sirnaomics
Advancing RNAi Therapeutics

Sirnaomics Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2257

Global Offering

Sole Sponsor

CICC 中金公司

Joint Global Coordinators and Joint Bookrunners

CICC 中金公司 HSBC NOMURA

CMS 招商證券國際 中国平安 平證證券 PA SECURITIES (HK)

Joint Bookrunners

中源資本 ALPHA WIN CAPITAL LIMITED 華盛証券 Valuable Capital Limited

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

Sirnaomics Ltd.
聖諾醫藥*

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Total Number of Offer Shares under the Global Offering	:	**7,540,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**754,000 Shares (subject to adjustment)**
Number of International Offer Shares	:	**6,786,000 Shares (subject to the Over-allotment Option and adjustment)**
Offer Price	:	**Not more than HK$72.70 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**US$0.001 per Share**
Stock code	:	**2257**

Sole Sponsor

Joint Global Coordinators and Joint Bookrunners

Joint Bookrunners

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and on Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Representatives, for themselves and on behalf of the Underwriters, and our Company on or before Thursday, December 23, 2021 or such later time as may be agreed between the parties, but in any event, no later than Monday, December 27, 2021. If, for any reason, the Joint Representatives, for themselves and on behalf of the Underwriters, and our Company are unable to reach an agreement on the Offer Price by Monday, December 27, 2021, the Global Offering will not proceed and will lapse immediately. The Offer Price will be not more than HK$72.70 per Share and is expected to be not less than HK$65.90 per Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum offer price of HK$72.70 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price is lower than HK$72.70. The Joint Representatives, for themselves and on behalf of the Underwriters, may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offering. In such a case, notices of such reduction will be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.sirnaomics.com** as soon as practicable but in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, in particular, the risk factors set out in the section headed "Risk Factors".

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Offer Shares, the Joint Representatives, for themselves and on behalf of the Hong Kong Underwriters, have the right in certain circumstances, in their absolute discretion, to terminate the obligations of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting – Grounds for Termination". It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered (a) in the United States solely to Qualified Institutional Buyers ("QIBs") in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

December 20, 2021

* *For identification purposes only*

IMPORTANT

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.sirnaomics.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at www.sirnaomics.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(a) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(b) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8690 on the following dates:

Monday, December 20, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, December 21, 2021 – 9:00 a.m. to 9:00 p.m.
Wednesday, December 22, 2021 – 9:00 a.m. to 9:00 p.m.
Thursday, December 23, 2021 – 9:00 a.m. to 12:00 noon.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application must be for a minimum of 50 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

Sirnaomics Ltd.
(HK$72.70 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
50	3,671.63	600	44,059.56	4,000	293,730.39	40,000	2,937,303.92
100	7,343.26	700	51,402.81	4,500	330,446.69	50,000	3,671,629.90
150	11,014.89	800	58,746.08	5,000	367,162.99	60,000	4,405,955.87
200	14,686.52	900	66,089.34	6,000	440,595.59	70,000	5,140,281.85
250	18,358.15	1,000	73,432.60	7,000	514,028.19	80,000	5,874,607.83
300	22,029.78	1,500	110,148.89	8,000	587,460.78	90,000	6,608,933.81
350	25,701.41	2,000	146,865.20	9,000	660,893.39	100,000	7,343,259.79
400	29,373.04	2,500	183,581.50	10,000	734,325.98	200,000	14,686,519.58
450	33,044.67	3,000	220,297.80	20,000	1,468,651.96	300,000	22,029,779.37
500	36,716.30	3,500	257,014.09	30,000	2,202,977.94	377,000(1)	27,684,089.41

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable of the Hong Kong Public Offering, our Company will issue an announcement to be published in South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) and on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.sirnaomics.com****.*

Hong Kong Public Offering commences	9:00 a.m. on Monday, December 20, 2021
Latest time to complete electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Thursday, December 23, 2021
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Thursday, December 23, 2021
Latest time to (a) complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, December 23, 2021

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering close	12:00 noon on Thursday, December 23, 2021
Expected Price Determination Date[5]	Thursday, December 23, 2021
Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.sirnaomics.com** on or before[6]	Wednesday, December 29, 2021

The results of allocation in the Hong Kong Public Offering (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels, including:

• in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at **www.sirnaomics.com** and **www.hkexnews.hk**, respectively[6]	Wednesday, December 29, 2021

• from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment;** Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from	8:00 a.m. on Wednesday, December 29, 2021 to 12:00 midnight on Tuesday, January 4, 2022
• from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on	Wednesday, December 29 to Friday, December 31, 2021 and Monday, January 3, 2022
Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering to be despatched/collected or deposited into CCASS on or before[7][9]	Wednesday, December 29, 2021
White Form e-Refund payment instructions/refund checks in respect of (i) wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and (ii) wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be despatched/collected on or before[8][9]	Wednesday, December 29, 2021
Dealings in the Shares on the Stock Exchange expected to commence	at 9:00 a.m. on Thursday, December 30, 2021

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number eight or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 23, 2021, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to the HKSCC via CCASS or instructing your **broker or custodian** to apply on your behalf via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or about Thursday, December 23, 2021, and in any event, not later than Monday, December 27, 2021. If for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and us on or before Monday, December 27, 2021, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the website forms part of this prospectus.

(7) Share certificates for the Hong Kong Offer Shares are expected to be issued on Wednesday, December 29, 2021 but will only become valid evidence of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the paragraph headed "Grounds for Termination" under the section headed "Underwriting" in this prospectus has not been exercised and has lapsed.

(8) e-Refund payment instruction or refund checks will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund check.

(9) Applicants who apply on the **White Form eIPO** for 100,000 Shares or more under the Hong Kong Public Offering, may collect any refund checks (where applicable) and/or Share certificates (where applicable) in person from our 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, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 29, 2021. Identification and (where applicable) authorization documents acceptable to our Hong Kong Share Registrar must be produced at the time of collection.

Applicants who apply via **CCASS EIPO** service should refer to the section headed "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies – (ii) If You Apply via Electronic Application Instructions to HKSCC" for details.

Applicant who have apply through the **White Form eIPO service** by paying the application monies through a single bank account may have refund monies (if any) despatched to the bank account in the form of e-Refund payment instructions. Applicants who apply via the **White Form eIPO service** by paying the application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund checks by ordinary post and at their own risk.

Share certificates and/or refund checks for applicants who have applied for less than 100,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

(10) In case a tropical cyclone warning signal number eight or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force from Monday, December 20, 2021 to Thursday, December 30, 2021, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) despatch of Share certificates and refund checks/**White Form eIPO** e-Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

You should read carefully "Underwriting," "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and/or Extreme Conditions and the despatch of refund monies and Share certificates.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the Company solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by our Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, any of the Underwriters, any of their respective directors, officers, representatives or advisors or any other person involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares. ***In particular, we are a biopharmaceutical company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules.***

OVERVIEW

We are an RNA therapeutics biopharmaceutical company with product candidates in pre-clinical and clinical stages that focuses on the discovery and development of innovative drugs for indications with medical needs and large market opportunities. We were founded in 2007 with the establishment of US Sirnaomics and currently have a presence in both China and the U.S., with research and development centers in both countries. Our core product STP705 demonstrated efficacy and safety in an oncology Phase I/II clinical trial for non-melanoma skin cancer and we have further advanced STP705 in a Phase IIb clinical trial for squamous cell carcinoma in situ (isSCC), a Phase II clinical trial for treatment of skin basal cell carcinoma (BCC), a Phase II clinical trial for treatment of keloid and a Phase I/II clinical trial for treatment of hypertrophic scar (HTS). In addition, we initiated a Phase I clinical trial using STP705 for treatment of liver cancer (basket) through a local injection based on an independent IND approval from US FDA. As of the Latest Practicable Date, our core product STP705 is covered by two issued patents in the U.S. and seven pending patent applications, including two in China and five in the U.S.. **We may not be able to ultimately develop and market our core product STP705 successfully.**

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of the Latest Practicable Date:

Notes：* denotes our core product

** denotes orphan drug

Abbreviations: isSCC= squamous cell carcinoma in situ; BCC= basal cell carcinoma; cSCC= metastatic cutaneous squamous cell carcinoma; NSCLC= non-small cell lung cancer; CRC= colorectal carcinoma; BC= bladder cancer; PSC= primary sclerosing cholangitis; PNP= our polypeptide nanoparticle (PNP) RNAi delivery platform; PNP-IT= PNP platform formulated for intratumoral administration; PNP-IV= PNP platform formulated for intravenous administration; GalAhead™= our GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers; PDoV-GalNAc= our GalNAc RNAi delivery platform that conjugates GalNAc moieties to Peptide Docking Vehicle (PDoV) peptide linkers and up to two siRNAs to the peptide; LNP = lipid nanoparticle (LNP) formulation for delivery of mRNA; HPV= human papilloma virus; HBV= hepatitis B virus; 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; and MRCT= multi regional clinical trial in which we will be the sponsor for all clinical trial sites.

1. Liver cancer (basket) includes cholangiocarcinoma, hepatocellular carcinoma, liver metastases etc.

2. We filed our IND in China in June 2021, which is currently awaiting approval from NMPA, for study sites in China. The study sites will be part of a global multicenter clinical trials for our Phase IIb clinical trial for isSCC.
3. We expect to file the IND in China as part of the global multicenter clinical trials.
4. We expect to file the IND solely for HCC in China as part of the global multicenter clinical trials.
5. Studies in combination with anti-PD-(L)1 inhibitors conducted pursuant to collaborations with Innovent and Shanghai Junshi.
6. Research and development conducted by our subsidiary RNAimmune.

OUR BUSINESS MODEL

We have built an international professional team for discovery and development of RNAi therapeutics and mRNA vaccines and therapeutics, based on our proprietary drug delivery technology platforms. Our target market is global with our current focus specifically on the U.S. and China markets, which are supported by our research and development facilities and manufacturing capabilities in both countries. We are adopting a clinical development strategy to conduct clinical trials for our product candidates initially in the U.S. and then to extend those trials into China, based on the differing medical needs of the two markets, for example, some orphan drug indications in the U.S. are more prevalent in the population in China.

Our initial focus is on oncology and fibrosis products, as well as antiviral products and products that leverage liver targeted drug delivery. We have developed in-house and own the global rights to STP705 and STP707, our lead product candidates, which demonstrates our capabilities in designing novel RNA therapeutics based on our proprietary delivery platforms and developing them into drugs to address medical needs. Our proprietary delivery platforms include our PNP delivery platform, useful for local or systemic administration of RNAi therapeutics to targets beyond liver hepatocyte cells, our GalNAc RNAi delivery platforms for systemic administration of RNAi therapeutics to the liver, and our PLNP delivery platform for administration of mRNA vaccines and therapeutics. We exclusively in-licensed core patents covering our PNP delivery platform at an early stage and have conducted research and development in-house to enhance our PNP delivery platform and adapt it for formulating novel RNA therapeutics to treat a range of therapeutic indications. We have developed in-house and own the global rights to GalNAc RNAi delivery platforms. Our GalAhead™ delivery platform conjugates GalNAc moieties to unique RNAi trigger structures while our PDoV-GalNAc delivery platform conjugates GalNAc moieties to Peptide Docking Vehicle (PDoV) peptide linkers and up to two siRNAs conjugated to the peptide linker. Our PNP and GalNAc RNAi delivery platforms serve as a basis to expand our pipeline of early-stage product candidates. Our subsidiary RNAimmune develops mRNA-based vaccines and therapeutics, including an mRNA SARS-CoV-2 vaccine program using Delta variant spike protein-coding mRNA as an antigen with LNP delivery formulation, which is undergoing pre-IND discussion with U.S. FDA and mRNA tumor vaccine and therapeutics programs, which use our proprietary PLNP delivery platform that we developed in-house and to which we own global rights. As of the Latest Practicable Date, we own in aggregate six issued patents, including one in Europe and five in the U.S., and 40 pending patent applications, including seven in China, 21 in the U.S., one in Europe, two under the Patent Cooperation Treaty and nine in other jurisdictions, that cover our 16 product candidates separately from our delivery platforms.

