinical pipeline initially focused on therapeutics for oncology and fibrosis, and expanding to anticoagulant therapies, cardiometabolic disease, complement-mediated diseases, medical aesthetics, and viral infections.

Our lead drug candidates STP705, formulated for local administration for the treatment of Non-Melanoma Skin Cancer (NMSC), and STP707, formulated for intravenous administration for the treatment of solid tumors, have both achieved positive clinical readouts with their corresponding studies. These advancements of our leading drug candidates corroborate the potential of our proprietary PNP delivery platform. After completing an End-of-Phase-II meeting with the U.S. FDA in the first half of 2023, the FDA provided Sirnaomics guidance to advance the STP705 program further. Sirnaomics has proposed to the U.S. FDA an adaptive design Phase II/III pivotal trial to address the outstanding dose selection questions and has proposed another Phase III as required by regulation. The Group has already started planning to move forward pending agreement with the U.S. FDA.

The Phase I basket clinical study for STP707 with intravenous administration represents the first of this kind of drug modality for oncology investigation for treatment of multiple solid tumors. This U.S. FDA regulated clinical study involves 11 leading cancer centers in the U.S. and 50 late-stage cancer patients with colorectal, pancreatic, liver and metastatic melanoma tumors, etc. The preliminary report indicates that STP707 is very well tolerated among all six dosing cohort regimens and the drug has shown clear therapeutics benefit with stable disease (SD) activity, especially for pancreatic cancer patients. Among the 10 pancreatic patients, the average SD duration is 3.5 months with a dose response correlation among 12mg, 24mg and 48mg treatment groups. The high dose treatment group with 48mg resulted in an average SD duration for 4.5 months. Therefore, the low toxicity and relatively long SD duration warrants further study with STP707 alone or in a rational combination with immune check point inhibitors, given the unique ability of this drug to recruit active T-cells into the tumor microenvironment (TME).

The clinical advancement of STP705 and STP707 has solidified our leadership in RNAi therapeutics for oncology treatment on the global stage.

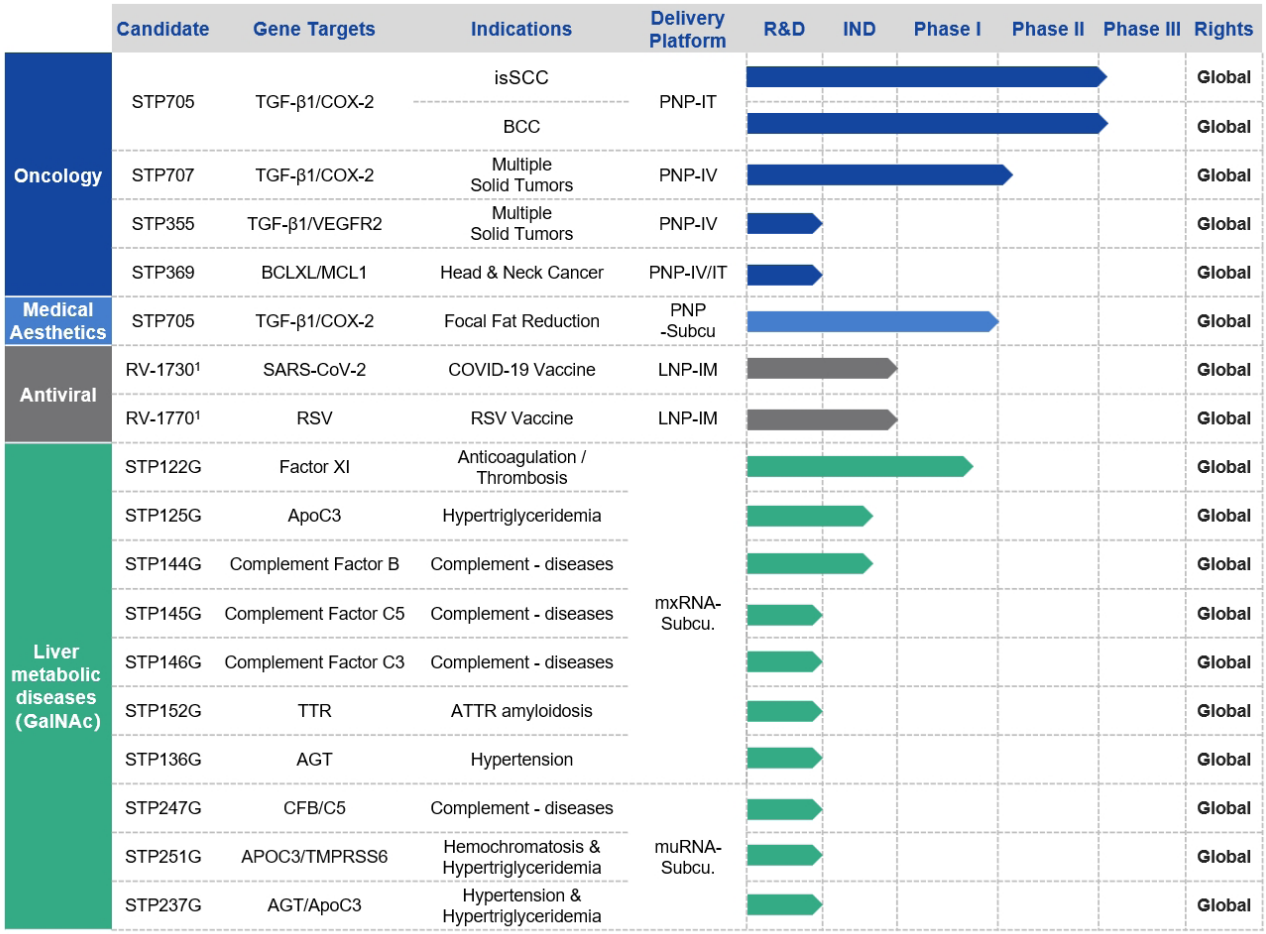
Based on an intriguing discovery during the clinical study for the treatment of isSCC with STP705, we initiated an effort to evaluate the potential of this siRNA drug candidate for medical aesthetics applications. The Phase I clinical study readouts demonstrated excellent safety and clear signs of efficacy. While we are preparing a communication package currently for consultation with the U.S. FDA for advancing this clinical program into Phase II study, we are also in active discussions on potential collaborations for this novel aesthetics medicine product. Our GalNAc-based delivery platform, GalAhead™ (comprised of both mxRNA and muRNA approaches) technology, is for subcutaneous administration and is currently being investigated in diseases where targeting of liver hepatocytes may result in beneficial therapeutic outcomes. Our first GalAhead™ mxRNA product, STP122G, has received regulatory clearance from the U.S. FDA and we commenced a Phase I clinical trial. We have already completed the dosing of the first two cohorts to evaluate the safety, tolerability, pharmacokinetics, and pharmacodynamics of STP122G. We plan to investigate the administration of our other novel GalAhead™ molecules in a variety of therapeutic areas including hypertriglyceridemia and complement-mediated diseases. In addition to targeting single genes with programs like STP122G, we have established pipeline programs that allow us to target two genes at the same time with our GalAhead™ muRNA platform. The ability to modulate two converging biological pathways has generated a lot of interest lately on both scientific as well business development front in the RNAi field and we are considered as one of the pioneers in this space.

We have built an international professional team for the discovery and development of RNAi therapeutics. Currently we are focused specifically on the U.S. and Asia markets, which are supported by our R&D capabilities and manufacturing facilities in both regions. We are adopting a clinical development strategy to conduct clinical trials for our product candidates initially in the U.S. before extending to Asian countries, and finally reaching to regulatory approvals in multiple markets around the globe.

We envision a fast-growing trend of RNA medicine including RNAi, mRNA and RNAe (RNA editing) technologies for therapeutics and vaccine developments, to treat and prevent many serious human diseases. To unlock the therapeutic potential and leverage the delivery technology platform and large-scale manufacturing capacity of Sirnaomics, we have been assisting RNAimmune for its advancement in mRNA vaccine development and nurturing the establishment of EDIRNA for its early discovery effort and clinical program selection.

Product Pipeline

Sirnaomics is advancing a prioritized product pipeline and conducting five siRNA clinical trials in the U.S. for our lead clinical drug candidates STP705 and STP707, together with STP122G, in addition to RV-1730 and RV-1770 which are our mRNA vaccine programs having received an IND Application clearance approval from the U.S. FDA sponsored by RNAimmune, our non-wholly owned subsidiary. The following product pipeline table is adapted based on the Group's current focus on preclinical and clinical product development.



Note:

1. R&D conducted by our non-wholly owned subsidiary RNAimmune.

Abbreviations: isSCC = squamous cell carcinoma in situ; BCC = basal cell carcinoma; PNP = our polypeptide nanoparticle (PNP) RNAi delivery platform; PNP-IT = PNP platform formulated for intratumoral administration; PNP-Subcu = PNP platform formulated for subcutaneous administration; PNP-ID = PNP platform formulated for intradermal administration; PNP-IV = PNP platform formulated for intravenous administration; GalAhead™ = our GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers; LNP-IM = lipid nanoparticle (LNP) formulation for delivery of mRNA intramuscularly; RSV = Respiratory Syncytial Virus; mxRNA-Subcu = mxRNA™ (miniaturized RNAi triggers) for subcutaneous administration; muRNA-Subcu = muRNA™ (multi-unit RNAi triggers) for subcutaneous administration

Clinical Programs

STP705 for the treatment of NMSC

STP705 Powder for Injection (STP705) is a sterile, lyophilized drug product that has two small interfering RNAs (pixofisiran INN and lixadesiran INN) that target transforming growth factor beta-1 (TGF-ß1) and cyclooxygenase-2 (COX-2), respectively. The drug product is formulated using our proprietary PNP delivery platform as carrier for intratumoral, intradermal, peridermal and subcutaneous administration. TGF-ß1 and COX-2 are well-known as gatekeeper targets for oncology and fibrosis disease drug development. TGF-ß1 regulates a broad range of cellular processes, including cell proliferation, differentiation, apoptosis, extracellular matrix production, angiogenesis, inflammation, and immune response, while COX-2 is a proinflammatory and proliferative mediator. STP705 leverages our PNP delivery platform in a locally administered formulation for direct administration to diseased tissue. We are developing STP705 for NMSC and focal fat reduction.

STP705 for focal fat reduction

Surgical fat removal (liposuction) is the gold standard for removing and remodeling unwanted fat but patients are searching for minimally invasive procedures. Laser and radiofrequency (RF) also have been shown to be somewhat effective but not ideal. Injectable deoxycholic acid (DCA) has efficacy but is associated with significant long term local skin reactions (LSR) and pain. There is a need for injectable fat remodeling that is both effective and with minimal LSR. Early data indicates that injectable PNP-enhanced delivery of siRNA specifically targeting TGF-β1 and COX-2/PTGS2 may be ideal to fill the need. STP705 was well tolerated at all concentrations and volumes studied. No material safety issues were identified based on reporting of AEs, LSRs, and changes from baseline in vital signs, safety labs, and electrocardiograms (ECGs). There were 3 Grade 2 (moderate) AEs considered by the investigator to be probably related to treatment with STP705. None were severe and none were serious. All AEs recovered/resolved and did not require dose modification. The incidence of LSRs was low throughout the entire study and there were no clinically significant changes in labs, vital signs, or ECGs.