Our long time (since 2008) and dual presence in the U.S and China allows us to navigate between both countries' regulatory systems. We are subject to the regulation of competent authorities from the U.S. and China in light of our dual presence in both countries. In China, NMPA is the primary regulatory agency for pharmaceutical products and businesses, and regulates across the life cycle of pharmaceutical products. In the U.S., FDA represents the counterpart of the NMPA regulating drugs and biologics. For details of relevant regulatory authorities, see "Regulatory Overview – Overview of Laws and Regulations in the PRC" and "Regulatory Overview – Overview of Laws and Regulations in the United States." As of the Latest Practicable Date, we had a regulatory and clinical team with five members in the U.S. and six in China with ample knowledge and experience with regard to regulatory filings in both countries managing the regulatory submission process in the U.S. and China. We plan to commence clinical trials in China for isSCC, HTS, and liver cancer in 2022.

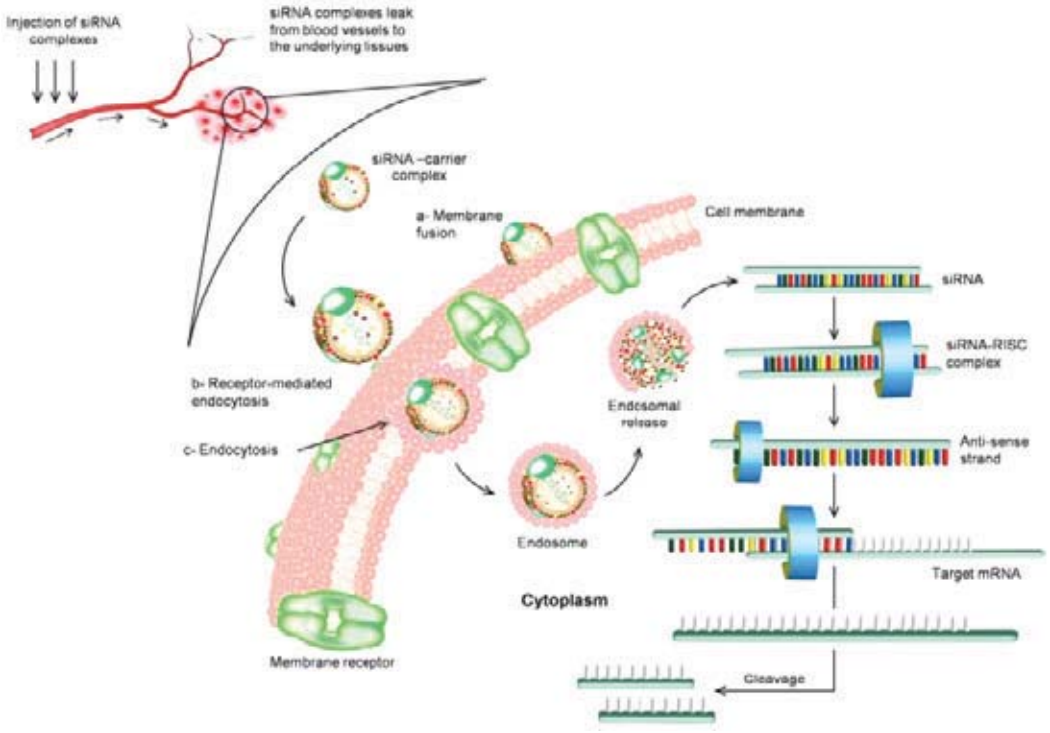
See "Business – Our Business Model."

STP705 – OUR CORE PRODUCT

Our core product candidate, STP705, is a dual TGF-ß1/COX-2 inhibitor. TGF-ß1 and COX-2 are known in the scientific literature 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, including isSCC, dermal fibrosis and solid liver tumors. We are conducting clinical trials for the development of STP705 and our other product candidates. Clinical trials are generally divided into three different stages, but in some cases can be combined (e.g., Phase I/II combined) or subdivided (e.g., Phase IIa or Phase IIb) where appropriate and in consultation with U.S. FDA. Phase IIa clinical trials are generally pilot studies designed to demonstrate clinical efficacy or biological activity, whereas Phase IIb clinical trials are used to determine the optimal dose at which the drug shows biological activity with minimal side-effects. See "Regulatory Overview – Overview of laws and regulations in the United States – Laws and regulations in relation to new drug."

STP705 is comprised of two distinct siRNA oligonucleotides, which target each of the TGF-ß1 and COX-2 genes through their design as a copy of short regions of each of those genes, and a histidine-lysine polypeptide (HKP). The HKP self-assembles into a polypeptide nanoparticle (PNP) that encapsulates the siRNA and ensures that the siRNA cargo is neither degraded by nucleases nor filtered out by the kidney prior to reaching the intended tissue in the body. The siRNA, which comprise the drug substance, target the TGF-ß1 and COX-2 genes by way of RNA interference, as illustrated in the figure below. When administered to the body, the PNP-siRNA molecules are gradually taken up by the target cells through endocytosis, a cellular process by which substances are brought into the cell. The PNP is initially engulfed in

an endosome within the cytoplasm, but the HKPs disrupt the endosome to aid the escape of the siRNA into the cytoplasm. The siRNA may then activate the RNA-Induced Silencing Complex, or RISC. RISC processes the double-stranded siRNA to release one strand and use the other strand as a guide to locate regions of the mRNA for the TGF-ß1 and COX-2 genes. Ultimately, the entire mRNA for the TGF-ß1 and COX-2 genes is cleaved and the protein that would have been produced from the mRNA is not produced, thereby "silencing" the gene. Silencing of TGF-ß1 and COX-2 expression results in the downregulation of multiple tumor promoting and pro-fibrotic factors. Importantly, simultaneous silencing of TGF-ß1 and COX-2 in the same cell results in increased efficacy compared to silencing of either alone.



Source: Draz, M. et al. Theranostics, 2014:4(9), 872–892.

STP705 successfully completed a combined Phase I/II clinical trial in the U.S. for the treatment of NMSC, specifically in isSCC, in October 2020, where the Phase II portion of our clinical trial was a Phase IIa clinical trial. We initiated a Phase IIb clinical trial for isSCC in May 2021 in the U.S. with interim results expected in the first half of 2022. The Phase IIb clinical trial for isSCC is a standalone trial, meaning that U.S. FDA will not require revision of the clinical trial report issued for the completed Phase I/II clinical trial based on the results of the Phase IIb clinical trial. We also initiated Phase II clinical trials for the treatment of non-melanoma basal cell carcinoma (BCC) in the U.S. in December 2020 pursuant to a supplement to the IND covering isSCC. We filed an IND for an isSCC Phase IIb clinical trial in China, where the clinical trial will be part of global multicenter clinical trials, meaning that the study is comprised of clinical trials conducted at multiple sites.

NMSC, including squamous cell carcinoma (SCC) and BCC, comprise the most common forms of neoplasia in the U.S. Conventional and standard treatments for BCC and isSCC are standard surgical excision, Mohs micrographic surgery, topical cream treatments, cryosurgery, laser therapy, electro-desiccation and radiation therapy. Currently, there are two drugs approved by U.S. FDA for pre-metastatic BCC patients, both of which are used off-label for pre-metastatic SCC patients: 5'-fluorouracil and imiquimod topical creams. According to the CIC Report, both can cause skin reactions in some patients. The annual incidence of new cases of BCC and SCC grew by 33% from 2015 to 2020 and is expected to reach over ten million new patients by 2030, representing a substantial financial burden in the U.S. according to the CIC Report. These incidence increases are associated with several factors, including raised awareness of NMSC, improved registration, transition of patient population toward the elderly, increased exposure to UV radiation, and, for SCC, improved diagnosis. The market size of NMSC treatment in the U.S. is expected to increase from US$6.5 billion in 2020 (the isSCC segment was US$1.5 billion, or over 20%) to US$22 billion in 2030. In China, the market size of NMSC treatment was US$38 million in 2020 (the isSCC segment was US$4.3 million, or approximately 11%) and is also expected to grow faster in the coming years, reaching US$149 million in 2030. The value proposition of STP705 for isSCC and BCC is that treatment with STP705 shows benefits in cosmetic appearance, especially for patients with lesions on the head, face or neck, and clinical results demonstrate that STP705 has a high histological clearance compared with currently available topical treatments. According to the CIC Report, the estimated demand for STP705 is expected to be around US$43 million in the U.S. solely with respect to isSCC in the anticipated launch year of 2023 and is projected to reach approximately US$68 million in China with respect to multiple indications including isSCC, BCC, HTS and keloids in the anticipated launch year of 2024. See "Industry Overview – Non-Melanoma Skin Cancer, Liver Cancer and Non-Small Cell Lung Cancer Pharmaceutical Markets – Non-Melanoma Skin Cancers (NMSCs)."

With respect to dermal fibrosis, we initiated Phase I/II clinical trials with STP705 for the treatment of keloid scarless healing in the U.S. in April 2021 and expect to file an IND for a Phase II clinical trial in China. We initiated a Phase I/II clinical trial for HTS in the U.S. in 2017; however, after a modification to the clinical trial protocol was recommended by an independent data safety monitoring board (DSMB), we elected to divert funding to other programs with the intent to move forward the Phase II clinical trial for HTS at a later date. We expect to file an IND for a Phase II clinical trial for HTS in China in the second half of 2022. We are electing to move forward with our HTS clinical trial program in China due to the larger pool of potential clinical trial subjects in China compared to the U.S. Our studies for keloid scarless healing and HTS in the U.S. are conducted pursuant to a supplement to the same IND (IND-124844) covering the NMSC studies. HTS and keloids are common dermatological conditions affecting more than 16 million patients in the U.S. and China annually, which can result in permanent functional loss and disfiguring scarring. While there is no standard of treatment for HTS and keloids, the available treatment options are intralesional injection, cryotherapy, bleomycin, laser therapy and surgical excision. The combined market size for HTS and keloids treatments in the U.S. is projected to grow from US$10.3 billion in 2020 to

US$18.6 billion in 2030, and in China from US$2.9 billion in 2020 to US$5.9 billion in 2030. The value proposition of STP705 for HTS and keloids is that there is no complete cure of HTS and keloid currently and clinical trial results demonstrate that STP705 inhibited TGF-ß1 and COX-2 expression and activated fibroblasts apoptosis within scars, which can effectively reduce HTS.

We are also developing STP705 for treatment of hepatocellular carcinoma and cholangiocarcinoma (HCC/CCA). We initiated a Phase I clinical trial in March 2021 in the U.S. to develop STP705 for the treatment of HCC/CCA using intra-tumoral injection via computerized tomography guided treatment. Our studies for liver cancer are conducted pursuant to a separate IND from that which covers the NMSC and dermal fibrosis indications. We are also developing combination therapies with STP705 and immune checkpoint inhibitors for liver cancer where the proposed therapy would involve separate administration of STP705 and the immune checkpoint inhibitor pharmaceutical product. As of the Latest Practicable Date, there were approximately 11 drugs approved by U.S. FDA for treatment of HCC or CCA; however, five-year survival rates for liver cancer in China and the U.S. are 12% and 18%, respectively. In addition, many patients suffer systemic side effects from the approved drugs. Other available treatment options for liver cancer are surgical excision, liver transplant, ablation therapy, embolization therapy, targeted therapy, immunotherapy and radiation therapy. China alone accounts for more than half of worldwide liver cancer cases with an annual incidence of more than 500,000 new HCC/CCA patients annually according to the CIC Report. The combined market size for HCC/CCA pharmaceuticals in China is projected to grow from US$1.5 billion in 2020 to US$8.5 billion in 2030, and in the U.S. from US$2.2 billion in 2020 to US$6.3 billion in 2030. The value proposition of STP705 for liver cancer is threefold: first, there is no standard target therapy for advanced CCA, so that a large need exists for systemic therapy of advanced CCA; second, STP705 demonstrates inhibition of tumor growth in CCA tumor cell line xenograft models, which is expected to satisfy the needs for CCA treatment; and third, pre-clinical study results demonstrate that STP705 shows inhibition of tumor without loss in body weight compared to chemotherapy.

See “Business – Our Core Drug Candidate.”

STP707 – CLINICAL DRUG CANDIDATE

Our key product candidate STP707 is a dual TGF-ß1/COX-2 inhibitor that uses our PNP delivery platform. STP707 is covered by one issued U.S. patent, which also covers STP705, and 13 pending patent applications, which do not also cover STP705. Whereas STP705 uses a formulation of our PNP delivery platform optimized for local administration (i.e., directly to the site of disease), STP707 uses a formulation of our PNP delivery platform optimized for systemic administration. Thus, STP707 may be administered intravenously for treatment systemically, including solid tumors or fibrotic tissue in the liver or lung. We are developing STP707 for the treatment of liver and other cancers and fibrosis of the liver and lung via systemic administrations. We initiated a Phase I clinical trial for solid tumors in November

2021 in the U.S. and plan to submit an IND in China for Phase I clinical trials for HCC as part of the global multicenter clinical trials. We also filed an IND for PSC, a rare form of liver fibrosis, in November 2021 in the U.S. Depending on the response we see in our solid tumor basket study Phase I clinical trial as well as efficacy data obtained in preclinical studies in various tumor models, we could potentially follow the Phase I clinical trial with Phase II clinical trials in multiple tumor types such as metastatic cutaneous squamous cell carcinoma, non-small cell lung cancer (NSCLC), HCC and CCA. Fibrotic disorders affect nearly all tissues and organ systems. The annual incidence of NSCLC in 2020 is larger in China (approximately 757,000 new cases) than in the U.S. (approximately 176,000 new cases), while the market for NSCLC targeted drugs is expected to increase at a CAGR of 13.9% and 13.1%, respectively, in the next ten years to US$12.1 billion in China and US$26.1 billion in the U.S. The prevalence of PSC in China was 190,000 patients in 2020 and in the U.S. was 45,000 patients in 2020. We are also developing combination therapies with STP707 and immune check point inhibitors and other novel oncology drugs currently used as treatments for liver cancer, metastatic cSCC and NSCLC.

See "Business – Clinical Drug Candidate."

OUR PRECLINICAL DRUG CANDIDATES

STP122G

Another key product candidate is STP122G, formulated using our GalAhead™ platform and targeting Factor XI, which is being developed for anticoagulant therapy for use in the many different therapeutic settings where anti-thrombotic therapeutics are needed. We plan to file an IND with U.S. FDA in the first half of 2022.

RIM730

Instead of applying RNAi technology like the candidates described above, RIM730 is being developed by RNAimmune as a prophylactic mRNA vaccine candidate for prevention of COVID-19 using LNP technology to target certain mutations of the SARS-CoV-2 virus.

Other Pipeline Candidates

In addition to those key products, we have a pipeline of at least 12 other products currently in preclinical studies covering a range of therapeutic indications, including treatments for influenza, hepatitis B, HPV and COVID-19 infections; treatments for cardiometabolic disease; pancreatic cancer, colon cancer and other cancer treatments; and fat sculpting for medical aesthetics. Based on the company's strategic planning, we intend to form licensing-out partnerships with MNCs and China pharma companies. In April 2021, we entered into a licensing-out agreement with Walvax for an exclusive China right of our siRNA product candidate STP702, which comprises siRNA targeting conserved gene sequences of influenza

virus. Multiple RNAi therapeutic programs within our product pipeline are currently undergoing negotiations for potential licensing-out partnerships.

See "Business – Preclinical Drug Candidates."

OUR DELIVERY PLATFORMS

The primary challenge and the key to success in developing RNA therapeutics is the delivery platform used to protect the RNA from degradation in the blood and deliver the RNA into a cell where it acts. RNAi delivery platforms, including our proprietary delivery platforms, are considered by U.S. FDA to be excipients, or non-active ingredients, in the formulation of the RNAi therapeutic drug product. No additional regulatory approval is required for the delivery platforms separate from the regulatory approvals required for the drug products utilizing the delivery platforms. Our proprietary PNP and GalNAc delivery platforms confer advantages over conventional delivery platforms.

Our PNP delivery platform allows delivery of both siRNA and mRNA to diseased cells via local or systemic administration, providing distinct advantages in low toxicity, easy manufacturing and the capability to reach many targeted organs and certain cell types. The results of our Phase IIa clinical trial in oncology validates both the effectiveness of our PNP delivery platform and the therapeutic targets for isSCC, positioning us to expand our pipeline of products and facilitate our research and development of those pipeline products using the same PNP delivery platform. Our proprietary GalNAc RNAi delivery platforms, GalAhead™ and PDoV-GalNAc, enable specific delivery to liver hepatocytes with enhanced endosome escape properties and dual siRNA target design, resulting in high potency.

Our PNP delivery platform encapsulates multiple distinct siRNAs in a drug product and protects them in the bloodstream while enabling delivery of the siRNAs to cells and tissue where the siRNA acts to silence the target genes. In order for the siRNA to act, it must be able to cross the cell membrane to enter the cell and then escape the cellular machinery, the endosome, which isolates the siRNA within the cell. Our PNP delivery platform can be used for both local delivery or systemic administration for selective targeting of multiple tissue and cell types. Our core product candidate, STP705, as well as our other clinical stage product candidate, STP707, and at least eight other preclinical product candidates utilize our PNP delivery platform. RNAimmune also applies our PNP delivery platform, and a related proprietary delivery platform based on polypeptide-lipid nanoparticles (PLNP), to formulate mRNA-based therapeutics and vaccines. RNAimmune's novel PLNP platform has presented advantages such as lower toxicity and higher efficiency in certain applications.

Our GalNAc-conjugate delivery platforms rely on peptide conjugates and/or unique RNA structures that allow knockdown of single or multiple distinct mRNA targets. Our GalAhead™ delivery platform conjugates GalNAc moieties to unique RNAi trigger structures that can target one or more genes simultaneously. In our PDoV-GalNAc RNAi platform, GalNAc is

conjugated to a peptide linker and up to two siRNAs are also conjugated to the same peptide. We have three pipeline products utilizing our GalAhead™ delivery platform quickly approaching IND-enabling studies.

Apart from our PNP and novel GalNAc RNAi delivery platforms, we believe we also derive growth potential based on a number of delivery platforms we are currently developing, including different approaches of siRNA/chemo-drug conjugates, peptide ligand tumor targeting and respiratory virus treatment via airway delivery. We are committed to investing in research and development in our advanced delivery platforms to enable the expansion and refinement of the range of organs and tissues that can be targeted by our pipeline products and to drive future growth opportunities.

See "Business – Research and Development – Our Research and Development Platforms."

COMPETITION

Our target market is global with our current focus specifically on the U.S. and China markets, which are supported by our research and development facilities and manufacturing capabilities in both countries. We mainly focus on the research and development of therapeutics in the fields of oncology, fibrosis products, antiviral products and products that leverage liver targeted drug delivery.

RNA Therapeutics Market

We focus on the RNAi therapeutics and mRNA vaccine market in China and the U.S. Global market size of RNAi therapeutics for all indications increased from US$12 million in 2018 to US$362 million in 2020 with CAGR of 449.2%, and is estimated to reach US$25 billion in 2030. The market size of RNAi therapeutics for common diseases and oncology will account for 54% of the total market size by 2030.

The number of ongoing RNAi clinical trials has increased from 14 in 2013 to more than 50 in July 2021. The RNAi clinical trial pipeline is distributed across different stages of development. More oncology-related trials are in earlier stages of developments. Several approvals have been granted for common and rare diseases. At present, liver-related diseases are the most targeted amongst other types of diseases.

Although the concept of mRNA vaccines has been scientifically prevalent since the early 21st century, it has not been applied in a commercialized product until the Moderna and BioNTech/Pfizer COVID-19 vaccine roll out. In December 2020, each of Moderna and Pfizer-BioNTech received approval for emergency use of their COVID-19 vaccines, Spikevax and Comirnaty, respectively. Pfizer-BioNTech received full approval for Comirnaty on August 23, 2021. Sales of Spikevax were US$11.3 billion for the nine months ended September 30, 2021, while Comirnaty generated US$24.3 billion global revenues during the same period. The size of the global addressable COVID-19 mRNA vaccine market is projected to reach approximately US$100 billion in 2021.

Competitive Landscape

Key global players in RNAi therapeutics include Sirnaomics, Alnylam, Arrowhead, Dicerna, Silence Therapeutics, Sylentis, Quark and Brii Biosciences. Most of our competitors rely on GalNAc-based delivery platforms, except for Alnylam which also relies on both lipid nanoparticle (LNP) and GalNAc-based delivery platforms. Alnylam is the only developer with commercialized products, three of which it commercializes in the U.S. and are directed to rare diseases, and one, which is licensed to Novartis and commercialized in Europe, is used for the treatment of elevated cholesterol levels. The first RNAi therapeutic was approved in 2018. As of the Latest Practicable Date, there was no RNAi therapeutic commercialized in China.

Competitive landscape of RNAi therapeutics market, as of September 2021

Major Players	Therapeutic area	Target/organ	Progress as of the Latest Practicable Date		Location of Clinical Trials
Sirnaomics	Oncology, fibrosis	Skin, liver	Two Phase I: Four Phase II:	2021/03-2021/11 2019/05-2021/04	US
Alnylam	Genetic disease, metabolic disease, viral disease	Liver	Three Phase I: Three Phase II: Four Phase III: One NDA: Three Approval:	2020/10-2021-08 2020/08-2021/07 2015/09-2021-09 2020/12 2018/08-2020/12	China, US
Arrowhead	Genetic disease, viral disease, hepatic disease, fibrosis, oncology	Liver, tumor, lung	Three Phase I: Four Phase II: One Phase III:	2020/03-2021/11 2018/03-2021/06 2021/11	China, US
Dicerna*	Genetic disease, hepatic disease, cardiometabolic, viral disease	Liver	Two Phase I: Two Phase II: One Phase III:	2020/11-2021/06 2020/01-2021/02 2019/07	US
Silence Therapeutics	Genetic disease, oncology	Liver	Two Phase I:	2020/11-2021/04	US
Brii Biosciences	Viral disease	Liver	One Phase II:	2021/04	China, US
Sylentis	Genetic disease	Eye	One Phase III:	2017/05	Global excluding China and US
Quark	Genetic disease	N.A	One Phase III	2016/03	US

Notes: * Dicerna entered into definitive acquisition agreement with Novo Nordisk A/S in November 2021.

Therapeutic areas as well as target/organ are listed for illustration of approved drugs, and ongoing trials. Most of the ongoing clinical trials are still in early stages, whereas only three RNAi drugs approved by FDA as of November 2021. Most of the core products and pipelines primarily target liver, and the therapeutic areas are mainly focused on genetic diseases and hepatic diseases.