The study has concluded that even though DCA injection is popular due to simplicity and the possibility of low downtime, it is routinely associated with inflammation, pain, and LSRs. STP705 injection is effective at reducing subcutaneous adipose tissue thickness in preliminary porcine models with efficacy at least equal to DCA. STP705 had excellent safety and tolerability with very few LSRs or observed treatment-associated AEs. STP705 may have a better safety profile than DCA. Histologic analysis provided evidence of STP705's activity, which occurred in a marginally dose-dependent manner. Excellent safety and no significant LSRs as commonly seen with the use of DCA. The Phase I clinical study of STP705 for focal fat reduction has provided strong evidence to support a further clinical investigation for submental fat reduction with advantage over DCA due to lack of LSRs.

STP707 for the treatment of multiple solid tumors

STP707 Powder for Infusion (STP707) is a sterile, lyophilized drug product that contains the same two siRNAs as STP705, formulated with a different proprietary nanoparticle carrier that facilitates intravenous infusion for systemic treatment. The product is currently under investigation in a Phase I clinical study for the treatment of multiple types of solid tumors with a basket study design. This U.S. FDA regulated clinical study involves 11 leading cancer centers in the U.S. and 50 late-stage cancer patients with colorectal, pancreatic, liver and metastatic melanoma tumors, etc. The preliminary report indicates that STP707 is very well tolerated among all six dosing cohort regimens and the drug has shown clear therapeutic benefit with SD activity, especially for pancreatic cancer patients. Among the 10 pancreatic patients, the average SD duration is 3.5 months with a dose response correlation among 12mg, 24mg and 48mg treatment groups. The high dose treatment group with 48mg resulted in an average SD duration for 4.5 months. Therefore, the low toxicity and relatively long SD duration warrants further study with STP707 alone or in a rational combination with immune check point inhibitors, given the unique ability of this drug to recruit active T-cells into TME.

STP122G for the treatment of coagulation disorders

STP122G is a product candidate formulated using our GalAhead™ platform that targets Factor XI (FXI). The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery to the liver when administered by subcutaneous injection. The product is currently under Phase I clinical study with the 1st cohort dosage and data collection completed, and we are developing STP122G as a potential anticoagulant therapy that has the potential to be utilized in a broad range of disease states as a form of therapeutic anticoagulation. The product has the potential to be used in several diseases that require anticoagulation such as atrial fibrillation, pulmonary embolism, deep vein thrombosis (DVT), and deep venous thrombosis prophylaxis for surgical procedures.

We may not be able to ultimately develop and market our lead drug candidates STP705, STP707 and STP122G successfully.

Clinical Drug Candidates Using the LNP Platform

RV-1770

RV-1770, a combination of an mRNA-based vaccine with a proprietary lipid nanoparticle formulation, aimed at preventing Respiratory Syncytial Virus (RSV) infection in adults, is developed by RNAimmune, our non-wholly owned subsidiary. RV-1770 is an innovative mRNA-based vaccine formulation with a unique AI-enhanced design using the sequence of the recent RSV clinical isolate. It demonstrated immunogenic responses and neutralization against both type A and B strains of RSV in preclinical cotton rat studies. In December 2023, we have received a clearance from the U.S. FDA for its IND application and the product is currently under investigation in clinical study.

RV-1730

RV-1730, a SARS-CoV-2 vaccine booster candidate, is developed by RNAimmune, our non-wholly owned subsidiary, comprises mRNA coding for SARS-CoV-2 full length spike protein from the Delta variant formulated with LNP delivery technology for intramuscular administration. In April 2023, we have received a clearance from the U.S. FDA for its IND application and the product is currently under investigation in clinical study. The discovery and development efforts of RV-1730 have helped advancement of the technology platforms and regulatory capability of RNAimmune for novel mRNA-based vaccine and therapeutic product developments.

Other Late-Stage Preclinical Candidates

In addition to those key products, we have a broad pipeline of product candidates that are currently in preclinical studies covering a range of therapeutic indications. We are evaluating multiple innovative candidate siRNA molecules that employ different targeting, utilizing our established proprietary PNP delivery platform, our unique and newly developed GalAhead™ platform and, through RNAimmune, LNP delivery platform. Promising candidates advance into clinical studies that will support submission of investigational drug applications to conduct initial human clinical trials in multiple countries. Below are the late-stage preclinical product candidates:

Preclinical Drug Candidates Using the PNP Platform

STP355

STP355 comprises two siRNAs simultaneously targeting TGF-ß1 and VEGFR2 that are validated for their involvement in TME and tumor angiogenesis regulation. STP355 is formulated for systemic administration with our PNP delivery platform. The therapeutic potential of STP355 has been evaluated in vitro and in vivo using multiple types of xenograft cancer models of mice, including breast cancer, melanoma and colorectal cancer. We plan to have STP355 moving into IND-enabling study with further validation using a selected orthotopic tumor model(s). A recent study with repeated intravenous administration of STP355 (3mpk, Q2D) in an immunocompetent mouse model with subcutaneously transplanted melanoma tumor showed that STP355 could significantly inhibit the tumor growth rate ($P<0.05$ VS vehicle), and the effect was better than the group with single TGF-β1 siRNA sequence (siTF1) with the same dose. In addition, the FACS (Fluorescence Activating Cell Sorter) measurement showed that STP355 significantly induces the infiltration intensity of immune cells (total immune cells, T cells, NK cells) in the tumor microenvironment. All these preclinical studies have well positioned STP355 as a candidate for further IND enabling study.

STP369

STP369 comprises siRNAs targeting both BCL-xL and MCL-1, which are both validated tumorigenesis-associated genes, and formulated with our PNP delivery platform for intravenous or intra-tumoral injection administration. We are developing STP369 for the treatment of head and neck cancer and bladder cancer. We are also exploring the use of STP369 in combination therapy with platinum-based chemotherapy (cisplatin) — due to its widespread use in treating patients — to evaluate the potential for STP369 to improve the efficacy of cisplatin or replace its use.

Preclinical Drug Candidates Using the GalAhead™ Platform

STP125G

STP125G is a siRNA that targets apolipoprotein C3 (APoC3). The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery when administered by subcutaneous injection. It is being developed for potential use in treating rare conditions such as familial hypertriglyceridemia. After successful efficacy studies with cell culture and animal models of disease, APoC3-GalNAc-siRNA has been designated as a clinical candidate for further development. The manufacture of drug substances in accordance with GMP has been completed and clinical trial supplies have been manufactured.

STP144G

STP144G is a siRNA that targets Complement Factor B (CFB). The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery when administered by subcutaneous injection. It is being developed for potential use in treating complement-mediated immunologic diseases. After successful efficacy studies with cell culture and animal models, this candidate was selected for further development. Development and production of the drug substance in accordance with GMP for clinical trial supplies has been completed. Single dose nonclinical toxicology studies have been completed.

STP136G

STP136G is a siRNA that targets angiotensinogen (AGT). The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery when administered by subcutaneous injection. It is being developed for potential use in treating hypertension. After successful efficacy studies with cell culture and animal models, this candidate was selected for further development. STP136G has successfully completed efficacy studies with cell culture and animal models.

STP237G

STP237G is a siRNA that targets both AGT as well as APoC3. The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery when administered by subcutaneous injection. It is being developed for potential use in treating patients that have hypertension in combination familial hypertriglyceridemia. STP237G has successfully completed efficacy studies with cell culture and animal models.

STP247G

STP247G is a siRNA that targets both CFB as well as complement factor 5 (C5). The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery when administered by subcutaneous injection. It is being developed for potential use in treating complement-mediated immunologic diseases. STP247G has successfully completed efficacy studies with cell culture and animal models.

Delivery Platforms

Our proprietary delivery platforms for administration of RNA-based therapeutics and vaccines are the foundation of our product pipeline at the clinical study stage: (1) PNP delivery platform for both local and systemic administration of RNAi therapeutics targets the activated endothelial cells, multiple liver cell types beyond liver hepatocyte; and (2) our unique GalNAc-based RNAi delivery platform GalAhead™ was developed for subcutaneous administration of siRNA drugs to the liver hepatocyte.

In the early days of the Group, we exclusively in-licensed an academic PNP nucleic acid delivery method. Leveraging our 18 years' R&D effort, we are now able to advance PNP as a therapeutic delivery technology. Our PNP delivery platform is based on a naturally biodegradable polypeptide molecule, a histidine-lysine (HK) polymer. The HK polymers vary in the pattern of repeating histidine and lysine moieties and may be branched. When admixed at the appropriate ratio with RNA, the HK polymers self-assemble into nanoparticles that encapsulate the RNA. PNP serves as an excipient as part of our drug products to meet all pharmaceutical requirements for large scale manufacturing to successfully test in humans in multiple clinical studies.

Based on abundant data volume from a series of clinical Phase I and Phase II studies of STP705 for local administration and STP707 for IV administration for various clinical indications, the polypeptide nanoparticle siRNA formulations are well-validated for siRNA therapeutics in terms of their safety profile and efficacy performance. We have obtained exclusive global rights for our PNP delivery technology and have built a comprehensive IP portfolio covering PNP-based RNA medicine products for cancers, fibrosis diseases and medical aesthetics.

We developed, through in-house efforts, our unique GalNAc-based RNAi delivery technologies, and hold the global exclusive rights. The GalAhead™ delivery system is a proprietary technology platform for RNAi therapeutics, discovered and developed by Sirnaomics. This platform relies on unique RNA structures that allow the knockdown of single or multiple distinct mRNA targets, specifically two key technological components: mxRNA™ (miniaturized RNAi triggers) and muRNA™ (multi-unit RNAi triggers). mxRNAs™ are comprised of single ~30 nt long oligonucleotides to downregulate individual genes, while muRNA™ molecules are comprised of multiple oligonucleotides to silence two or more targets simultaneously. The targeted delivery technology has demonstrated specific liver hepatocyte targeting via a cell surface receptor: ASGPR. Based upon this technology we have developed a series of siRNA drug candidates, validated them with cell culture and animal models of disease, and conducted rodent safety and non-human primate efficacy and safety studies.

Manufacturing

We have developed clinical scale GMP-compliant manufacturing processes that are capable of being further developed into commercial-scale manufacturing. Our PNP manufacturing process uses microfluidic technology which we are continuously improving to support our current pipeline. In addition, we are continuously improving and exploring other PNP manufacturing processes to meet our expanded pipeline, which will be capable of supporting multiple indications. We are continuing to expand our industrial partnerships to support our global supply-chain oriented manufacturing approach including active pharmaceutical ingredients, excipients to support our PNP franchise, and clinical and commercial fill and finish facilities aimed at delivering high-quality products at low cost. For commercialization of late-stage products, our approach is global by leveraging both existing CDMOs and by establishing commercial production sites of our own. Pre-commercialization activities, including preparation for Process Performance Qualification (PPQ), are in process for Active Pharmaceutical Ingredient (API), novel excipient and drug product. We are also continuing to explore partnerships on next generation PNP formulation technologies for future commercial applications.

Our GalAhead™ delivery platform utilizes well-established CDMO partners which we are currently in the process of expanding, which includes early phase discussions with potential external commercial manufacturing facilities.

We have built our Guangzhou Fill and Finish Facility (Guangzhou Facility) in 2021 to further enhance our in-house manufacturing capacity. In 2022 and 2023, the Guangzhou Facility supported our pre-clinical tox studies and early stage of clinical studies for our PNP product line. With the successful transition of STP122G, our leading GalAhead™ product line candidate, from pre-clinical to clinical in early 2023 we expanded the capabilities in our Guangzhou Facility to include capabilities supporting future GalAhead™ based products. The successful operation of the Guangzhou Facility enables our in-house manufacturing capabilities and marks a transition from a biotech company to a biopharma corporation.