Source: the CIC Report, Clinical Trial, Annual Report

Note: Data as of September 2021

As of the Latest Practicable Date, there are ten siRNA drugs that either are in ongoing or completed Phase III clinical trials. There are numerous verticals within which RNAi therapeutics are developing besides cancer, including cardiovascular, kidney, urologic, genetic diseases, and blood disorders, as well as rare diseases such as amyloidosis, primary hyperoxaluria and hemophilia.

siRNA Drugs in Ongoing/Completed Phase III Clinical Trial, as of September 2021

Drug name	Company	Indications	Status	Start date	Trial number
Vutrisiran (ALN-TTRsc02)	Alnylam	• Hereditary amyloidosis	NDA filed with FDA	4/2021 (Global excluding China)	NCT03759379
Inclisiran (ALN-PCSsc)	Alnylam Novartis	• Hypercholesterolemia, mixed dyslipidaemia	NDA filed with FDA (already approved in EU)	7/2021 (FDA) 12/2020 (EC)	NCT03397121
Nedosiran (DCR-PHXC)	Dicerna Alnylam	• Primary Hyperoxaluria	Phase III	7/2019 (Global excluding China)	NCT04042402
Fitusiran (ALN-AT3)	Alnylam Sanofi Genzyme	• Hemophilia A and B	Phase III	2/2018 (Global)	NCT03417102
Teprasiran (QPI-1002)	Quark Novartis	• Delayed Graft Function	Phase III	3/2016 (Global excluding China)	NCT02610296
Tivanisiran (SYL 1001)	Sylentis	• Dry Eye Disease	Phase III	5/2017 (Global excluding US)	NCT03108664
Lumasiran (ALN-GO1)	Alnylam	• Severe Primary Hyperoxaluria Type 1 (PH1)	Phase III	11/2018 (Global excluding China)	NCT03681184
Patisiran	Alnylam	• ATTR Amyloidosis Label Expansion	Phase III	3/2019 (Global excluding China)	NCT03862807
Cemdisiran (ALN-CC5)	Alnylam	• Complement-mediated diseases	Phase III	9/2021 (N.A.)	NCT05070858
ARO-APOC3	Arrowhead	• Familial Chylomicronemia	Phase III	11/2021 (US)	NCT05089084

Source: U.S. National Library of Medicine; FDA; NCBI; the CIC report

Global mRNA COVID-19 vaccine sales, 2021Q1-Q3

Company name	Product name	Emergency use authorization date / Full approval	Target	Global revenue 2021 Q1-Q3
Pfizer-BioNTech	Comirnaty	2020/12/02/ 2021/08/23	SARS-CoV-2 Spike protein	US$24.3 billion
Moderna	Spikevax	2020/12/18	SARS-CoV-2 Spike protein	US$11.3 billion

Source: Quarterly Reports of Pfizer and Moderna, the CIC Report

RESEARCH AND DEVELOPMENT

We are committed to developing innovative biopharmaceutical drugs leveraging our proprietary delivery platforms in a wide variety of disease indications, including oncology, fibrotic diseases and conditions, viral diseases and cardiometabolic diseases. We are focused on developing new delivery platforms for RNA therapeutics to maintain and broaden the scope of our product pipeline, and to overcome the limitations of conventional RNA delivery tools. Because our executive leadership and scientific advisory board members are top-tier scientists and biopharmaceutical professionals in both China and the U.S., we are able to attract top talents and build strong teams across markets. We had research and development expenses of US$10.2 million and US$14.9 million in 2019 and 2020, respectively, and US$9.8 million and US$22.0 million in the nine months ended September 30, 2020 and 2021, respectively.

See "Business – Research and Development."

INTELLECTUAL PROPERTY

We have a comprehensive portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we owned (i) nine issued patents in China, (ii) nine issued patents in the U.S., (iii) two issued patents in Europe (validated in 11 and eight countries, respectively), and (iv) 119 pending patent applications, including 19 Chinese patent applications, 43 U.S. patent applications (including 32 U.S. provisional patent applications), eight patent applications under the Patent Cooperation Treaty, six patent applications in Europe and 43 patent applications in other jurisdictions. Our patents and patent applications span methods of delivering RNAi triggers and mRNA to cells, compositions of matter and devices used in our RNAi and mRNA delivery platforms, siRNA or RNAi trigger compositions, manufacturing processes, usage and indications. Our owned issued patents and any patents issuing from our pending patent applications are scheduled to expire on various dates from 2024 through 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other governmental fees.

From the early establishment of our company, we in-licensed patents pursuant to an exclusive, worldwide license under patent rights from Dr. A. James Mixson, a professor at the University of Maryland School of Medicine who also currently serves on scientific advisory board as an independent third party. Of the three patents that were granted during the term of the agreement, all were granted in the U.S. and two out of the three of those patents are now expired. The subject matter of these patents served as a jumping off point for our further development of our PNP delivery platform. Both expired patents broadly covered: (i) branched transport polymers containing a high proportion of histidine residues, (ii) pharmaceutical compositions containing the polymers and a pharmaceutical agent such as a nucleic acid, and (iii) methods of in vivo therapy by injection of the pharmaceutical compositions. The claims of the expired patents also covered the specific polymers used in our products in clinical development. These expired patents had limited claims using the specific polymers for nucleic acid delivery generally. The claims of the third patent (scheduled to expire in 2026) recite methods of transfecting cells (i.e., delivering nucleic acids into the cell or infecting the cell with nucleic acids) with compositions containing siRNA and specific HKP molecules. Patents cannot be extended after expiration. Our products that are currently under development do not contain the specific HKP molecules recited in the claims although we may elect to use such HKP molecules in future products. To strengthen the protection of our PNP technology platform, we have filed multiple patent applications using modifications of peptide polymers with targeting ligands, chemodrugs, other amino acids and improved formulation methods. We also filed a number of patent applications (and have been issued patents) specifically for siRNA therapeutics in defined therapeutic areas, e.g. anti-cancer, anti-fibrosis and anti-viral, and others. Despite the fact that the now expired patents covered compositions that formed the basis of our PNP delivery platform, given that the patents are now in the public domain and that we have filed our own patent applications that aim to protect new developments and advancements built on top of and improving the original technology covered by the expired patents, these expired patents are therefore not material to our PNP delivery platform now enhanced by virtue of our research and development efforts. None of our patent applications conflicts or will conflict with any of our collaboration and licensing arrangements, including our licensing arrangement with Dr. Mixson.

Our PNP delivery platform used for STP705, STP707 and our other product candidates is an enhanced delivery platform built on top of the technology in-licensed from Dr. Mixson. Our research and development efforts built on the in-licensed technology to develop it into a pharmaceutical delivery platform. In essence, the key improvements that have been made to the in-licensed technology were to take technology that is useful as a laboratory tool and develop it into a pharmaceutical delivery platform that can be combined with siRNAs to be safely administered to humans to achieve a therapeutic effect as a pharmaceutical product. We established high purity manufacturing processes and developed pharmaceutical-level formulation technology, including through the use of microfluidic technology. We developed specific formulations for local administration, including topical, intradermal and intratumoral delivery, and systemic administration including intravenous, subcutaneous and airway delivery. We have devoted our research and development efforts to developing improved

pharmaceutical compositions containing the polymers described in the now-expired patents, and improved methods for making those compositions. Our developments covering the PNP delivery platform itself (without regard to any particular product or product family) are covered by three pending patent applications that were filed in 2021 and are exclusively owned by us. We believe that each of these improvements represents a significant advance over the technology described in the Mixson patents.

In addition to our patents and patent applications, we also rely on confidential and proprietary know-how and trade secret protection for proprietary aspects of the manufacturing and pharmaceutical formulation technology and we are also in the process of filing further patent applications on aspects that we deem strategically appropriate for patent protection. Our filings include applications that cover improved manufacturing methods and improved pharmaceutical formulations that relate to our PNP delivery platform. The in-licensed patents that cover our PNP delivery platform expired in 2021 (and the third in-licensed patent will expire in 2026) and therefore have entered the public domain. According to the CIC Report, as of the Latest Practicable Date, no other biopharmaceutical companies are engaged in the research and development of RNA therapeutics using technologies that were formerly protected by the two expired patents. Given that we had the benefit of an exclusive license under the two now-expired patents, no third parties could conduct any activities under those patents without our authorization. As of the Latest Practicable Date, we have not authorized any third parties to conduct any activities under those patents.

As of the Latest Practicable Date, our Directors confirm that we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringements of, any third-party intellectual property that are threatened or pending. Certain risks relating to our intellectual property rights include: (i) if we are unable to obtain and maintain patent and other intellectual property protection for our drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected; (ii) even if we are able to obtain patent protection for our drug candidates, the term of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, which would have a material adverse effect on our ability to successfully commercialize any product or technology; (iii) claims that our drug candidates or the sale or use of our future products infringe, misappropriate or otherwise violate the patents or other intellectual property rights of third parties could result in substantial legal costs. Intellectual property litigation may lead to unfavorable publicity which may harm our reputation, and any unfavorable outcome of such litigation could limit our research and development activities and our ability to commercialize our drug candidates; and (iv) changes in patent laws of the PRC, the U.S. or other jurisdictions could reduce the value of patents in general, thereby impairing our ability to protect our drug candidates and future drugs. See "Risk Factors – Risks Relating to Our Intellectual Property Rights."

COLLABORATIONS WITH THIRD PARTIES

Collaboration with Innovent

In January 2020, US Sirnaomics entered into a collaboration agreement (the "Innovent Agreement") with Innovent to develop a combination therapy consisting of STP705 and sintilimab, an anti-PD-1 monoclonal antibody, for use in advanced cancers, including NSCLC ("Combination Therapy") in the U.S. Commercialization of the Combination Therapy will be the subject of a separate definitive agreement to be negotiated between the parties. Innovent is a biopharmaceutical company that develops and commercializes medicines for the treatment of oncology, autoimmune, metabolic and other major diseases. US Sirnaomics approached Innovent for a potential collaboration after obtaining an understanding of the mechanism of action for STP705 based on its own preclinical research and learning of sintilimab. Preclinical studies prior to the parties entering into the Innovent Agreement showed that US Sirnaomics' siRNA dual-targeted (TGF-ß1 and COX-2) product candidate, STP705, when combined with an anti-PD-L1 antibody demonstrated enhanced anti-tumor activities in the mouse xenograft tumor model of human cholangiocarcinoma and orthotopic mouse liver cancer model. Based on the anti-tumor activities exhibited by the combinations between US Sirnaomics' siRNA therapeutic candidates and the immune checkpoint inhibitory antibody, Innovent and US Sirnaomics entered into an agreement for evaluating the scientific rationales and potential clinical value of a combination therapy that utilizes both parties' products. Since early 2020, US Sirnaomics has completed multiple preclinical combination studies with animal liver cancer models that illustrate potent antitumor activities. The parties are separately advancing clinical trials with their own products, which will necessarily be relied on for future clinical trials evaluating the combination therapy. As of the Latest Practicable Date, no clinical trials under the collaboration have been initiated. See "Business – Collaborations and Licensing Arrangements – Collaboration with Innovent."

Collaboration with Shanghai Junshi

In January 2020, US Sirnaomics entered into a collaboration agreement (the "Shanghai Junshi Agreement") with Shanghai Junshi to develop a combination therapy consisting of STP705 and Shanghai Junshi's anti-PD-1 monoclonal antibody, toripalimab (the "Shanghai Junshi Product") for use in advanced melanoma, squamous cell carcinoma and other agreed clinical applications ("Combination Therapy") in mainland China, Hong Kong, Macau, Taiwan and the United States. Commercialization of the Combination Therapy will be the subject of a separate definitive agreement to be negotiated between the parties. Shanghai Junshi is a biopharmaceutical company that develops and commercializes medicines for the treatment of oncology, and other major diseases and is mainly engaged in the research and development of therapeutic antibodies. US Sirnaomics approached Shanghai Junshi for a potential collaboration after obtaining an understanding of the mechanism of action for STP705 based on its own preclinical research and learning of the Shanghai Junshi Product. Preclinical studies prior to the parties entering into the Shanghai Junshi Agreement showed that US Sirnaomics'

siRNA dual-targeted (TGF-ß1 and COX-2) product candidate, STP705, when combined with an anti-PD-L1 antibody demonstrated enhanced anti-tumor activities in the mouse xenograft tumor model of human cholangiocarcinoma and orthotopic mouse liver cancer model. Based on the anti-tumor activities exhibited by the combinations between US Sirnaomics' siRNA therapeutic candidates and the immune checkpoint inhibitory antibody, Shanghai Junshi and US Sirnaomics entered into an agreement for evaluating the scientific rationales and potential clinical value of a combination therapy that utilized both parties' products. Since early 2020, US Sirnaomics has completed multiple preclinical combination studies with animal liver cancer models that illustrate potent antitumor activities. The parties are separately advancing clinical trials with their own products, which will necessarily be relied on for future clinical trials evaluating the combination therapy. As of the Latest Practicable Date, no clinical trials under the collaboration have been planned or initiated. See "Business – Collaborations and Licensing Arrangements – Collaboration with Shanghai Junshi."

Licensing Arrangement with Walvax

In April 2021, Suzhou Sirnaomics, US Sirnaomics (Suzhou Sirnaomics and US Sirnaomics together, the "Sirnaomics Party") and Walvax entered into a co-development and license agreement (the "Walvax Agreement") to co-develop siRNA drugs targeting the influenza virus (the "Target Drug"). Walvax is a biopharmaceutical company specialized in research and development, manufacturing and distribution of vaccines and is an investor in our Series D Financing in 2020. As of the Latest Practicable Date, no clinical trials related to STP702 been planned or initiated.