BUSINESS REVIEW

In 2023 and during the first three months of 2024 leading up to the date of this announcement, we continued to make significant progress with respect to our pipeline development and business development. In order to ensure sufficient cash runway in light of the uncertainty in global macro economy, the Group has prioritized resources allocation in programs that have significant potential and has put on hold or slowed down the development of other programs. The Group has also undergone three rounds of restructuring to optimize its taskforce in 2023 and year to date.

The following milestones and achievements exemplify the Group's continued clinical execution across its broad pipeline.

STP705

STP705 for the treatment of isSCC: advancement into late-stage clinical development

After positive data readouts from the Phase IIa and Phase IIb clinical studies on STP705 for the treatment of 69 isSCC patients and the Phase II clinical study with 30 BCC patients showing clear therapeutic effects and excellent safety profiles, we continued to advance this clinical program and are in active communication with the U.S. FDA to seek further guidance for conducting a late-stage clinical development. After discussing the Phase IIa and Phase IIb results with the U.S. FDA via an End-of-Phase II meeting, we were well-positioned to advance STP705 in clinical studies for the treatment of isSCC. As mentioned in the Company's announcement in June 2023, we are continuing to move forward in 2024 and have now proposed a well-designed Phase II/III study to serve as a pivotal trial to achieve alignment with the U.S. FDA. We expect to provide an update on our proposal to the U.S. FDA in Q2 2024.

STP705 for the treatment of BCC: demonstrates positive Phase II clinical results

We started our Phase II clinical study for the treatment of BCC in 2021 and have fully completed the study in 2023. The final data readout from the Phase II clinical study of STP705 for the treatment of BCC demonstrated very favorable efficacy without any systemic drug related AEs and SAEs, further validating the broad potential of this drug candidate for the treatment of non-melanoma skin cancers and beyond.

As a standard approach, we are going to hold the End-of-Phase II meeting with the U.S. FDA to obtain guidance from them for our future path moving forward to late-stage development for STP705 for the treatment of BCC. With our existing experience from isSCC, we expect communication with the U.S. FDA will be smooth and efficient.

With the excellent results from the isSCC and BCC trials, we are spearheading the development of the novel polypeptide-based siRNA therapeutics for NMSC which have an urgent need for new treatments in the U.S. We are planning to have the End-of-Phase II meeting in 2024.

STP705 for focal fat reduction demonstrates positive Phase I clinical results

In May 2022, we launched the Phase I proof-of-concept clinical trial of RNAi therapeutic STP705 in adults undergoing abdominoplasty for submental fat reduction. In June 2023, we announced the interim results of the Phase I trial which appeared to indicate that the use of STP705 in the treatment of unwanted fat was safe and showed clear signs of efficacy. This interim efficacy results examined efficacy data from six participants that were scheduled to undergo abdominoplasty. Participants in the safety review were examined for the presence of and severity of LSR including erythema, edema, and bruising over a time frame as well as the incidence (severity and causality) of any adverse events for a time frame of approximately 98 days. We also looked at histological evidence of fat changes that would be seen in fat tissue remodeling such as fat inflammation, panniculitis, fibrosis and fat necrosis. There were no significant adverse events and all tissue samples examined in this review using variable doses of STP705 showed histological evidence suggestive of fat remodeling. Based on the histological scoring and panniculitis, and fat necrosis ranking, a dose-dependent effect was observed for all treatment groups comparing to the placebo group with statistical significance ($P < 0.05$). The 240 μg at the volume of 1.0 ml treatment group has demonstrated the most potent activity.

We have completed Phase I study in Q4 2023. The result was encouraging and demonstrated that:

- STP705 was well-tolerated at all doses, concentrations, and volumes.
- STP705 demonstrated an excellent safety with very few LSR.
- There were very few observed treatment-associated adverse reactions and these resolved without intervention.
- STP705 may have a favorable safety profile when administered locally for the purpose of fat reduction.
- Histologic analysis performed on excised tissue samples provided further evidence of STP705's activity in adipocyte destruction, which occurred in a suggested dose-response manner; this will guide future clinical dosing parameters for optimal efficacy and safety.

The positive results and the histology observations provide preliminary evidence that STP705 may become a best-in-class drug candidate for focal fat reduction and is worth further investigation. This will better inform later stage development of this asset in the medical aesthetics category.

STP707

STP707 for Treatment of Multiple Solid Tumors: Phase I clinical study with a Basket Study

The multi-center, open label, dose escalation and dose expansion tumor basket study is evaluating the safety, tolerability, and anti-tumor activity of STP707. 50 participants with advanced solid tumors, who had failed standard therapies, were included in the dose escalation analysis. The study encompasses six total cohorts who have received escalating doses of STP707 through IV administration on a 28-day cycle including 3 mg, 6 mg, 12 mg, 24 mg, 36 mg and 48 mg dosing cohorts. The participants were dosed once weekly for a total of 4 doses over a 28-day treatment cycle. These treated patients will continue in the study until they exhibit progressive disease. Additional secondary endpoints are to determine the pharmacokinetics of STP707 and to observe preliminary anti-tumor activity. In August 2023, we completed the dose escalation for Phase I clinical study. Based on preliminary efficacy observations, 74% of evaluable patients demonstrated a best response of SD per Response Evaluation Criteria in Solid Tumors (RECIST). We completed dosing escalation of all 50 patients in August 2023. Among the 10 pancreatic patients, the average SD duration is 3.5 months with a dose response correlation among 12mg, 24mg and 48mg treatment groups. The high dose treatment group with 48mg resulted in an average SD duration for 4.5 months. Therefore, the low toxicity and relatively long SD duration warrants further study with STP707 alone or in a rational combination with immune check point inhibitors, given the unique ability of this drug to recruit active T-cells into TME.

An initial pre-clinical study has demonstrated that simultaneously knocking down TGF-ß1 and COX-2 gene expression in the TME increases active T-cell infiltration. A further combination study demonstrated synergistic antitumor activity between STP707 and a PD-L1 antibody using a mouse orthotopic liver cancer model. This Phase I basket clinical study results encourage us for a potential combination study with immune check point inhibitor drugs. We look forward to additional clinical trials with STP707 that have the potential to address the unmet needs of patients with refractory solid tumors like pancreatic and other cancers.

STP122G

STP122G for the treatment of coagulation disorders. In a Phase I clinical study in normal volunteers, 1st cohort has been completed; and the 2nd cohort, dosed and being actively monitored

In April 2023, we launched the Phase I clinical trial of STP122G based on the Group's GalNAc FXI Program. This FXI program is applicable across a broad range of disease indications as an anticoagulant therapeutic. FXI is an enzyme produced predominantly by hepatocytes in the liver and it plays an important role in the body's blood clotting cascade. The site of production for FXI also makes it an ideal target for GalNAc-based siRNA therapeutics.

In January 2024, we successfully completed follow-up of Cohort 1 and dosing of Cohort 2 in an ongoing Phase I clinical trial of STP122G. Each of these cohorts was comprised of eight subjects who completed dosing and were being followed over a period of 140 days. Safety data showed there were no dose-limiting toxicities or serious adverse events, so the study proceeded to Cohort 2 dosing. We expect that activity but corresponding elevation in Partial Prothrombin Time (PPT). The relatively long (140 days) observation period between dosing cohorts is related to the sustained pharmacologic effect of STP122G, a highly desirable characteristic for an anticoagulant.

This study marks the first time that Sirnaomics is utilizing its proprietary GalNAc RNAi platform technology, GalAhead™, in one of its siRNA-based candidates and conducting a trial for a patient population with high unmet need for anticoagulation but with low bleeding incidence. By targeting FXI, the Group has the potential to target multiple diseases that require anticoagulation such as atrial fibrillation, pulmonary embolism, deep vein thrombosis (DVT), and deep venous thrombosis prophylaxis for surgical procedures.

RV-1770

RV-1770 RSV Vaccine: IND clearance from the U.S. FDA

In December 2023, RNAimmune, our non-wholly owned subsidiary specializing in discovery and development of mRNA-based therapeutics and vaccines, received regulatory clearance on its IND application from the U.S. FDA to commence a Phase I clinical trial for RV-1770, an mRNA vaccine targeting the human RSV. The proposed Phase I clinical study will assess the safety and tolerance of RV-1770, a combination of an mRNA-based vaccine with a lipid nanoparticle formulation, aimed at preventing RSV infection in adults. Healthy volunteers between the ages of 18–49 and an older adult group aged 60–79 will receive a single dose of RV-1770 intramuscularly. The study plans to recruit a total of 162 participants divided into two cohorts of younger and older adults with 81 each. All participants will undergo a 12-month post-vaccination monitoring for evaluation of RV-1770's safety and immunogenicity.

RV-1730

RV-1730 COVID-19 Booster Vaccine: IND clearance from the U.S. FDA

In April 2023, RNAimmune, received regulatory clearance on its IND application from the U.S. FDA to commence a Phase I clinical trial for RV-1730, its SARS-CoV-2 vaccine booster candidate. The proposed clinical study will involve an evaluation of RV-1730 for its safety and prophylaxis efficacy against SARS-CoV-2 infection with people previously immunized with other mRNA-based COVID-19 vaccines. Receiving the U.S. FDA clearance for RV-1730 Phase I clinical trial for a novel COVID-19 booster vaccine marks a significant milestone for RNAimmune. The discovery and development efforts of RV-1730 have helped advancement of the technology platforms and regulatory capability of RNAimmune for novel mRNA-based vaccine and therapeutic product developments.

IND Enabling Studies and Expected Clinical Studies

We are expecting to submit a U.S. IND for STP125G and STP144G in 2025. Based on the current progress of IND enabling studies for both efficacy and toxicity evaluation, drug formulation and CMC, the IND package is in development.

Commencement of our Fill and Finish Plant Facility in Guangzhou

After more than two years of successful operation of our Guangzhou Facility, set up in December 2021, the facility continues to provide support to optimize our clinical supplies strategy in Asia by adapting production to our current needs.

The continuous improvement of the Guangzhou Facility in GMP compliance and aseptic processing operational assurance have been demonstrated. With the full GMP batch of STP707 for human injection produced in the first quarter of 2023, the Guangzhou Facility is expected to be in full GMP-compliant manufacturing of our pipeline products, including formulation, fill and finish for both liquid and solid dose production, testing and release. An anticipated annual capacity of around 50,000 vials of lyophilized solid dose and 150,000 to 200,000 vials of liquid dose for human injectables dose capacity is sufficient to support all clinical trials we have currently planned and for future clinical developments.

During 2023, the Guangzhou Facility also completed the extension of the filling line capacity to include liquid dose fill in 2R vial to support our GalAhead™ platform. With STP122G clinical trial in progress, the capabilities to transform between PNP and GalAhead™ product line can support our clinical needs in the future.

EDIRNA Operation

EDIRNA, our non-wholly owned subsidiary set up in 2022, is an early-stage biotech company focused on RNA-Editing technology for the discovery and development of novel therapeutics. Sirnaomics has provided an initial funding and licensed our exclusive proprietary delivery technologies to EDIRNA for advancing its proprietary "Edit-to-Cure Therapeutics™" platform, targeting diseases with high unmet clinical need. We continue to look for innovative ways to deliver cutting-edge technologies that address current unmet needs. With the rapidly evolving RNA Editing market, we will utilize the Group's well-validated RNA delivery, RNA modification, large scale manufacturing and clinical development technologies and know-hows to build a strategic partnership with EDIRNA that align with our ultimate mission of improving health outcomes for patients.

Intellectual Properties

Sirnaomics is the exclusive owner of 1 issued patent and 27 pending patents and applications that cover our PNP delivery platform (without regard to any particular product or product family). These include two applications filed in China, 12 national stage applications stemming from the filing of an international (PCT) application in 2020 (including, among others, one Chinese application and one U.S. application), three PCT applications and three other U.S. non-provisional applications. We continue to develop and use the PNP delivery platform technology for selected indications. Sirnaomics licensed this technology to RNAimmune for use in its mRNA vaccine platforms. RNAimmune has 2 additional PCT and 3 additional US Provisional applications relating to drug delivery.

In 2023, the GalAhead™ RNAi delivery platform advanced in the developing novel therapeutic products focused on complement-related and other diseases. The GalAhead™ platform is protected by two families consisting of 25 pending internationally filed patents. Sirnaomics owns 46 additional applications in 2023 that protect embodiments of the platform directed to specific molecular targets.

Strengthening of Executive Team and Board

The Group has restructured the management team to reflect the latest focus in executing its development strategy.

In July 2023, we have made one significant addition to our senior management team by appointing Dr. Francois Lebel (Dr. Lebel), a seasoned and experienced biopharmaceutical industry executive. Dr. Lebel was first appointed as Senior Vice President for pre-clinical and clinical development of the Group, and then appointed as the Chief Medical Officer of the Group, superseding Dr. Michael V. Molyneaux, in December 2023. Dr. Lebel is a strategic leader with broad drug development experience including immuno-oncology and nucleic acid therapeutics. Throughout his 30-year solid biopharma industry career, Dr. Lebel has designed and managed international research programs and development organizations to successfully achieve multiple product marketing approvals. With Dr. Lebel's in-depth knowledge and experience in novel drug product marketing approvals, his addition to Sirnaomics senior leadership has greatly enhanced our capability to advance the therapeutic candidates through the late-stage product development.

In August 2023, we appointed Dr. Xiaochang Dai (Dr. Dai) to be our Chief Strategy Officer. Dr Dai's understanding of the global competitive landscape of the RNAi field, together with his vision for the field, is considered instrumental in setting long-term goals for the Group.

FUTURE AND OUTLOOK

At Sirnaomics, we are advancing a prioritized drug product pipeline of innovative RNA-based medicine to improve the lives and wellbeing of patients worldwide. Based on our proprietary technology platforms, world-leading clinical programs, highly experienced management team and well-established R&D and manufacturing facilities in the U.S. and Asia, the Group is well-positioned to develop novel RNAi therapeutics for oncology, viral infection, liver-metabolic diseases and medical aesthetics. We intend to continue to expand our competitive advantages and become a global leader by focusing on the following key business priorities and initiatives:

Restructuring to reprioritize development goals and extend runway

Sirnaomics has undertaken a few major restructurings in response to significant changes in the market environment and overall strategy to extend our cash runway. Amidst a challenging macroeconomic environment, characterized by economic downturns and broader market volatility that impact investor confidence and investment in the healthcare sector, the company remains committed to navigating these headwinds effectively. As part of our proactive approach to addressing these challenges, we have undertaken a comprehensive restructuring of our group operations.

This restructuring initiative is designed to further streamline our organizational structure, enhance operational efficiency, and align our resources more effectively with our strategic objectives to continue advancing our Core Product. By consolidating certain functions in different locations, optimizing processes, and reallocating resources, we aim to achieve greater agility and resilience in the face of market uncertainties.

A key focus of our restructuring efforts is cost reduction. We recognize the importance of prudent financial management in times of economic uncertainty, and as such, we are implementing targeted cost-saving measures across our operations.

While these initiatives may involve short-term adjustments, we believe they are essential for re-positioning the Group for long-term success and sustainable growth. By proactively managing costs and optimizing our operations, we are confident in our ability to weather the current economic challenges and emerge stronger in the future.

Additionally, we will extend our cash runway through various initiatives, including but not limited to, (1) strategically redeeming the financial assets; (2) pursuing external funding through equity and debt financing; and (3) exploring business development opportunities.

We remain fully committed to delivering value to our shareholders, customers, and stakeholders while maintaining a steadfast focus on financial discipline and operational excellence.

Advance development of our lead product candidates STP705 and STP707 through clinical trials toward market approvals in oncology in the U.S. and Asia

We have successfully leveraged the proof-of-concept human data from STP705. With the accumulation of successful human clinical data from STP705 for the treatment of isSCC, we expanded the clinical trials for STP705 into a wider range of oncology indications, including but not limited to BCC and liver cancer, as well as medical aesthetics indication such as focal fat reduction. We also continue to advance our clinical trials for STP707 and expand the therapeutic reach using systemic administration as a modality, opening up more opportunities to treat other indications which could not be addressed by STP705.

Our top priority is STP705 for the treatment of isSCC towards commercialization. After discussing the Phase IIa and Phase IIb results with the U.S. FDA via an End-of-Phase II meeting in the first half of 2023, the FDA provided Sirnaomics guidance to advance the program further. Sirnaomics has proposed to the U.S. FDA an adaptive design Phase II/III pivotal trial to address the outstanding dose selection questions and has proposed another Phase III as required by regulation. The Group has already started planning to move forward pending final agreement with the U.S. FDA. Subject to further discussion with the U.S. FDA and availability of financial resources, we envisage moving forward in 2024 with a well-designed pivotal clinical study. With the first patient potentially enrolled during Q3 2024, we are in full speed to drive our late-stage clinical study. Positive results would provide the basis for completion of the second large registration Phase III trial. Together with STP705 for the treatment of BCC for which we have the final data readout in 2023, we expect to further advance our STP705 skin cancer franchise to late-stage development in 2024. We expect to fund our STP705 trial with existing financial resources, fresh capital raised in the capital market and partnership.

To prepare for our expanding programs and further clinical development, our clinical team is expected to initiate and run multi-center global trials for indications such as NMSC and multiple solid tumor cancers, leveraging the populations of subjects for different indications in the U.S. and Asia. To prepare for potential market approvals, we have started exploring potential partnerships and developed a commercialization plan to position STP705 when the upcoming clinical studies reach primary endpoints. Going forward, we plan to continue to invest in the studies for STP705 and expand into medical aesthetics and other indications.

While we advance the late-stage development of STP705 for the treatment of isSCC and BCC, we are excited to simultaneously move forward with STP707 which has shown in Phase I the safety and efficacy of our proprietary PNP delivery systems in IV administration. In future development, STP707 and our targeted PNP delivery have potential to treat a variety of solid tumors and will differentiate Sirnaomics from other RNA players globally. As a result of positive data in advanced pancreatic cancer for STP707 especially given the very well tolerated profile at all dose tested, we will explore collaboration of a Phase II combination trial, combining STP707 with novel approved cancer therapies such as immune check point inhibitors as well as with more traditional chemotherapy. Such potential combination therapies may target CCA, HCC, melanoma, or pancreatic cancer. We will also explore other indications for Phase II trials and continue expanding our clinical development programs on STP707. The IV administration route is particularly appealing as it is believed to represent a bigger market potential and therefore more appealing to potential partner. We believe our optimal growth plan lies in dedicating our capital and corporate resources toward advancing our more valuable assets with meaningful market potential. We expect to fund our STP707 trial with existing financial resources, fresh capital raised in the market and partnership.

Exploration of new areas — open up medical aesthetics market

We announced the interim data for our proof-of-concept Phase I STP705 trial to study fat remodeling in abdominoplasty patients in June 2023 and completed the Phase I study in Q4 2023. Data readout has demonstrated safety and efficacy results with no systemic adverse events and no significant adverse local skin or tissue changes. All tissue samples showed histological evidence suggestive of fat remodeling. This study is our first exploration to apply an RNAi therapeutic candidate for localized fat remodeling and we plan to use the information from this study to expand into the treatment of submental fat and other areas amenable to nonsurgical fat remodeling. This development program is expected to open a new therapeutic area of medical aesthetics for our pipeline and has received very positive responses from the market. We will request a meeting with the U.S. FDA to determine the path to approval for the program and will start the Phase II study in 2024, subject to availability of financial resources and outcome of the ongoing business development discussion. With the enthusiastic responses from the market, we are exploring partnership opportunities for this particular asset.

Advance more innovative first-in-class preclinical assets into clinical stage

We are evaluating multiple innovative candidate siRNA molecules that employ different targeting and nanoparticle technologies in preclinical studies. Promising candidates advance into clinical studies that will support submission of investigational drug applications to conduct initial human clinical trials in multiple countries.

During 2023, we have successfully advanced STP122G, the first representative candidate for GalAhead™ delivery platform, into clinical stage, and obtained IND approval for RV-1730 and RV-1770, novel mRNA vaccines, through RNAimmune, our non-wholly owned subsidiary. These are exciting news as we will continue advancement to clinical stage for our proprietary delivery platforms.

Our plan is to accelerate the research and development of our next generation GalAhead™ platform. We have nine GalAhead™ preclinical candidates in the pipeline. Following STP122G, we have a good lineup of assets, STP125G and STP144G, from our GalAhead™ delivery platform to file IND in the U.S. in 2025.

Selectively pursue synergistic collaboration opportunities to maximize the potential of our clinical product candidates

Our strategy and business development team continues to actively explore global and local partnership and cooperation opportunities with other industry players, specifically for our lead products STP705 and STP707, and with our GalAhead™ preclinical and clinical assets. Such partnerships and cooperation are expected to help accelerate the development of multiple preclinical and clinical assets.

These opportunities may include co-development, in-licensing and out-licensing arrangements. We have a proven track record of collaborating with biopharmaceutical and biotechnology companies across the globe which underscores our industry recognition and paves the way for long-term collaborations.

We aim to gain market coverage by leveraging our current and future business partners' expertise and business network.

Commercialization

The Group has been devoted to commercializing the core product STP705 for the treatment of isSCC. We have continued to strengthen our clinical team to help advance the late-stage development of STP705 for the treatment of isSCC. The addition of Dr. Lebel to our clinical team was one initiative to level up our experiences in late-stage development. Having consulted with industry consultants and key opinion leaders, and taking into account the latest developments on STP705, we currently expect that, the NDA filing will be made as soon as 2027, subject to the regulatory review by the U.S. FDA and the funding available. Nevertheless, the estimated timeline of the commercialization remains highly uncertain given various factors that are beyond the control of the Group, including but not limited to the results of the clinical trials, discussion with the U.S. FDA on the design and protocol of subsequent trials, the possibility of conducting additional trials as may be requested by the U.S. FDA, and the approval and directions to be made by the U.S. FDA.

In addition, the successful commercialization of the Core Product depends on a number of factors, including: (i) favorable safety and efficacy data from our clinical trials; (ii) successful enrolment of patients in, and completion of, clinical trials; (iii) sufficient supplies of drug products that are either used in combination or in comparison with the Core Product in clinical trials; (iv) performance by or other third parties we engage to conduct clinical trials and their compliance with our protocols and applicable laws without compromising integrity of the resulting data; (v) capabilities and competence of our collaborators; (vi) receipt of regulatory approvals; (vii) commercial manufacturing capabilities; (viii) successful launch of commercial sales of the Core Product, if and when approved; (ix) obtaining and maintenance of favorable reimbursement from third-party payers for drugs, if and when approved; (x) competition with other drug candidates and drugs; (xi) the obtaining, maintenance and enforcement of patents, trademarks, trade secrets and other intellectual property protections and regulatory exclusivity for the Core Product; (xii) successful defense against any claims brought by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party; and (xiii) the continued acceptable safety profile of the Core Product following regulatory approval.