Under the Walvax Agreement, the Sirnaomics Party granted to Walvax the exclusive rights in the Target Drug in mainland China, Hong Kong, Macau and Taiwan (the "Territory"), including but not limited to clinical development, registration, manufacturing, and commercialization. The Sirnaomics Party retains non-exclusive rights to the relevant technologies developed in relevant fields of the Target Drugs and to apply those technologies in the Territory for research purposes only. The Sirnaomics Party retains the exclusive rights for the Target Drug outside the Territory. See "Business – Collaborations and Licensing Arrangements – Licensing Arrangement with Walvax."

Licensing Arrangement with the University of Maryland

In December 2020, US Sirnaomics and the University of Maryland entered into a patent license agreement to license to US Sirnaomics certain patent rights related to a provisional patent application for improved delivery of mRNA with polymers. See "Business – Collaborations and Licensing Arrangements – Licensing Arrangement with the University of Maryland."

Licensing Arrangement with Mixson

In 2015 and 2019, US Sirnaomics and A. James Mixson ("Mixson") entered into a patent license agreements (the "Mixson Agreement") granting US Sirnaomics a license to certain

patent rights relating to polymers used in the PNP formulations of US Sirnaomics (the "Patent Rights"). The Mixson Agreement replaced earlier agreements between the parties on the same subject matter. Dr. Mixson is a professor at the University of Maryland School of Medicine and serves on the scientific advisory board for US Sirnaomics as an independent third party. See "Business – Collaborations and Licensing Arrangements – Licensing Arrangement with Mixson."

Collaboration Agreement with Guangzhou Xiangxue

In October 2010, Suzhou Sirnaomics and US Sirnaomics entered into a collaboration agreement with Guangzhou Xiangxue regarding the joint development of a small interfering RNA drug (STP705) for the treatment of Hypertrophic Scar (HTS) with a market right for greater China territory, including mainland China, Hong Kong, Macau and Taiwan. Under the collaboration agreement, Guangzhou Xiangxue was committed to an investment into the project, while Suzhou Sirnaomics agreed to provide the relevant intellectual property and research and development team support.

In order to strategically seek full control over the project rights for STP705 in China and reach a full closure of the collaboration efforts between Suzhou Sirnaomics and Guangzhou Xiangxue, in October 2020, we entered into a termination agreement with Guangzhou Xiangxue, where Guangzhou Xiangxue agreed to surrender all its relevant project rights regarding STP705 for the treatment of HTS in mainland China, Hong Kong, Macau and Taiwan. Pursuant to the termination agreement, we agreed to pay Guangzhou Xiangxue certain payments and as a result we now have 100% of the rights and interests for STP705 for the treatment HTS in mainland China, Hong Kong, Macau and Taiwan under the agreement. See "Business – Collaborations and Licensing Arrangements – Collaboration Agreement with Guangzhou Xiangxue."

MANUFACTURING

We have developed manufacturing processes that are capable of large, commercial-scale GMP-compliant manufacturing of our product candidates. Our manufacturing technology uses microfluidic technology that is scalable from research and development level to commercialization, delivering high-quality products at low cost. We have sufficient capacity in the U.S. for our current and anticipated needs through our well-established network of contract manufacturers and have built a manufacturing facility in Guangzhou to further enhance our in-house manufacturing capacity and provide flexibility for optimizing our clinical strategy in China by quickly adapting production to our then-current needs. Our manufacturing facility in Guangzhou will commence operations in the first quarter of 2022. Our Guangzhou manufacturing facility will be capable of GMP-compliant manufacturing of our pipeline product candidates, including formulation, fill and finish, test and release for clinical applications. The supplies from this facility will be sufficient to support our Phase II clinical trials in China, and potentially to supply our Phase III clinical trials in China and our clinical trials globally.

See "Business – Manufacturing and Quality Control."

COMMERCIALIZATION AND BUSINESS DEVELOPMENT

Commercialization

We believe the scale and effectiveness of our commercial operation will be crucial to our business. We intend to commercialize our drug candidates, if approved, by utilizing both direct sales force and strategic partnerships to achieve geographical and channel coverage.

We will conduct marketing activities in both China and the U.S. We expect to facilitate academic engagement and education around our products by establishing relationships with KOLs, hospitals, and renowned doctors through clinical trials, R&D collaboration, and academic conferences. We also intend to enter into strategic partnerships with biopharmaceutical companies with advantages in sales and marketing networks. We plan to build up our sales and marketing team by recruiting professionals with extensive industry knowledge and biopharmaceutical marketing skills to engage in the academic promotion, marketing, commercialization and channel management of our pipeline products. Along with the clinical development of our pipeline products, we will schedule the recruitment, training and evaluation of our sales and marketing team in accordance with the clinical development progress of our pipeline products, aiming to ensure the timely commercialization of our pipeline products once we obtain relevant approvals.

We are also evaluating partnership options to maximize market potential of our products. We intend to seek partners by setting comprehensive selection criteria, primarily including commercialization teams with extensive biopharmaceutical industry backgrounds, superior track record in commercialization partnership, and recognition of our vision and commitment to our pipeline products. We aim to gain market coverage by leveraging our current and future business partners' expertise and business network.

See "Business – Commercialization and Business Development."

Business Development

Our strategy and business development team explores global and local cooperation opportunities with other industry players. 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.

See "Business – Commercialization and Business Development."

SUPPLIERS

Our suppliers are primarily reputable CROs, CMOs, CDMOs and research and medical institutions with whom we collaborate on preclinical studies and clinical trials in China and overseas, and from whom we procure raw materials and equipment to support the manufacturing of our drug products. We select our suppliers by taking into account a number of factors, including their qualifications, industry reputation, cost competitiveness and compliance with relevant laws and regulations. In 2019, 2020 and the nine months ended September 30, 2021, our purchases from our five largest suppliers in the aggregate accounted for 35.3%, 42.7% and 38.5% of our total purchases, respectively, while purchases from our largest supplier in each period accounted for 11.2%, 16.7% and 12.0% of our total purchases, respectively.

See "Business – Suppliers."

CUSTOMERS

During the Track Record Period and up to the Latest Practicable Date, we had not generated any revenue from product sales and do not expect to generate any revenue from product sales before the commercialization of one or more of our drug candidates.

See "Business – Customers."

OUR STRENGTHS

- Major player in rapidly growing and transformative RNA therapeutics market with strong presence in China and the U.S.
- Proprietary RNA delivery platforms, including platforms that solve principal challenges to RNAi therapeutics and an alternative platform with tremendous potential for mRNA therapeutics and vaccines
- Broad and deep product pipeline with candidates intended to breach the limitations on conventional RNAi indications to further address current clinical needs
- Potential first-in-class dual-targeted RNAi therapeutics that inhibit both TGF-ß1 and COX-2 for high therapeutic potency in skin cancer, liver cancer and fibrosis indications
- Comprehensive intellectual property portfolio driven by independent research and development capability
- Seasoned management team and world-class industry expertise

See "Business – Our Strengths."

OUR STRATEGIES

- Enhance and apply our proprietary delivery platforms to advance the development of innovative therapeutic modalities for the treatment of a broad range of disease states and strengthen our intellectual property position

- Rapidly advance development of our core product candidate STP705 through clinical trials toward market approvals in a broad range of indications in China and the U.S.

- Develop and commercialize a diverse portfolio of transformative RNA products in a broad range of therapeutic areas, including both rare diseases and diseases with large patient populations

- Build a fully integrated biopharmaceutical company by advancing our capabilities in product development, expanding our internal GMP manufacturing capabilities, and developing commercialization abilities, if our product candidates are approved

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

See "Business – Our Strategies."

SHARE INCENTIVE PLAN

The Pre-IPO Equity Incentive Plan was adopted on January 21, 2021 to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the Company. The maximum number of Shares underlying the Pre-IPO Equity Incentive Plan is 13,300,000 Shares and as of the Latest Practicable Date, the number of outstanding options underlying the Pre-IPO Equity Incentive Plan is 12,770,000, representing approximately 14.50% of our total share capital (assuming the Over-allotment Option is not exercised) or approximately 14.32% of our total share capital (assuming the Over-allotment Option is exercised in full). The terms of the Pre-IPO Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules. See "Statutory and General Information – D. Incentive Plans" in Appendix IV to this prospectus.

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Dr. Lu was interested in 12,649,625 Shares, representing approximately 15.71% of the total issued share capital of our Company (on a fully diluted basis). Immediately following the completion of the Global Offering, Dr. Lu will be interested in approximately 14.36% of our total share capital (assuming the Over-allotment Option is not exercised) or approximately 14.18% of our total share capital (assuming the Over-allotment Option is exercised in full).

PRE-IPO INVESTMENTS

We have completed the Pre-IPO Investments in 2009, 2017, 2019, 2020 and 2021. Our Pre-IPO Investors include conglomerates and funds focusing on investing in portfolios in the healthcare sectors such as Rotating Boulder Fund, Shanghai Walga and Sangel Investment. See "History, Reorganization and Corporate Structure – Pre-IPO Investments".

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary financial data set forth below should be read together with our consolidated financial statements and the accompanying notes, as well as the section headed "Financial Information."

Selected Results of Operation Data

The following table sets out a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Other income	440	771	206	205
Other gains and losses	368	255	118	(177)
Changes in fair value of financial liabilities at fair value through profit or loss	(2,584)	(17,574)	(19,773)	(13,112)
Administrative expenses	(4,667)	(5,157)	(3,661)	(8,412)
Research and development expenses	(10,213)	(14,894)	(9,814)	(22,014)
Impairment losses (recognized) reversed under expected credit loss model, net	(242)	242	–	–
Listing expenses	–	(885)	–	(5,617)
Other expenses	–	(8,943)	(27)	(672)
Finance costs	(229)	(243)	(184)	(202)
Loss before tax	(17,127)	(46,428)	(33,135)	(50,001)
Income tax expense	–	–	–	–
Loss for the year/period	**(17,127)**	**(46,428)**	**(33,135)**	**(50,001)**
Loss for the year/period attributable to:				
Owners of the Company	(16,381)	(43,772)	(31,947)	(48,071)
Non-controlling interests	(746)	(2,656)	(1,188)	(1,930)

Our loss for the period increased from US$33.1 million in the nine months ended September 30, 2020 to US$50.0 million in the nine months ended September 30, 2021,

primarily because (i) our changes in fair value of financial liabilities at fair value through profit or loss decreased from US$19.8 million in the nine months ended September 30, 2020 to US$13.1 million in the nine months ended September 30, 2021. The fair value change in the nine months ended September 30, 2021 is primarily due to the increase in the valuation of our financial liabilities, driven by the increase in the valuation of our company and the issuance of Series E Preferred Shares, during which the incremental rate of the valuation is lower compared with the nine months ended September 30, 2020; (ii) our research and development expenses increased from US$9.8 million in the nine months ended September 30, 2020 to US$22.0 million in the nine months ended September 30, 2021, mainly due to the increase in directors' emolument and staff costs in relation to our research and development staff, and the increase in clinical trials expenses and preclinical test expenses, corresponding to our continuous research and development efforts to support our steadily advancing and expanding pipeline of drug candidates; and (iii) our administrative expenses increased from US$3.7 million in the nine months ended September 30, 2020 to US$8.4 million in the nine months ended September 30, 2021, primarily due to the increase in directors' emolument and staff costs in relation to our administrative staff to support business expansion, and the increase in professional and consultancy fee.

Our loss for the year increased from US$17.1 million in 2019 to US$46.4 million in 2020, primarily because (i) our changes in fair value of financial liabilities at fair value through profit or loss increased from US$2.6 million in 2019 to US$17.6 million in 2020, primarily due to the higher increase in the valuation of our financial liabilities at fair value through profit or loss, mainly in relation to our preferred shares and Series C Warrants, as a result of a higher increase in the valuation of our Company; (ii) we did not have other expenses in 2019, while we incurred other expenses of US$8.9 million in 2020, primarily due to our loss on the termination of a collaboration agreement; and (iii) our research and development expenses increased from US$10.2 million in 2019 to US$14.9 million in 2020, mainly due to the increases in chemistry, manufacturing and controls expenses and preclinical test expenses relating to the continuous development of drug candidates, and the increase in directors' emolument and staff costs relating to our research and development staff, corresponding to our continuous research and development efforts to support our steadily advancing and expanding pipeline of drug candidates. We had research and development expenses of US$6.0 million, US$9.2 million and US$8.1 million attributable to our core product STP705 in 2019, 2020 and the nine months ended September 30, 2021, respectively.

See "Financial Information – Description of Major Components of Our Results of Operations."

Selected Data from Consolidated Statements of Financial Position

The following table sets out selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Total current assets	21,413	105,137	180,385
Total non-current assets	3,410	5,047	10,491
Total assets	**24,823**	**110,184**	**190,876**
Total current liabilities	2,797	94,099	6,245
Total non-current liabilities	70,978	110,265	324,907
Total liabilities	**73,775**	**204,364**	**331,152**
Net Liabilities	**(48,952)**	**(94,180)**	**(140,276)**
Deficits attributable to owners of the Company	(51,754)	(94,433)	(139,879)
Non-controlling interests	2,802	253	(397)

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of October 31,
	2019	2020	2021	2021
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*
Current assets				
Prepayments, deposits and other receivables	1,458	1,954	5,945	7,268
Structured deposits	9,949	–	–	–
Restricted bank balances	57	61	62	62
Bank balances and cash	9,949	103,122	174,378	168,474
Total current assets	**21,413**	**105,137**	**180,385**	**175,804**
Current liabilities				
Trade and other payables	2,429	4,667	4,282	4,435
Contract liability	–	–	770	782
Lease liabilities	368	443	1,193	1,260
Financial liabilities at fair value through profit or loss	–	88,989	–	–
Total current liabilities	**2,797**	**94,099**	**6,245**	**6,477**
Net current assets	**18,616**	**11,038**	**174,140**	**169,327**

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Non-current assets			
Property and equipment	1,342	2,931	4,934
Right-of-use assets	1,824	1,520	3,116
Intangible assets	125	349	1,080
Deposits	119	247	1,361
Total non-current assets	**3,410**	**5,047**	**10,491**
Non-current liabilities			
Financial liabilities at fair value through profit or loss	69,361	107,827	321,278
Bank borrowings	–	1,134	1,443
Lease liabilities	1,617	1,304	2,186
Total non-current liabilities	**70,978**	**110,265**	**324,907**
Net non-current liabilities	**(67,568)**	**(105,218)**	**(314,416)**

Our net liabilities increased from US$49.0 million as of December 31, 2019 to US$94.2 million as of December 31, 2020, primarily reflecting changes in equity comprising (i) loss for the year of US$46.4 million; (ii) recognition of share-based payment of US$1.2 million; and (iii) issuance of shares of US Sirnaomics under share option scheme of US$0.7 million. Our net liabilities increased from US$94.2 million as of December 31, 2020 to US$140.3 million as of September 30, 2021, primarily reflecting changes in equity comprising (i) loss for the period of US$50.0 million; (ii) effect of conversion of SAFE (as defined in Note i of the consolidated statements of changes in equity of Appendix I to this prospectus) to a subsidiary's ordinary shares of US$2.8 million; and (iii) recognition of share-based payment of US$1.4 million. See Consolidated Statements of Changes in Equity of Appendix I to this prospectus.

Our net current assets decreased from US$18.6 million as of December 31, 2019 to US$11.0 million as of December 31, 2020, mainly due to: (i) an increase in current financial liabilities at fair value through profit or loss, representing convertible loans issued to the Series D Investors; and (ii) a decrease in the structured deposits; despite (iii) an increase in bank balances and cash, representing the receipt of cash generated from our equity financing. Our net current assets increased significantly from US$11.0 million as of December 31, 2020 to US$174.1 million as of September 30, 2021, primarily due to our increase in current assets mainly in relation to the increase in our prepayments, deposits and other receivables from US $2.0 million as of December 31, 2020 to US$5.9 million as of September 30, 2021; and our

decrease in current liabilities, primarily because we had current financial liabilities at fair value through profit or loss of US$89.0 million as of December 31, 2020 and we did not have such financial liabilities as of September 30, 2021, as the convertible loans issued to Series D Investors were converted into the preferred shares of our Company in the nine months ended September 30, 2021.

We had current financial liabilities at fair value through profit or loss of nil, US$89.0 million and nil as of December 31, 2019 and 2020 and September 30, 2021, respectively. The current financial liabilities at fair value through profit or loss of US$89.0 million as of December 31, 2020 were all convertible loans issued by Suzhou Sirnaomics to the Series D Investors, which were classified as current liabilities as of December 31, 2020 as the holders have the option to convert their convertible loans into the preferred shares of the Company within 12 months from December 31, 2020. Such convertible loans were converted into the preferred shares of our Company in the nine months ended September 30, 2021. As of September 30, 2021, we had preferred shares of US$321.3 million recorded under our non-current financial liabilities at fair value through profit or loss. As all outstanding preferred shares would be automatically converted into ordinary shares of the Company upon the Listing, such conversion will be enough to cover our net liabilities position as of September 30, 2021 of US$140.3 million and we will turn into net assets position.

See "Financial Information – Discussion of Key Items of Consolidated Statements of Financial Position."

Selected Consolidated Cash Flow Statements Data

The following table sets out our cash flows for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Cash used in operating activities before changes in working capital	(13,129)	(18,849)	(12,024)	(34,079)
Changes in working capital	(1,274)	(150)	(104)	(2,832)
Net cash used in operating activities	(14,403)	(18,999)	(12,128)	(36,911)
Net cash from/(used in) investing activities	1,102	8,393	5,015	(3,386)
Net cash from financing activities	11,546	100,368	2,783	110,389
Net (decrease)/increase in cash and cash equivalents	(1,755)	89,762	(4,330)	70,092
Cash and cash equivalents at the beginning of the year/period	11,688	9,949	9,949	103,122
Effect of foreign exchange rate changes	16	3,411	28	1,164
Cash and cash equivalents at the end of the year/period	9,949	103,122	5,647	174,378

See "Financial Information – Liquidity and Capital Resources – Cash Flow."

Since the commencement of our business operation, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows have resulted from our cash used in our operations. We expect to improve our net operating cash outflows position by: (i) reducing cash outflows by taking comprehensive measures to effectively control costs and operating expenses, including engaging and retaining experienced industry experts in our research and development team, advancing our capabilities in product development by expanding our research and development centers, manufacturing facilities and business development offices and investing in our technology and manufacturing processes; (ii) fast-tracking the commercialization of our product candidates by hiring competent marketing and sales personnel to improve our sales, marketing or commercial product distribution capabilities, with the goal to generate revenues from product sales; and (iii) exploring collaboration and licensing opportunities to generate positive cash inflows from upfront payment from our licensing-out arrangement, for example, the licensing-out arrangement with regard to STP702 with Walvax, with the expectation to further improve our cash flow with milestone payment upon achieving the agreed research and development milestones.

In the nine months ended September 30, 2021, our net cash used in operating activities was US$36.9 million, which was primarily attributable to our loss for the period of US$50.0 million, as adjusted by: (i) the add back of non-operating items and non-cash items, primarily comprising changes in fair value of financial liabilities at fair value through profit or loss of US$13.1 million; and (ii) changes in working capital, mainly including an increase in prepayments, deposits and other receivables of US$4.3 million.

In 2020, our net cash used in operating activities was US$19.0 million, which was primarily attributable to our loss for the year of US$46.4 million, as adjusted by: (i) the add back of non-operating items and non-cash items, primarily comprising changes in fair value of financial liabilities at fair value through profit or loss of US$17.6 million, loss on terminating a collaboration agreement of US$7.7 million, share-based payment expense of US$1.0 million, as well as issuance costs of financial liabilities at fair value through profit or loss of US$1.2 million; and (ii) changes in working capital, including a decrease in trade and other payables of US$0.2 million, partially offset by a decrease in prepayments, deposits and other receivables of US$0.09 million.

In 2019, our net cash used in operating activities was US$14.4 million, which was primarily attributable to our loss for the year of US$17.1 million, as adjusted by: (i) the add back of non-operating items and non-cash items, primarily comprising changes in fair value of financial liabilities at fair value through profit or loss of US$2.6 million; and (ii) changes in working capital, primarily including an increase in prepayments, deposits and other receivables of US$0.9 million.

While we had net operating cash outflows and net losses during the Track Record Period, going forward we believe our liquidity requirements will be satisfied by using funds from a

combination of our cash and cash equivalents, unutilized loan facilities, net proceeds from the Global Offering and other funds raised from the capital markets from time to time. As of October 31, 2021, we had unutilized banking facilities of US$8.6 million. Other than the bank borrowings that we have obtained or may obtain, we currently do not have any plans for material external debt financing. Taking into account the above, together with the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, including research and development expenses; (ii) purchase amounts and deposits paid for property and equipment; (iii) repayment of lease liabilities; (iv) purchase of intangible assets; and (v) payment of interests. Assuming that the average cash burn rate going forward of 3.9 times the level in the 21 months ended September 30, 2021, which is primarily based on the difference between the average monthly burn rate in the 21 months ended September 30, 2021 and the prospective burn rate based on the average monthly net cash used in operating activities and capital expenditure in 2022, we estimate that our cash and cash equivalents will be able to maintain our financial viability for approximately 14.9 months or, if we also take into account the estimated net proceeds (based on the low-end of the indicative offer price), approximately 19.8 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development progress.

Key Financial Ratio

The following table sets out our key financial ratio as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	%	%	%
Current ratio[(1)]	765.6	111.7	2,888.5

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that the Global Offering has been completed and 7,540,000 Shares are issued pursuant to the Global Offering.

	Based on an Offer price of HK$65.90 per Share	Based on an Offer price of HK$72.70 per Share
Market capitalization of our Shares[(1)]	HK$5,804 million	HK$6,402 million
Unaudited pro forma adjusted consolidated net tangible assets less liabilities per Share[(2)(3)]	HK$(29.09)	HK$(26.91)

Notes:

(1) The calculation of market capitalization is based on 88,066,780 Shares expected to be in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company per Share is calculated after making the adjustments referred to in "Financial Information – Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets less Liabilities of our Group Attributable to Owners of our Company" and on the 22,419,638 Shares expected to be in issue immediately after completion of the Global Offering.

(3) The effect of the conversion of preferred shares excluding the series seed preferred shares issued by RNAimmune into ordinary shares of the Company (collectively referred to as the "Subsequent Transactions") would have adjusted the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 by US$314,018,000 to unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$230,334,000 based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$236,616,000 based on an Offer Price of HK$72.70 equivalent to US$9.33) per Share and would have increased the total Shares in issue by 52,877,142 Shares to a total of 75,296,780 Shares in issue (which represents the number of issued share capital of 88,066,780 less the 12,770,000 ordinary shares to be issued to a professional trustee which will hold such shares, upon issue before the Listing, on trust under the Pre-IPO Equity Incentive Plan for employees). Had the Subsequent Transactions been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2021 per Share would be US$3.06 (equivalent to HK$23.84) based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and US$3.14 (equivalent to HK$24.49) based on an Offer Price of HK$72.70 (equivalent to US$9.33 per Share, respectively.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive the net proceeds of approximately HK$420.2 million from the Global Offering after deducting the underwriting fees and other estimated expenses in connection with the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$69.30 per Offer Share, being the mid-point of the indicative Offer Price range of HK$65.90 to HK$72.70 per Offer Share in this prospectus.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market condition:

(a) Approximately HK$243.3 million (equivalent to approximately US$31.2 million, representing 57.9% of the net proceeds) will be allocated to fund the development and commercialization of STP705, and specifically:

- Approximately 14.4% of the net proceeds, or HK$60.5 million (equivalent to approximately US$7.8 million), is expected to be used for completing multiple sites of STP705 Phase IIb and Phase III clinical trials for the treatment of isSCC;

- Approximately 6.7% of the net proceeds, or HK$28.1 million (equivalent to approximately US$3.6 million), is expected to be used for conducting other STP705 clinical trials;

- Approximately 16.4% of the net proceeds, or HK$68.9 million (equivalent to approximately US$8.8 million), is expected to be used for completing the CMC and process development for STP705;