FINANCIAL REVIEW

	2023	2022
	US$'000	*US$'000*
Other income	**1,414**	2,114
Other gains and losses	**1,911**	(292)
Changes in fair value of financial asset at FVTPL	**241**	4
Changes in fair value of financial liabilities at FVTPL	**(1,512)**	(6,124)
Impairment losses recognized on property, plant and equipment and right-of-use assets	**(8,345)**	—
Administrative expenses	**(23,161)**	(24,191)
Research and development expenses	**(54,382)**	(67,641)
Other expenses	**(170)**	(450)
Finance costs	**(986)**	(798)
Loss for the year	**(84,990)**	(97,378)

Overview

For the year ended December 31, 2023, the Group did not generate any revenue from product sales. The Group recorded a loss of US$85.0 million for the year ended December 31, 2023, as compared with US$97.4 million for the year ended December 31, 2022.

Substantially all of the Group's net losses resulted from research and development expenses, administrative expenses and impairment losses recognized on property, plant and equipment and right-of-use assets.

Revenue

For the year ended December 31, 2023, the Group did not generate any revenue from product sales.

Other Income

The Group's other income primarily consists of: (i) government grants, including cash incentives to support the Group's research and development activities; and (ii) interest income from bank balances.

For the year ended December 31, 2023, the other income of the Group decreased to US$1.4 million, representing a reduction of US$0.7 million, or 33%, from US$2.1 million for the year ended December 31, 2022. The decrease was primarily due to: (i) decrease in interest income from bank balances from US$1.4 million for the year ended December 31, 2022 to US$1.0 million for the year ended December 31, 2023; and (ii) government grants decreased from US$0.7 million for the year ended December 31, 2022 to US$0.4 million for the year ended December 31, 2023.

Other Gains and Losses

The Group's other gains and losses primarily consist of: (i) gain on termination of leases; and (ii) net foreign exchange losses.

The other gains and losses of the Group changed from a loss of US$0.3 million for the year ended December 31, 2022 to a gain of US$1.9 million for the year ended December 31, 2023. The change was primarily due to: (i) gain on termination of leases of US$2.1 million for the year ended December 31, 2023; and (ii) decrease in net foreign exchange losses from US$0.3 million for the year ended December 31, 2022 to US$3,000 for the year ended December 31, 2023.

Changes in Fair Value of Financial Liabilities at FVTPL

The Group's changes in fair value of financial liabilities at FVTPL mainly represent changes in fair value of Series Seed and Series A preferred shares of RNAimmune as a result of the changes in valuation of RNAimmune.

For the year ended December 31, 2023, the loss on changes in fair value of financial liabilities at FVTPL of the Group decreased to US$1.5 million, representing a reduction of US$4.6 million, or 75%, from US$6.1 million for the year ended December 31, 2022, primarily due to a lower rate of increase in the valuation of preferred shares of RNAimmune.

Impairment Losses Recognized on Property, Plant and Equipment and Right-of-Use Assets

During the year ended December 31, 2023, the Directors considered that there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets. Impairment losses of US$6.9 million and US$1.4 million, had been recognized against the carrying amount of property, plant and equipment and right-of-use assets, respectively.

Administrative Expenses

The following table sets forth the components of the Group's administrative expenses for the years indicated:

	For the year ended December 31,		
	2023	2022	Changes
	US$'000	*US$'000*	*%*
Director's emolument and staff costs	**8,760**	7,014	25%
Professional and consultancy fees	**9,226**	12,738	(28%)
Depreciation of property, plant and equipment and right-of-use assets	**1,710**	1,458	17%
Office expenses	**1,141**	1,442	(21%)
Traveling expenses	**614**	415	48%
Others	**1,710**	1,124	52%
Total	**23,161**	24,191	(4%)

The Group's administrative expenses primarily consist of: (i) directors' emolument and staff costs relating to the Group's administrative staff; and (ii) professional and consultancy fees, including financial advisory service fees, legal fees for patent-related and general corporate advisory services, and professional fees for marketing, business development, regulatory compliance and maintaining listing status after the Listing.

For the year ended December 31, 2023, the administrative expenses of the Group decreased to US$23.2 million, representing a reduction of US$1.0 million, or 4%, from US$24.2 million for the year ended December 31, 2022. The decrease was primarily attributable to the reduction of professional and consultancy fees as a result of the Group's cost saving strategy on marketing and business development activities, partly offset by the increase in directors' emolument and staff costs in relation to the Group's administrative staff, mainly due to increase in share-based payment expense.

Research and Development Expenses

The following table sets forth the components of the Group's research and development expenses for the years indicated:

	For the year ended December 31,		
	2023	2022	Changes
	US$'000	*US$'000*	*%*
Director's emolument and staff costs	**14,552**	14,569	(0%)
Chemistry, manufacturing and controls expenses	**9,102**	16,815	(46%)
Clinical trials expenses	**7,720**	8,490	(9%)
Toxicology study expenses	**8,580**	3,299	160%
Materials consumed	**2,929**	10,153	(71%)
Preclinical test expenses	**2,532**	8,491	(70%)
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	**4,449**	2,475	80%
Consultancy fee	**2,020**	1,169	73%
Others	**2,498**	2,180	15%
Total	**54,382**	67,641	(20%)

The Group's research and development expenses primarily consist of: (i) directors' emolument and staff costs relating to the research and development staff; (ii) chemistry, manufacturing and controls expenses; (iii) clinical trials expenses, mainly in relation to the engagement of CROs; (iv) toxicology study expenses; (v) materials consumed; and (vi) preclinical test expenses, mainly in relation to the engagement of preclinical CROs.

For the year ended December 31, 2023, the research and development expenses of the Group decreased to US$54.4 million, representing a reduction of US$13.2 million, or 20%, from US$67.6 million for the year ended December 31, 2022. The decrease was primarily attributable to decrease in the Group's chemistry, manufacturing and controls expenses, clinical trials expenses, materials consumed and preclinical test expenses. Such decreases were in line with the Group's resource allocation strategy. Despite the increase in share-based payment expense, directors' emolument and staff costs in relation to the Group's research and development activities remained at a similar level due to decrease in salaries and other allowances resulting from the Group's restructuring efforts to optimize its taskforce during the year ended December 31, 2023.

Other Expenses

The Group's other expenses primarily consist of subscription fee of financial asset at FVTPL.

For the year ended December 31, 2023, the other expenses of the Group decreased by US$0.3 million, or 62%, to US$0.2 million from US$0.5 million for the year ended December 31, 2022. This decrease was primarily due to decrease in subscription of financial asset at FVTPL.

Finance Costs

The Group's finance costs represent interest on lease liabilities.

For the year ended December 31, 2023, interest on lease liabilities of the Group increased by US$0.2 million, or 24%, to US$1.0 million from US$0.8 million for the year ended December 31, 2022.

Income Tax Expense

No Hong Kong profits tax, U.S. corporate income and state taxes or China enterprise income tax were provided as the group entities had no assessable profits during the year ended December 31, 2023.

Loss for the Year

The Group's loss for the year decreased from US$97.4 million for the year ended December 31, 2022 to US$85.0 million for the year ended December 31, 2023. Such decrease in loss is primarily attributable to: (i) decrease in research and development expenses; and (ii) decrease in loss on changes in fair value of financial liabilities at FVTPL, partly offset by the impairment losses recognized on property, plant and equipment and right-of-use assets for the year ended December 31, 2023.

Cash flows

	For the year ended December 31,	
	2023	2022
	US$'000	*US$'000*
Net cash used in operating activities	**(70,292)**	(88,708)
Net cash used in investing activities	**(5,350)**	(32,611)
Net cash (used in) from financing activities	**(5,606)**	15,888
Net decrease in cash and cash equivalents	**(81,248)**	(105,431)
Cash and cash equivalents at January 1	**105,229**	211,994
Effect of foreign exchange rate changes	**(97)**	(1,334)
Cash and cash equivalents at December 31	**23,884**	105,229

Net cash used in operating activities for the year ended December 31, 2023 decreased to US$70.3 million, representing a reduction of US$18.4 million, or 21%, from US$88.7 million for the year ended December 31, 2022. The decrease was primarily due to the Group slowed down its research and development activities on certain insignificant programs.

Net cash used in investing activities for the year ended December 31, 2023 decreased to US$5.4 million, representing a reduction of US$27.2 million, or 84%, from US$32.6 million for the year ended December 31, 2022. The decrease was primarily due to: (i) decrease in purchase and deposits paid for property, plant and equipment; and (ii) decrease in purchase of financial asset at FVTPL.

Cash flows used in/from financing activities changed from net cash from financing activities of US$15.9 million for the year ended December 31, 2022 to net cash used in financing activities of US$5.6 million for the year ended December 31, 2023. The change was primarily due to payment for share repurchases of US$6.5 million for the year ended December 31, 2023, while the Group raised proceeds from exercise of the over-allotment option of US$8.2 million and from issuance of Series A preferred shares of RNAimmune of US$14.6 million during the year ended December 31, 2022.

Liquidity and Source of Funding and Borrowing

The Group's management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. As at December 31, 2023, the Group's cash and cash equivalents were mainly denominated in U.S. dollars, Renminbi and Hong Kong dollars. The Group relies on equity and debt financing as the major source of liquidity. The Group had no bank borrowings as at December 31, 2023.

As at December 31, 2023, the Group had no unutilized banking facilities.

As at December 31, 2023, the Group's cash and cash equivalents decreased to US$23.9 million from US$105.2 million as at December 31, 2022. The decrease was primarily resulted from the Group's research and development activities, general corporate and administrative activities.

As at December 31, 2023, the current assets of the Group were US$58.7 million, including cash and cash equivalents of US$23.9 million, financial asset at FVTPL of US$20.0 million and prepayments, deposits and other receivables of US$14.8 million. As at December 31, 2023, the current liabilities of the Group were US$13.0 million, including trade and other payables of US$10.8 million, contract liability of US$0.7 million, deferred income of US$0.3 million and lease liabilities of US$1.2 million.

As at December 31, 2023, the Group's net assets decreased to US$24.5 million from US$111.6 million as at December 31, 2022, primarily due to decrease in cash and cash equivalents from US$105.2 million as of December 31, 2022 to US$23.9 million as of December 31, 2023.

Key Financial Ratios

The following table sets out the Group's key financial ratio as of the dates indicated:

	As at December 31,	
	2023	2022
	%	%
Current ratio	**451.2**	824.1

Note: Current ratio represents current assets divided by current liabilities as of the same date.

Significant Investments

As at December 31, 2022, the Group had investment in an investment fund classified as financial asset at FVTPL at a fair value of US$15.0 million. During the year ended December 31, 2023, the Group further subscribed for the investment fund at a subscription amount of US$5 million (exclusive of transaction costs) for investment purpose to provide the Group with an opportunity to enhance return by utilizing idle cash of the Group. The subscription also enables the Group to participate in the Hong Kong, U.S. and Mainland China securities markets while reducing direct investment risks by leveraging on the professional management of the investment fund and the investment manager. For further details, please refer to the announcements of the Company dated December 29, 2022 and January 12, 2023.

As at December 31, 2023, the Group had financial asset at FVTPL of US$20.0 million, representing over 5% of the Group's total assets. For the year ended December 31, 2023, the Group recognized a gain on changes in fair value of financial asset at FVTPL of US$241,000 and incurred a subscription fee on the financial asset at FVTPL of US$150,000.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates (within the meaning of the Listing Rules) or joint ventures for the year ended December 31, 2023.

Pledge of Assets

As at December 31, 2023, the Group did not have any pledge of assets.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at December 31, 2023.

Contingent Liabilities

As at December 31, 2023, the Group did not have any material contingent liabilities.

Foreign Exchange Exposure

Certain bank balances, deposits and other receivables and trade and other payables denominated in foreign currency of respective group entities expose the Group to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. The foreign exchange exposure is considered very minimal since majority of the Group's expenses is in U.S. dollar and this matches with the denomination of majority of our deposits. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As at December 31, 2023, the Group had a total of 145 employees. The following table sets forth the total number of employees by function as of December 31, 2023:

	Number of Employees
Management	12
Research	54
Manufacturing	30
Clinical and Regulation	8
General and Administrative	41
Total	145

The total remuneration cost incurred by the Group for the year ended December 31, 2023 was US$23.3 million (including share-based payment expense of US$3.6 million), as compared to US$21.6 million (including share-based payment expense of US$0.4 million) for the year ended December 31, 2022. The remuneration of the employees of the Group comprises salaries and other allowances, retirement benefit scheme contributions, share-based payment expense as well as performance and discretionary bonus.

As required by relevant laws and regulations, the Group participates in various employee social security plans for the employees that are administered by local governments, including housing provident fund, pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance.

The Company has adopted the Pre-IPO Equity Incentive Plan, the RSU Scheme and the Share Option Scheme to incentivize eligible employees.

CORPORATE GOVERNANCE

The Company has adopted and applied the code provisions of the CG Code set out in Appendix C1 to the Listing Rules. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the Reporting Period, save and except for the deviations of the following:

Code provision C.2.1 provides that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of our Company are currently performed by Dr. Yang Lu ("**Dr. Lu**"). In view of Dr. Lu's substantial contribution to the Group since our establishment and his extensive experience, we consider that having Dr. Lu acting as both our chairman and chief executive officer will provide strong and consistent leadership to the Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Lu continues to act as both the chairman and chief executive officer, and therefore currently do not propose to separate the functions of chairman and chief executive officer. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Code provision C.1.6 stipulates that independent non-executive directors and other non-executive directors should generally attend general meetings to gain and develop a balanced understanding of the views of shareholders. During the Reporting Period, one executive Director was unable to attend the extraordinary general meeting of the Company held on February 3, 2023 due to personal reason and one independent non-executive Director was unable to attend due to his other business commitments. One executive Director and two independent non-executive Directors were unable to attend the annual general meeting of the Company held on June 28, 2023 due to their other business commitments.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own code of conduct regarding securities transactions, which applies to all Directors and relevant employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company, on terms no less than the required standard indicated by the Model Code.

The Company refers to the announcements of the Company dated March 7, 2024 and March 17, 2024 in relation to the incidents of forced sale of the Shares beneficially owned by Dr. Yang Lu and Dr. Xiaochang Dai, respectively. For the year ended December 31, 2023, all Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code and no incident of non-compliance of the Model Code by the Directors and relevant employees was noted.

USE OF PROCEEDS FROM THE LISTING

The Company's Shares were listed on the Hong Kong Stock Exchange on December 30, 2021 with gross proceeds of US$63.7 million raised. On January 21, 2022, the over-allotment option as described in the Prospectus was partially exercised by the Joint Representatives with gross proceeds of US$8.3 million raised on January 26, 2022. The net proceeds raised during the Global Offering (including the partial exercise of the over-allotment option) were approximately US$54.8 million with a total of 8,513,450 new Shares issued. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company intends to utilize the additional net proceeds on a pro rata basis for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes based on actual business needs.

The table below sets forth a detailed breakdown and description of the use of net proceeds as at December 31, 2023:

Purposes	% of use of net proceeds (as disclosed in the Prospectus)	Net proceeds from Global Offering *(US$ million)*	Utilized net proceeds up to December 31, 2022 *(US$ million)*	Net proceeds utilized during the Reporting Period *(US$ million)*	Unutilized proceeds up to December 31, 2023 *(US$ million)*	Estimated timeline for utilizing the net proceeds from Global Offering
To fund the development and commercialization of STP705	57.9%	31.7	11.7	12.5	7.5	By mid of 2025
To fund the development of STP707	15.6%	8.6	7.9	0.7	—	—
To fund our GalNAc Program yielded products such as STP122G, STP133G, and STP144G and other preclinical stage product candidates, and where such research and development will further advance our proprietary GalAhead™ and PDoV-GalNAc delivery platforms for development of novel product candidates	15.4%	8.4	8.4	—	—	—
To fund the research and development of our other preclinical drug candidates	7.3%	4.0	4.0	—	—	—
For general corporate and working capital purposes	3.8%	2.1	2.1	—	—	—
Total	**100.0%**	**54.8**	**34.1**	**13.2**	**7.5**	

AUDIT COMMITTEE

The Audit Committee consists of one non-executive Director, being Mr. Mincong Huang, and two independent non-executive Directors, being Ms. Shing Mo Han, Yvonne and Mr. Fengmao Hua. Ms. Shing Mo Han, Yvonne is the chairperson of the Audit Committee.

The primary duties of the Audit Committee are set out in the written terms of reference which include reviewing and supervising the financial reporting process, risk management and internal control systems of the Group, and overseeing the audit process.

The Audit Committee had, together with the management of the Company, reviewed the consolidated financial statements of the Group for the year ended December 31, 2023 and the accounting principles and policies adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended December 31, 2023, as the Board considered that the trading price of the Shares did not reflect their intrinsic value, the Board determined to exercise its powers under the general mandates to repurchase Shares granted by the Shareholders at the annual general meetings held on June 28, 2022 and June 28, 2023, respectively (the "**Share Repurchases**"). The Share Repurchases reflect the Board's confidence in the Company's development prospects. The total number of Shares repurchased by the Company on the Hong Kong Stock Exchange during the year ended December 31, 2023 was 979,350 at a total consideration (before expenses) of HK$50,452,290. As at December 31, 2023, all repurchased Shares have been cancelled.

Details of the Share Repurchase during the year ended December 31, 2023 are as follows:

Month	**Total number of Shares repurchased**	**Highest purchase price per Share** *(HK$)*	**Lowest purchase price per Share** *(HK$)*	**Total consideration (before expenses)** *(HK$)*
January 2023	73,000	59.10	53.70	4,135,660.00
May 2023	42,950	48.40	46.80	2,037,785.00
June 2023	477,950	55.10	44.60	22,667,952.50
July 2023	385,450	58.45	53.40	21,610,892.50

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

DIVIDENDS

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Thursday, June 20, 2024. A notice convening the annual general meeting will be issued and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, June 17, 2024 to Thursday, June 20, 2024 (both days inclusive), during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, June 14, 2024.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 27, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT OPINION

The consolidated financial statements have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu. The independent auditor has issued an unmodified audit opinion with a "Material Uncertainty Related to Going Concern" section in the auditor's report on the Group's consolidated financial statements for the year ended December 31, 2023. An extract of the independent auditor's report is set out in the section headed "EXTRACT OF INDEPENDENT AUDITOR'S REPORT" below.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standard Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of US$84,990,000 and a net operating cash outflow of US$70,292,000 for the year ended December 31, 2023, and as of that date, the Group had cash and cash equivalents of US$23,884,000. The Group's ability to continue as a going concern is highly dependent on its ability to maintain minimal cash outflows from operations and sufficient financing resources to meet its financial obligations as and when they fall due. The Group is actively improving the liquidity and cashflow by implementing different plans and measures, including implementing restructuring initiatives in order to reduce the cash outflow from the operating activities, redeeming certain portion of the subscribed Fund (as defined in note 20 to the consolidated financial statements) in a timely manner and obtaining new source of external financing resources by the Group's non-wholly owned subsidiary, RNAimmune, Inc., to finance its own operations and meet its own financial obligation with details as described in note 3.1 to the consolidated financial statements, in order to ensure that the Group has sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. The directors of the Company have taken into account the likelihood of success of the plans and measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern. However, these conditions, along with other matters as set forth in note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The aforesaid "note 3.1 to the consolidated financial statements" are disclosed as note 1 of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.sirnaomics.com. The annual report of the Company for the year ended December 31, 2023 containing all the information in accordance with the requirements under the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	NOTES	**2023**	2022
		US$'000	*US$'000*
Other income	*4*	**1,414**	2,114
Other gains and losses	*5*	**1,911**	(292)
Changes in fair value of financial asset at FVTPL		**241**	4
Changes in fair value of financial liabilities at FVTPL		**(1,512)**	(6,124)
Impairment losses recognized on property, plant and equipment and right-of-use assets		**(8,345)**	—
Administrative expenses		**(23,161)**	(24,191)
Research and development expenses		**(54,382)**	(67,641)
Other expenses	*6*	**(170)**	(450)
Finance costs	*7*	**(986)**	(798)
Loss before tax		**(84,990)**	(97,378)
Income tax expense	*8*	**—**	—
Loss for the year	*9*	**(84,990)**	(97,378)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(231)**	(1,850)
Other comprehensive expense for the year		**(231)**	(1,850)
Total comprehensive expense for the year		**(85,221)**	(99,228)

	NOTES	**2023**	2022
		US$'000	*US$'000*
Loss for the year attributable to:			
Owners of the Company		**(78,691)**	(88,299)
Non-controlling interests		**(6,299)**	(9,079)
		(84,990)	(97,378)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(78,890)**	(90,080)
Non-controlling interests		**(6,331)**	(9,148)
		(85,221)	(99,228)
Loss per share	*11*		
— Basic and diluted (US$)		**(1.03)**	(1.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	NOTES	**2023**	2022
		US$'000	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**13,528**	24,076
Right-of-use assets		**1,956**	5,446
Intangible assets		**823**	919
Financial asset at FVTPL		**—**	15,004
Deposits		**762**	1,237
		17,069	46,682
CURRENT ASSETS			
Financial asset at FVTPL		**20,043**	—
Prepayments, deposits and other receivables		**14,791**	12,020
Cash and cash equivalents		**23,884**	105,229
		58,718	117,249
CURRENT LIABILITIES			
Trade and other payables	*12*	**10,866**	11,758
Contract liability		**706**	718
Deferred income		**262**	—
Lease liabilities		**1,179**	1,751
		13,013	14,227
NET CURRENT ASSETS		**45,705**	103,022
TOTAL ASSETS LESS CURRENT LIABILITIES		**62,774**	149,704

	NOTES	**2023**	2022
		US$'000	*US$'000*
NON-CURRENT LIABILITIES			
Financial liabilities at FVTPL		**30,651**	29,139
Lease liabilities		**7,666**	9,005
		38,317	38,144
NET ASSETS		**24,457**	111,560
CAPITAL AND RESERVES			
Share capital	*13*	**88**	88
Reserves		**40,108**	121,918
Equity attributable to owners of the Company		**40,196**	122,006
Non-controlling interests		**(15,739)**	(10,446)
TOTAL EQUITY		**24,457**	111,560

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	2023	2022
	US$'000	*US$'000*
Net cash used in operating activities	**(70,292)**	(88,708)
Net cash used in investing activities	**(5,350)**	(32,611)
Net cash (used in) from financing activities	**(5,606)**	15,888
Net decrease in cash and cash equivalents	**(81,248)**	(105,431)
Cash and cash equivalents at January 1	**105,229**	211,994
Effect of foreign exchange rate changes	**(97)**	(1,334)
Cash and cash equivalents at December 31, represented by bank balances and cash	**23,884**	105,229

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Sirnaomics Ltd. (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Hong Kong Stock Exchange effective from December 30, 2021. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, referred to as the "**Group**") are clinical stage biotechnology companies engaged in developing and commercializing of RNAi technology and multiple therapeutics.

The consolidated financial statements are presented in US$, which is the same as the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with the IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Group engages in developing and commercializing of RNAi technology and multiple therapeutics with certain drug candidates in different preclinical and clinical stages. The Group incurred a net loss of US$84,990,000 and a net operating cash outflow of US$70,292,000 for the year ended December 31, 2023, and as of that date, the Group had cash and cash equivalents of US$23,884,000. The Group's ability to continue as a going concern is highly dependent on its ability to maintain minimal cash outflows from operations and sufficient financing resources to meet its financial obligations as and when they fall due. The Group is actively improving the liquidity and cashflow by implementing different plans and measures, including, but not limited to, the followings:

(i) The Group is implementing restructuring initiatives to further streamline the organizational structure, enhance operational efficiency, and align its resources more effectively with the Group's strategic objectives to continue advancing its core products in order to reduce the cash outflow from the operating activities.

(ii) The directors of the Company will consider redeeming certain portion of the subscribed Class B shares of a segregated portfolio of the Fund at a timing and process that will have the least impact to the redemption amount.

(iii) The Group's non-wholly owned subsidiary, RNAimmune, will continue to seek equity and other alternative financing, including but not limited to issuance of preference shares, to finance its own operations and meet its own financial obligations without relying on the additional financing support from the Group.

The directors of the Company performed an assessment of the Group's future liquidity and cash flows, which included preparing a cashflow projection for the Group covering a period of 21 months till September 30, 2025 and a review of assumptions about the likelihood of success of the plans and measures being implemented to meet the Group's financing needs. When preparing the consolidated financial statements for the year ended December 31, 2023, the directors, based on their assessment, are of the opinion that (a) the Group will be able to implement the restructuring initiatives in order to reduce the cash outflow from the operating activities and redeem certain portion of the subscribed Fund in a timely manner; and (b) RNAimmune will able to obtain new source of external financing resources to finance its own operations and meet its own financial obligations, so that the Group has sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Significant uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. If the above-mentioned plans and measures could not be implemented successfully as planned, the Group would be unable to finance its operations or meet its financial obligations as and when they fall due in the ordinary course of business. The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms, or to recognize a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs, IASs, and interpretations issued by IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the Group's consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

2.1 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRS Standards that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after a date to be determined.

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

3 Effective for annual periods beginning on or after January 1, 2025.

Except for Amendments to IAS 1 mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 ***Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")***

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognizes the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after January 1, 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at December 31, 2023, the Group's outstanding preferred shares which include counterparty conversion options that do not meet equity instruments classification by applying IAS 32. The Group classified the liabilities as current or non-current based on the earliest date in which the Group has the obligation to redeem these preferred shares through cash settlement. These instruments were designated as financial liabilities at FVTPL with carrying amounts of US$30,651,000 as at December 31, 2023 and are classified as non-current. Upon the application of the 2020 Amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitutes settlement of the convertible instruments. Given that the conversion options are exercisable anytime at the holders' discretions, the preferred shares designated as financial liabilities at FVTPL amounting to US$30,651,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months after the reporting period.

Except as described above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group's other liabilities as at December 31, 2023.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The Group has not generated any revenue during both years.

Segment information

For the purpose of resource allocation and assessment of performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

The Group's operations and non-current assets are mainly located at the U.S. and the mainland of the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets excluding financial instruments	
	2023	2022
	US$'000	*US$'000*
The U.S.	**10,018**	21,680
The PRC	**6,202**	9,107
Hong Kong	**144**	6
	16,364	30,793

4. OTHER INCOME

	2023	2022
	US$'000	*US$'000*
Government grants *(Note)*	**357**	679
Interest income from bank balances	**959**	1,353
Consultancy income	**40**	26
Others	**58**	56
	1,414	2,114

Note: For both years, government grants include cash incentives specifically for research and development activities, which are recognized upon compliance with the relevant conditions where applicable.

5. OTHER GAINS AND LOSSES

	2023	2022
	US$'000	*US$'000*
Net foreign exchange losses	**(3)**	(301)
Loss on disposal of property, plant and equipment	**(176)**	(36)
Gain on termination of leases	**2,072**	—
Changes in fair value of structured deposits	**18**	45
	1,911	(292)

6. OTHER EXPENSES

	2023	2022
	US$'000	*US$'000*
Subscription fee of financial asset at FVTPL	**150**	450
Others	**20**	—
	170	450

7. FINANCE COSTS

	2023	2022
	US$'000	*US$'000*
Interest on lease liabilities	**986**	798

8. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands and is exempted from the Cayman Islands income tax.

Hong Kong Profits Tax of HK Sirnaomics is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate has charged at flat rate of 21% during both years. In addition, under the relevant rules of state taxes in Florida, Virginia, California, Massachusetts and Maryland of the U.S., the state tax rates are charged at ranging from 5.5% to 8.84% during the year (2022: 5.5% to 8.84%).

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25% for both years.

Guangzhou Sirnaomics has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Guangzhou City and relevant authorities in June 2017, December 2020 and December 2023 respectively, and have been registered with the local tax authorities for enjoying the reduced Enterprise Income Tax ("**EIT**") rate at 15% during 2017 to 2022.

Suzhou Sirnaomics have been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Suzhou City and relevant authorities in October 2022, and have been registered with the local tax authorities for enjoying the reduced EIT rate at 15% for a term of three years. This tax benefit was obtained by Suzhou Sirnaomics in October 2022 for the financial years of 2022, 2023 and 2024.

No Hong Kong Profits Tax, U.S. corporate income and state taxes and EIT were provided as the group entities had no assessable profits for both years.

9. LOSS FOR THE YEAR

	2023	2022
	US$'000	*US$'000*
Auditor's remuneration		
— audit services	**611**	674
— other services	**46**	85
Outsourcing service fees included in research and development expenses	**27,934**	37,095
Amortization of intangible assets	**85**	87
Depreciation of property, plant and equipment	**4,699**	2,023
Depreciation of right-of-use assets	**1,375**	1,823
	6,159	3,933
Analyzed as:		
— charged in administrative expenses	**1,710**	1,458
— charged in research and development expenses	**4,449**	2,475
	6,159	3,933
Directors' remuneration	**3,370**	1,910
Other staff costs		
— Salaries and other allowances	**16,673**	17,845
— Retirement benefit scheme contributions	**1,279**	1,340
— Share-based payment expense	**1,979**	249
— Performance and discretionary bonus *(Note)*	**12**	239
	23,313	21,583
Analyzed as:		
— charged in administrative expenses	**8,760**	7,014
— charged in research and development expenses	**14,553**	14,569
	23,313	21,583

Note: Performance and discretionary bonus is determined at the end of each reporting period based on the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2023, nor has any dividend been proposed since the end of the reporting period.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2023	2022
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share *(US$'000)*	**(78,691)**	(88,299)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**76,055,750**	76,008,301

The weighted average number of ordinary shares for the purpose of basic loss per share shown above for the years ended December 31, 2023 and 2022 has been arrived at after deducting the shares held by the trustee of the shares held for share option scheme and share award scheme of the Company and treasury shares held by the Company. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended December 31, 2023 and 2022, the different series of preferred shares issued by RNAimmune, the over-allotment option granted by the Company to the International Underwriters as described and defined in the prospectus of the Company dated December 20, 2021 and the share options issued by the Company, RNAimmune and EDIRNA outstanding were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive.

12. TRADE AND OTHER PAYABLES

	2023	2022
	US$'000	*US$'000*
Trade payables	**3,868**	4,892
Accruals for outsourcing research and development fees	**3,611**	3,395
Accruals for other operating expenses	**2,459**	1,833
Accruals for staff costs	**864**	922
Payables for acquisition of property, plant and equipment	**64**	716
	6,998	6,866
	10,866	11,758

The credit period on purchase of materials or receiving services for research and development activities is usually within 90 days (2022: 30 days). The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2023	2022
	US$'000	*US$'000*
0 to 30 days	**1,655**	3,843
31 to 60 days	**470**	1,014
61 to 90 days	**675**	25
Over 90 days	**1,068**	10
	3,868	4,892

13. SHARE CAPITAL

	Number of shares	**Share capital** *US$*
Authorized		
At December 31, 2022, January 1, 2023 and December 31, 2023	230,000,000	230,000

	Number of shares	**Share capital** *US$*
Issued and fully paid		
At January 1, 2022	88,066,780	88,067
Exercise of the over-allotment option *(Note (i))*	973,450	973
Shares repurchased and cancelled *(Note (ii))*	(1,072,550)	(1,073)
At December 31, 2022	87,967,680	87,967
Issuance of ordinary shares held on trust *(Note (iii))*	822,750	823
Shares repurchased and cancelled *(Note (ii))*	(1,151,950)	(1,152)
At December 31, 2023	87,638,480	87,638

Notes:

(i) On January 26, 2022, 973,450 ordinary shares of the Company were issued and allotted by the Company at HK$65.9 per share for gross proceeds of approximately HK$64,150,000 (equivalent to US$8,239,000) pursuant to the exercise of the over-allotment option on January 21, 2022 by the Joint Representatives as described and defined in the prospectus of the Company dated December 20, 2021.

(ii) During the year ended 31 December 2023, the Company has cancelled the previously repurchased 1,151,950 shares, in which 172,600 shares were acquired in November and December 2022 and the total amount paid to acquire the cancelled shares of HK$59,963,000 (equivalent to approximately US$7,688,000) was deducted from equity.

During the year ended December 31, 2022, the Company repurchased 1,245,150 of its own ordinary shares through the Hong Kong Stock Exchange, of which 1,072,550 shares were cancelled during the year and the total amount paid to acquire the cancelled shares of HK$70,294,000 (equivalent to approximately US$9,012,000) was deducted from equity.

Month of repurchase	**Number of ordinary shares repurchased**	**Price per share**		**Aggregate consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*US$'000*
For the year ended December 31, 2023				
January 2023	**73,000**	**59.10**	**53.70**	**531**
May 2023	**42,950**	**48.40**	**46.80**	**262**
June 2023	**477,950**	**55.10**	**44.60**	**2,912**
July 2023	**385,450**	**58.45**	**53.40**	**2,778**
	979,350			**6,483**
For the year ended December 31, 2022				
July 2022	628,500	70.40	62.05	5,272
August 2022	27,300	66.90	64.20	228
September 2022	293,350	69.90	63.95	2,491
October 2022	123,400	66.00	60.15	1,021
November 2022	15,100	57.90	54.10	109
December 2022	157,500	57.95	51.15	1,096
	1,245,150			10,217

(iii) On March 16, 2023, the Company issued and allotted 822,750 ordinary shares to a trustee, held on trust for the benefit of eligible participants under the restricted share unit scheme of the Company with no consideration paid.

14. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of principal subsidiaries

Details of principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Place and date of incorporation or establishment/ operation	Issued and fully paid share capital/ paid-up capital	Effective equity interest attributable to the Group As at December 31, 2023	Effective equity interest attributable to the Group As at December 31, 2022	Principal activities
Directly owned subsidiary					
US Sirnaomics	The U.S. February 12, 2007	US$1 (2022: US$1)	**100%**	100%	Developing and commercializing of RNAi technology and multiple therapeutics
Indirectly owned subsidiaries					
RNAimmune	The U.S. May 5, 2016	US$208 (2022: US$208)	**60%**	60%	Technical research and development of mRNA delivery platform and mRNA-based drug and vaccine
HK Sirnaomics	Hong Kong March 8, 2019	HK$10,000 (2022: HK$10,000)	**100%**	100%	Investment holding
Suzhou Sirnaomics	The PRC March 10, 2008	RMB416,771,270 (2022: RMB386,771,270)	**100%**	100%	Technical research, development, service and transfer of nucleic acid drugs
Guangzhou Sirnaomics	The PRC May 8, 2012	RMB115,000,000 (2022: RMB100,000,000)	**100%**	100%	Manufacturing and development of drug products
Guangzhou RNAimmune	The PRC January 28, 2021	RMB45,660,342 (2022: RMB32,736,537)	**60%**	60%	Manufacturing and development of vaccines

15. CAPITAL COMMITMENTS

	2023	2022
	US$'000	*US$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**—**	140

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"China", "mainland China" or the "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only, except where the context requires, references in this announcement to "China", "mainland China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Company", "our Company" or "the Company"	Sirnaomics Ltd., an exempted company incorporated in the Cayman Islands with limited liability on October 15, 2020
"Core Product"	STP705, the designated "core product" as defined under Chapter 18A of the Listing Rules
"Director(s)"	the director(s) of the Company
"EDIRNA"	EDIRNA Inc., a company incorporated under the laws of Delaware, U.S. on February 18, 2022, a non-wholly owned subsidiary of the Company
"FDA"	U.S. Food and Drug Administration
"Fund"	TradArt Flagship Investment SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands on August 6, 2021
"FVTPL"	Fair value through profit or loss
"Global Offering"	the Hong Kong Public Offering and the International Offering

"Group", "our Group", "the Group", "we", "us", "our" or "Sirnaomics"	the Company, its subsidiaries or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Guangzhou Facility"	our manufacturing facility in Guangzhou
"Guangzhou RNAimmune"	RNAimmune Vaccine (Guangzhou) Co., Ltd. (達冕疫苗(廣州)有限公司), a company established under the laws of the PRC on January 28, 2021 with limited liability, an indirect controlled subsidiary of the Company
"Guangzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Guangzhou) Co., Ltd. (聖諾生物醫藥技術(廣州)有限公司), a company established under the laws of the PRC on May 8, 2012 with limited liability, an indirect wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Sirnaomics"	Sirnaomics (Hong Kong) Limited (聖諾(香港)有限公司), a company incorporated under the laws of Hong Kong on March 8, 2019 with limited liability, an indirect wholly-owned subsidiary of the Company
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IASB"	International Accounting Standards Board
"IASs"	International Accounting Standards
"IFRSs"	International Financial Reporting Standards
"IP"	intellectual property

"Listing"	the listing of the Shares on the Main Board by way of the Global Offering
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Pre-IPO Equity Incentive Plan"	the pre-IPO equity incentive plan adopted by the Company on January 21, 2021
"Prospectus"	the prospectus of the Company dated December 20, 2021, issued in connection with the Hong Kong Public Offering
"R&D"	research and development
"Reporting Period"	for the year ended December 31, 2023
"RNAimmune"	RNAimmune, Inc., a company incorporated under the laws of Delaware, U.S. on May 5, 2016, a controlled subsidiary of the Company
"RSU Scheme"	the restricted share unit scheme adopted by the Company on April 22, 2022
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.001 each
"Shareholder(s)"	holder(s) of our Shares
"Share Option Scheme"	the share option scheme adopted by the Company on June 28, 2022

"Suzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd. (聖諾生物醫藥技術(蘇州)有限公司), a company established under the laws of the PRC on March 10, 2008 with limited liability, an indirect wholly-owned subsidiary of the Company
"United States", "U.S." or "US"	the United States of America
"US$"	U.S. dollars, the lawful currency of the United States of America
"US Sirnaomics"	Sirnaomics, Inc., a company incorporated under the laws of Delaware, U.S. on February 12, 2007, a wholly-owned subsidiary of the Company
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in connection with the Company and its business.

"AE"	adverse event, which may be mild, moderate, or severe, any untoward medical occurrences in a patient administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"ApoC3"	apolipoprotein C3
"ASGPR"	asialoglycoprotein receptor
"BCC"	basal cell carcinoma, a type of non-melanoma skin cancer
"CCA"	cholangiocarcinoma, tumor that is occurring with increasing frequency and develops from bile duct epithelium found within the intrahepatic and extrahepatic biliary tree, excluding the ampulla or gallbladder

"CDMO"	contract development and manufacturing organization, a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"cohort"	a group of patients as part of a clinical trial who share a common characteristic or experience within a defined period and who are monitored over time
"combination therapy"	a treatment modality that combines two or more therapeutic agents administered separately in two or more different pharmaceutical products or in a fixed-dose combination product comprising the two or more therapeutic agents
"COVID-19"	coronavirus disease 2019, an infectious disease
"COX-2"	cyclooxygenase-2, a membrane-bound, short-living, and rate-limiting enzyme
"CRO"	contract research organization, a pharmaceutical company that conducts research for other pharmaceutical companies on a contractual basis
"cSCC"	cutaneous squamous-cell skin cancer, a common form of skin cancer that develops in the squamous cells that make up the middle and outer layers of the skin
"delivery platform"	the platform used for the delivery of drugs to target sites of pharmacological actions
"endosomal escape"	escaping from being hindered by entrapment and subsequent degradation in acidic compartments of the endo/lysosomal pathway
"ESC"	Early Selected Compound

"Factor XI"	a plasma glycoprotein that is primarily synthesized in the liver and is part of the coagulation cascade, playing a role in clot stabilization and expansion
"GalAhead"	our GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers
"GalNAc"	N-Acetylgalactosamine, a sugar molecule that can recognize and bind to a cell surface protein, the asialoglycoprotein receptor
"global rights"	rights of a commercial nature to develop or commercialize a product, which may include rights in know-how and rights in patents and patent applications, in each case, directed to the drug product, drug composition and/or methods of use thereof or in the drug delivery platform
"GLP"	Good Laboratory Practice, a set of principles intended to assure the quality and integrity of non-clinical laboratory studies that are intended to support research or marketing permits for products regulated by government agencies
"GMP"	Good Manufacturing Practice, a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"HBV"	hepatitis B virus
"HCC"	hepatocellular carcinoma, a type of primary liver cancer
"HKP"	histidine-lysine polypeptide
"HKP+H"	histidine-lysine-histidine polypeptide
"HPV"	human papillomavirus

"HSV"	herpes simplex virus
"HTS"	hypertrophic scar is a thickened, wide, often raised scar that develops where skin is injured
"in vitro"	Latin for "within the glass", studies using components of an organism that has been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
"in vivo"	Latin for "within the living", studies in vivo are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done in vitro
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application
"isSCC"	squamous cell carcinoma in situ
"LNP"	lipid nanoparticles are spherical vesicles made of ionizable lipids, which are positively charged at low pH (enabling RNA complexation) and neutral at physiological pH (reducing potential toxic effects, as compared with positively charged lipids, such as liposomes)
"mRNA"	messenger RNA, a large family of RNA molecules that are complimentary to DNA molecules and convey genetic information from the DNA to be translated by ribosomes into proteins
"metastasis"	the spread of cancer from the primary site (place where it started) to other places in the body
"microfluidic"	microfluidics is the science of manipulating and controlling fluids, usually in the range of microliters (10–6) to picoliters (10–12), in networks of channels with dimensions from tens to hundreds of micrometers
"muRNA"	multi-unit RNAi trigger, RNAi trigger composed of multiple oligonucleotides (2 or more) to simultaneously downregulate two or more gene targets

"mxRNA"	miniaturized RNAi trigger, RNAi trigger composed of single ~30 nucleotide long oligonucleotides designed to downregulate individual gene target
"NMSC"	non-melanoma skin cancer
"NSCLC"	non-small cell lung cancer is any type of epithelial lung cancer other than small cell lung cancer
"OL China"	out-licensed mainland China, Hong Kong, Macau and Taiwan rights under agreement with Walvax but we retain the rights for rest of the world
"PCSK9"	proprotein convertase subtilisin/kexin type 9, an enzyme encoded by the PCSK9 gene in humans on chromosome 1
"PCT"	the Patent Cooperation Treaty, which assists applicants in seeking patent protection internationally for their inventions, helps patent offices with their patent granting decisions, and facilitates public access to a wealth of technical information relating to those inventions
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PDoV"	Peptide Docking Vehicle, a linker which contains a therapeutic compound, such as an siRNA molecule, and a targeting ligand
"PDoV-GalNAc"	our GalNAc RNAi delivery platform that conjugates GalNAc moieties to PDoV peptide linkers and up to two siRNAs to the peptide
"Phase I clinical trials" or "Phase I"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness

"Phase I/II clinical trials" or "Phase I/II"	Phase I/II clinical trials combine Phase I and Phase II into one trial. The clinical trial design may adaptively use data from all previous patients to make decisions and select the best dose for each new cohort
"Phase II clinical trials" or "Phase II"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase IIa clinical trials" or "Phase IIa"	Phase IIa clinical trials are usually pilot studies designed to demonstrate clinical efficacy or biological activity
"Phase IIb clinical trials" or "Phase IIb"	Phase IIb clinical trials determine the optimal dose at which the drug shows biological activity with minimal side-effects
"Phase III clinical trials" or "Phase III"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"PLNP"	polypeptide-lipid nanoparticle, a proprietary polypeptide nanoparticle combined with LNP
"PNP"	polypeptide nanoparticle is composed of a branched histidine lysine polymer
"PNP-ID"	PNP platform formulated for intradermal administration
"PNP-IT"	PNP platform formulated for intratumoral administration
"PNP-IV"	PNP platform formulated for intravenous administration
"preclinical studies"	studies or programs testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials

"PSC"	Primary Sclerosing Cholangitis, a chronic, or long-term, disease that slowly damages the bile ducts
"RNA"	Ribonucleic acid, a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes
"RNAi"	RNA interference, a biological process in which RNA molecules are involved in sequence-specific suppression of gene expression by double-stranded RNA, through translation or transcriptional repression
"SAE"	serious AE, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"siRNA"	small interference RNA, double-stranded RNA molecules comprised of two oligonucleotides of about 20nt-long guide (antisense) and passenger (sense) strands; the RNA-Induced Silencing Complex (RISC) incorporates the guide strand and binds mRNA target molecules to generate its cleavage or inhibit protein translation from it
"solid tumors"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them
"SCC"	squamous cell carcinoma, an uncontrolled growth of abnormal cells arising from the squamous cells in the epidermis, the skins outermost layer
"T-cell"	A type of white blood cell that is of key importance to the immune system and is at the core of adaptive immunity, the system that tailors the body's immune response to specific pathogens

"TGF-ß1"	transforming growth factor beta 1 or TGF-ß1, a polypeptide member of the transforming growth factor beta superfamily of cytokines, which activates Smad and non-Smad signaling pathways

By order of the Board
Sirnaomics Ltd.
Yang (Patrick) Lu
Chairman and Executive Director

Hong Kong, March 27, 2024

As at the date of this announcement, the Board comprises Dr. Yang Lu (alias Patrick Lu), Dr. Xiaochang Dai and Dr. David Mark Evans as executive Directors, Mr. Mincong Huang and Mr. Jiankang Zhang as non-executive Directors, and Dr. Cheung Hoi Yu, Mr. Fengmao Hua, Ms. Monin Ung and Ms. Shing Mo Han, Yvonne (alias Mrs. Yvonne Law) as independent non-executive Directors.