- Approximately 14.8% of the net proceeds, or HK$62.4 million (equivalent to approximately US$8.0 million), is expected to be used for operation of pilot plant and construction of commercial product manufacturing facility in Guangzhou. The pilot plant of our Guangzhou facility will be capable of cGMP-compliant manufacturing and will cover formulation, fill and finish, test and release for clinical application;

- Approximately 5.6% of the net proceeds, or HK$23.4 million (equivalent to approximately US$3.0 million), is expected to be used for efforts in sales and marketing of STP705;

(b) Approximately HK$65.7 million (equivalent to approximately US$8.4 million, representing 15.6% of the net proceeds) will be allocated to fund the development of STP707, and specifically:

- Approximately 9.4% of the net proceeds, or HK$39.5 million (equivalent to approximately US$5.1 million), is expected to be used for the preclinical research and development for STP707;

- Approximately 2.6% of the net proceeds, or HK$11.0 million (equivalent to approximately US$1.4 million), is expected to be used for STP707 clinical trials;

- Approximately 3.6% of the net proceeds, or HK$15.2 million (equivalent to approximately US$1.9 million), is expected to be used for completing the CMC and process development for STP707;

(c) Approximately HK$64.5 million (equivalent to approximately US$8.3 million, representing 15.4% of the net proceeds) will be allocated 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, and specifically:

- Approximately 7.3% of the net proceeds, or HK$30.5 million (equivalent to approximately US$3.9 million), is expected to be used for the preclinical research and development for our GalNAc Program;

- Approximately 1.8% of the net proceeds, or HK$7.7 million (equivalent to approximately US$1.0 million), is expected to be used for conducting clinical trials for our GalNAc Program;

- Approximately 6.3% of the net proceeds, or HK$26.3 million (equivalent to approximately US$3.4 million), is expected to be used for completing the CMC and process development for our GalNAc Program;

(d) Approximately HK$30.8 million (equivalent to approximately US$4.0 million, representing 7.3% of the net proceeds) will be allocated to fund the research and development of our other preclinical drug candidates.

(e) Approximately HK$15.9 million (equivalent to approximately US$2.0 million, representing 3.8% of the net proceeds) will be allocated for general corporate and working capital purposes.

DIVIDEND

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. PRC laws require a foreign-invested enterprise to make up for its accumulative losses out of its after-tax profits and allocate at least 10% of its remaining after-tax profits, if any, to fund its statutory reserves until the aggregate amount of its statutory reserves exceeds 50% of its registered capital.

Any amount of dividend we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any

declaration and payment as well as the amount of dividend will be subject to our constitutional documents and the Cayman Companies Act. Subject to the Cayman Companies Act and the Articles of Association, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

Historically, we have not declared or paid any dividend to our Shareholders and there is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

As advised by the Cayman Islands legal advisors to our Company, a Cayman Islands exempted company may pay dividends out of profits, retained earnings or share premium account, subject to the provisions of the company's memorandum and articles of association and provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Our Directors must satisfy their fiduciary duties when the dividends are declared and paid, and are satisfied that our Company will continue to be able to pay its debts as they fall due in the ordinary course of business after the payment of the dividend. According to our Cayman Islands legal advisors, there is no provision under the Cayman Companies Act which expressly prohibits our Company from declaring and paying dividends out of the share premium account where our Company is loss making or is in a net liabilities position.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We incurred listing expenses of US$0.9 million in 2020 and US$5.6 million in the nine months ended September 30, 2021. We expect to incur listing expenses of approximately US$6.6 million (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$69.30 per Offer Share, being the mid-point of the Offer Price range). The listing expenses we incurred in the Track Record Period and expect to incur would consist of approximately US$3.0 million underwriting fees and approximately US$10.1 million non-underwriting fees (including fees and expenses of legal advisor(s) and accountant(s) of approximately US$6.6 million and other fees and expenses of approximately US$3.6 million). Among the total listing expenses which we expect to incur, approximately US$2.8 million is expected to be charged to profit or loss, and approximately US$3.8 million is expected to be capitalized, which will be deducted from equity upon the Listing. Our total listing expenses are estimated to account for 19.6% of the gross proceeds of the Global Offering. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

IMPACT OF THE COVID-19 PANDEMIC

Since the end of December 2019, the COVID-19 pandemic has materially and adversely affected the global economy. Different degrees of travel restrictions have been imposed and our operations may be impacted by potential delays in business activities, commercial transactions and general uncertainties surrounding the duration of the government's extended business and travel restrictions. As of the Latest Practicable Date, the outbreak of COVID-19 has not caused any early termination of our clinical trials or necessitated removal of any enrolled patients. We have employed various measures to mitigate impacts of the COVID-19 outbreak may have on our currently ongoing trials in the U.S. We worked closely with our CROs to monitor the situation and manage the process of our clinical trials. We maintained contact with our patients to ensure that they remain on the trials and that any information they need will be readily available. In addition, we believe the COVID-19 outbreak has not significantly impacted our ability to carry out our obligations under existing contracts or disrupted any supply chains that we rely upon.

Since late July in 2021, there is a recurrence of the COVID-19 pandemic in several provinces in China. Our Directors confirmed that the COVID-19 pandemic did not have any material adverse impact on our business operations and financial performance as of the Latest Practicable Date, primarily because: (i) there had been no material disruption of our ongoing clinical or preclinical trials, including the clinical trials plans of STP705; and (ii) we had not encountered any material supply chain disruption. In particular, we are of the view that the recurrence will not have a material adverse effect on our business operations and financial performance because (i) the PRC government has taken swift and effective counter measures to successfully control the COVID-19 recurrence and mitigate its impact and (ii) the COVID-19 recurrence affected a limited number of regions in China. We cannot foresee when the COVID-19 pandemic will become completely under control or whether COVID-19 will have a material and adverse impact on our business going forward. See "Risk Factors – Risks Relating to Our Operations – We may be subject to disasters, health epidemics such as COVID-19, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations." We are continually monitoring the COVID-19 situation as well as various regulatory and administrative measures adopted by local governments to prevent and control the pandemic. We will continue to monitor and evaluate any impact of the COVID-19 pandemic on us and adjust our precautionary measures according to the latest developments of the pandemic.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGES

Expected Net Loss Increase

We incurred losses during the Track Record Period and expect the losses to increase significantly in 2021, primarily due to our continuous investment in our research and

development activities to expand our development of and seek regulatory approvals for our product candidates, as well as the changes in fair value of financial liabilities at fair value through profit or loss and administrative expenses.

Industry Overview

Alnylam presented positive results of a Phase III clinical trial of Lumasiran in patients with advanced primary hyperoxaluria type 1 in November 2021, and presented positive results from Helios-A phase III study of Vutrisiran in patients with hATTR Amyloidosis with Polyneuropathy in October 2021. In September 2021, Alnylam submitted a marketing authorization application to the European Medicines Agency for investigational Vutrisiran for the treatment of hereditary ATTR amyloidosis with polyneuropathy. Dicerna initiated a Phase I clinical trial to assess DCR-AUD for the treatment of alcohol use disorder (AUD) in September 2021. The company also announced positive top-line results from PHYOX™2 pivotal clinical trial of Nedosiran for the treatment of primary hyperoxaluria (PH) in August 2021. In November 2021, Dicerna announced it had entered into a definitive agreement with Novo Nordisk under which Novo Nordisk will acquire Dicerna. Arrowhead announced in October 2021 that it has filed an application for clearance to begin a Phase I/IIa clinical trial of ARO-C3, and the company initiated Phase IIb clinical trial of ARO-APOC3 for Treatment of Mixed Dyslipidemia in September 2021. Arrowhead received breakthrough therapy designation from U.S. FDA for ARO-AAT for the treatment of Alpha-1 antitrypsin deficiency associated liver disease in July 2021.

No Material Adverse Changes

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since September 30, 2021, being the end date of the periods reported on in Appendix I to this prospectus, and there has been no event since September 30, 2021 that would materially affect the information as set out in Appendix I to this prospectus.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in the section headed "Risk Factors" in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- Our business and financial prospects depend substantially on the success of our clinical-stage and preclinical-stage drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business and competitive position could be materially and adversely affected.

- If we are unable to obtain and maintain patent and other intellectual property protection for our drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected.

- Clinical drug development involves a costly and time-consuming process with an uncertain outcome, and we may encounter unexpected difficulties executing our clinical trials. Results of earlier studies and trials may not be predictive of future trial results.

- If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

- We incurred net losses during the Track Record Period and anticipate that we will continue to incur net losses for the foreseeable future.

- We had net cash outflow from operating activities since our inception. Even if we consummate the Global Offering, we may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our major drug candidates.

See "Risk Factors."

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in "Glossary of Technical Terms" in this prospectus.

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Articles" / "Articles of Association"	the amended and restated articles of association of our Company, conditionally adopted on December 6, 2021 with effect from the Listing Date, and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"Cayman Companies Act" / "Companies Act"	the Companies Act (As Revised) of the Cayman Islands, Cap. 22 (Law 3 of 1961), as amended, supplemented or otherwise modified from time to time
"CCASS"	Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China", "mainland China" or the "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only, except where the context requires, references in this prospectus to "China", "mainland China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Code"	the U.S. Internal Revenue Code of 1986, as amended
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Sirnaomics Ltd., an exempted company incorporated in the Cayman Islands with limited liability on October 15, 2020, and, except where the context indicated otherwise, all of its subsidiaries, or with respect to the period before our Company became the holding company of our current subsidiaries, the business operated by our present subsidiaries or their predecessors (as the case may be)
"Compliance Adviser"	Opus Capital Limited
"connected persons(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"core product"	STP705, the designated "core product" as defined under Chapter 18A of Listing Rules
"Director(s)"	the director(s) of our Company
"Dr. Lu"	Dr. Yang Lu (alias Patrick Lu) (陸陽), our founder, chairman of Board, president and chief executive officer, also being the single largest shareholder of the Company
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"FDA"	U.S. Food and Drug Administration

"Global Offering"	the Hong Kong Public Offering and the International Offering
"GREEN Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider designated by our Company
"Group", "our Group", "the Group", "we", "us" or "our"	the Company, its subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangzhou RNAimmune"	RNAimmune Vaccine (Guangzhou) Co., Ltd. (達冕疫苗（廣州）有限公司)， a company incorporated under the laws of the PRC on January 28, 2021 with limited liability, an wholly-owned subsidiary of RNAimmune
"Guangzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Guangzhou) Co., Ltd. (聖諾生物醫藥技術(廣州)有限公司), a company incorporated under the laws of the PRC on May 8, 2012 with limited liability, an indirect wholly-owned subsidiary of the Company and formerly known as Guangzhou Nanotides Pharmaceuticals Co. Ltd. (廣州納泰生物醫藥技術有限公司)
"Guangzhou Xiangxue"	Xiangxue Pharmaceutical Co., Ltd. (廣州市香雪製藥股份有限公司), a company listed in Shenzhen Stock Exchange (stock code: 300147), one of our Pre-IPO Investors and an Independent Third Party
"HKFRS"	the Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars", "HK dollars", "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong Offer Shares"	the 754,000 Shares initially being offered for subscription in the Hong Kong Public Offering (subject to adjustment as described in the section headed "Structure of the Global Offering")
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting – Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 17, 2021 relating to the Hong Kong Public Offering and entered into by, among others, our Company, the Sole Sponsor, the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Hong Kong Underwriters, as further described in section headed "Underwriting" in this prospectus
"Hongtao Investment"	Hongtao Jiaxuan Equity Investment Partnership (佛山弘陶佳選股權投資合夥企業（有限合夥）), Foshan Hongtao Zhuoxuan Equity Investment Partnership (佛山弘陶卓選股權投資合夥企業（有限合夥）) and Foshan Hongtao Boxuan Equity Investment Partnership (LP) (佛山弘陶博選股權投資合夥企業(有限合夥)), all of which are Pre-IPO Investors of the Company
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of the Company
"Innovent"	Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥（蘇州）有限公司), one of our collaborators and an Independent Third Party
"International Offer Shares"	the 6,786,000 Shares being initially offered for subscription at the Offer Price under the International

	Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment as described under the section headed "Structure of the Global Offering"
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering"
"International Underwriters"	the group of underwriters that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, the Sole Sponsor, the Joint Representatives (for themselves and on behalf of the International Underwriters) and the International Underwriters on or about the Price Determination Date, as further described in the section headed "Underwriting"
"IRS"	the U.S. Internal Revenue Service
"Joint Bookrunners"	China International Capital Corporation Hong Kong Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, Nomura International (Hong Kong) Limited, China Merchants Securities (HK) Co., Limited, China PA Securities (Hong Kong) Company Limited, Alpha Win Capital Limited and Valuable Capital Limited
"Joint Global Coordinators"	China International Capital Corporation Hong Kong Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, Nomura International (Hong Kong) Limited, China Merchants Securities (HK) Co., Limited and China PA Securities (Hong Kong) Company Limited
"Joint Representatives"	China International Capital Corporation Hong Kong Securities Limited and Nomura International (Hong Kong) Limited

"Latest Practicable Date"	December 10, 2021, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on or about December 30, 2021 on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), jointly issued by the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAIC, the China Securities Regulatory Commission, and the SAFE on August 8, 2006 and amended by the MOFCOM on June 22, 2009
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company (as amended from time to time), conditionally adopted on December 6, 2021, with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部)
"NDRC"	National Development and Reform Commission of the PRC (中國國家發展與改革委員會)

"NHC," or formerly known as "NHFPC"	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), and formerly known as National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會)
"NHSA"	National Healthcare Security Administration (國家醫療保障局)
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$72.70 and expected to be not less than HK$65.90
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, being the Shares of the Company, together, where relevant, with any additional Shares to be issued by the Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 1,131,000 additional Shares at the Offer Price to, inter alia, cover over-allocations in the International Offering, if any, detailed in "Structure of the Global Offering – Over-Allotment Option" in the prospectus
"PRC Legal Advisors"	Commerce & Finance Law Offices, the PRC legal advisors to our Company
"Pre-IPO Equity Incentive Plan"	the pre-IPO equity incentive plan was adopted on January 21, 2021 to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the Company.
"Pre-IPO Investment(s)"	the investment(s) in our Company undertaken by the Pre-IPO Investors prior to this Global Offering, the details of which are set out in "History, Reorganization and Corporate Structure"

"Pre-IPO Investor(s)"	the Series A Preferred Shareholders, Series B Preferred Shareholders, Series C Preferred Shareholders, Series D Preferred Shareholders and Series E Preferred Shareholders
"Price Determination Date"	the date, expected to be on or about December 23, 2021 (Hong Kong time), when the Offer Price is determined and, in any event, no later than December 27, 2021
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Reorganization"	the onshore reorganization as set out in "History, Reorganization and Corporate Structure – Corporate Reorganization"
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RNAimmune"	RNAimmune, Inc., a company incorporated under the laws of Delaware, U.S. on May 5, 2016, a controlled subsidiary of the Company
"RNAimmune Group"	RNAimmune and its subsidiaries
"RNAimmune Share Award Plan"	the share award plan was adopted on March 8, 2020 by RNAimmune to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the RNAimmune Group
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAFE Circular 37"	the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), issued by the SAFE with effect from July 4, 2014

"SAMR"	State Administration for Market Regulation of the PRC (國家市場監督管理總局)
"Sangel Investment"	Jiangsu Jiequan Sangel Biomedical Venture Capital (Limited Partnership) (江蘇聿泉仙瞳生物醫療創業投資合夥企業(有限合夥)), Shenzhen Sangel Biomedical Equity Investment Fund (Limited Partnership) (深圳仙瞳生物醫療股權投資基金合夥企業(有限合夥)) and Shenzhen Star Sangel Venture Capital Partnership (深圳星瞳創業投資合夥企業（有限合夥)), all of which are Pre-IPO Investors of the Company
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Series A Preferred Shareholder(s)"	the holder(s) of Series A Preferred Shares as detailed in "History, Reorganization and Corporate Structure"
"Series A Preferred Shares"	the series A preferred shares in the share capital of our Company with a par value of US$0.001 each
"Series B Preferred Shareholder(s)"	the holder(s) of Series B Preferred Shares as detailed in "History, Reorganization and Corporate Structure"
"Series B Preferred Shares"	the series B preferred shares in the share capital of our Company with a par value of US$0.001 each
"Series C Preferred Shareholder(s)"	the holder(s) of Series C Preferred Shares as detailed in "History, Reorganization and Corporate Structure"
"Series C Preferred Shares"	the series C preferred shares in the share capital of our Company with a par value of US$0.001 each
"Series D Preferred Shareholder(s)"	the holder(s) of Series D Preferred Shares as detailed in "History, Reorganization and Corporate Structure"
"Series D Preferred Shares"	the series D preferred shares in the share capital of our Company with a par value of US$0.001 each
"Series E Preferred Shareholder(s)"	the holder(s) of Series E Preferred Shares as detailed in "History, Reorganization and Corporate Structure"
"Series E Preferred Shares"	the series E preferred shares in the share capital of our Company with a par value of US$0.001 each

"SFC"	The Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Junshi"	Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司), one of our collaborators and an Independent Third Party
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.001 each
"Shareholder(s)"	holder(s) of our Shares
"Sole Sponsor"	China International Capital Corporation Hong Kong Securities Limited
"State Council"	the PRC State Council (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	has the meaning ascribed to it under the Listing Rules
"Suzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd. (聖諾生物醫藥技術(蘇州)有限公司), a company incorporated under the laws of the PRC on March 10, 2008 with limited liability, an indirect wholly-owned subsidiary of the Company and formerly know as Suzhou Sirnaomics Biopharmaceuticals Co., Ltd. (蘇州聖諾生物醫藥技術有限公司)
"Track Record Period"	the period consisting of the two years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021
"U.S. dollars", "USD" or "US$"	U.S. dollars, the lawful currency of the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder

"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "U.S." or "US"	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
"VAT"	the PRC value-added tax
"Walvax"	Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), one of our collaborators and an Independent Third Party
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider, www.eipo.com.hk
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"%"	per centum

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this prospectus are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains explanations of certain technical terms used in this prospectus in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"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
"AK"	Actinic keratosis, a rough, scaly patch on the skin that develops from years of sun exposure. It's often found on the face, lips, ears, forearms, scalp, neck or back of the hands.
"ALT"	Alanine transaminase, generally the most useful enzyme for identifying the presence of hepatocellular damage.
"anticoagulant therapy"	the therapeutic use of anticoagulants to discourage formation of blood clots within a blood vessel.
"AR"	adverse reaction, any unexpected or dangerous reaction to a drug
"ASGPR"	asialoglycoprotein receptor
"ASO"	Antisense oligonucleotide, a single-stranded oligonucleotide, which contains a stretch of deoxynucleotides and is complementary to the mRNA target.
"AST"	Aspartate transaminase, an enzyme catalyzing the reversible transfer of an amine group from L-glutamate to oxaloacetate, forming α-ketoglutarate and L-aspartate.
"A431 xenograft mouse tumor model"	a model to test EGF-receptor antagonists.
"basal cell carcinoma (BCC)"	a type of nonmelanoma skin cancer.
"basket study"	involves a single investigational drug or drug combination that is studies across multiple populations defined by

	disease stage, histology, number of prior therapies, genetic or other biomarkers, or demographic characteristics.
"Bcl-2"	B-cell lymphoma 2 is a cellular protein that inhibits apoptosis.
"biopharmaceutical"	medical drugs produced using biotechnology
"CAGR"	compound annual growth rate
"cardiometabolic diseases"	include cardiovascular diseases, such as heart attack, stroke, angina and other disorders of the vascular system, as well as insulin resistance, diabetes and non-alcoholic fatty liver disease. High triglyceride, high low density lipoprotein (LDL) cholesterol, low high density lipoprotein (HDL) cholesterol and elevated blood pressure levels are all risk factors for cardiometabolic diseases
"cardiovascular thrombosis"	the formation of a blood clot inside a blood vessel of the heart.
"CC14"	Chemokine (C-C motif) ligands 4
"CD4"	Cluster of differentiation 4 is a membrane glycoprotein and a member of the immunoglobulin supergene family and a co-receptor in MHC class II-restricted T-cell activation.
"CD8"	Cluster of differentiation 8 is a cell surface glycoprotein and a member of the immunoglobulin supergene family that is involved in the mediation of cell–cell interactions within the immune system.
"CDMO"	contract development and manufacturing organization, a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"CDX models"	cell-line derived xenograft models, which involves implanting in vitro cultured human cell lines into immunodeficient mice to determine efficacy of oncology therapeutic candidate

"cellular uptake"	one of the most important processes regulating the biological activity of molecules, and it is determined by the interactions between the molecule and the plasma membrane
"cholangiocarcinoma (CCA)"	Cholangiocarcinoma is 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
"class 1.1 drug"	a type of drug which is not marketed in China and overseas, synthesis or semi-synthesis method is used in its drug substance and preparation
"clinical clearance"	removal of a substance from the blood, can be cancer cells
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"CMO"	contract manufacturing organization, a company that specializes in manufacturing drug products for pharmaceutical companies on a contract basis
"c-Myc"	multifunctional transcription factor which drives the multiple synthetic functions necessary for rapid cell division while at the same time inhibiting expression of genes with antiproliferative functions.
"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
"Collagen 1"	Type I collagen is a fibrillar type collagen
"Collagen 3"	Type III collagen is a fibrillar forming collagen comprising three α1(III) chains and is expressed in early embryos and throughout embryogenesis.
"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 is an infectious disease
"COX-2"	Cyclooxygenase-2 is a membrane-bound, short-living, and rate-limiting enzyme
"CRC"	colorectal cancer
"CRO"	contract research organization, a pharmaceutical company that conducts research for other pharmaceutical companies on a contractual basis
"cryotherapy"	Cryotherapy is the technique of precise freezing and thawing of undesirable tissue, resulting in cell death and regression
"CT"	computerized tomography
"cutaneous squamous cell carcinoma (cSCC)"	cutaneous squamous-cell skin cancer is a common form of skin cancer that develops in the squamous cells that make up the middle and outer layers of the skin
"cytokine"	Cytokine is a category of small proteins (~5–20 kDa) important in cell signaling
"DDP-treatment"	Dyadic developmental psychotherapy is a treatment based on principles of attachment and intersubjectivity that is designed to enable traumatized children to trust their therapist and caregiver in order to turn to them for comfort and support
"delivery platform"	The platform is used for the delivery of drugs to target sites of pharmacological actions
"diagnostic drift"	Diagnostic drift is used to indicate either over-treatment due to over-diagnosis or to indicate extra-treatment with an intervention
"ECM"	extracellular matrix
"EGFR"	epidermal growth factor receptor
"endosomal escape"	escaping from being hindered by entrapment and subsequent degradation in acidic compartments of the endo/lysosomal pathway

"EOT"	end of treatment
"ERKs"	Extracellular signal-regulated kinase is a member of the mitogen-activated protein kinase family that is involved in both vasoconstriction and vascular smooth muscle cell growth and this, therefore, makes it attractive therapeutic target for treatment of hypertension
"first line therapy"	the first line therapy is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment
"GalNAc"	N-Acetylgalactosamine, GalNAc is 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 is 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"	a system for ensuring that products re 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
"hepatitis B"	The hepatitis B virus is a DNA virus that is transmitted parenterally, or by intimate, often sexual, contact
"hepatocellular carcinoma (HCC)"	Hepatocellular carcinoma is a type of primary liver cancer
"histidine-lysine peptide (HKP)"	Histidine-lysine peptides can be as carriers of nucleic acids

"HNSCC"	head and neck squamous cell carcinoma
"HPV"	Human papillomavirus
"HTS"	hypertrophic scar is a thickened, wide, often raised scar that develops where skin is injured
"HuCCt"	human cholangiocarcinoma tumors cells
"HuCCt-1"	human cholangiocarcinoma cell line
"IC50"	half maximal inhibitory concentration
"IHC"	immunohistochemistry, the most common application of immunostaining. It involves the process of selectively identifying antigens in cells of a tissue section by exploiting the principle of antibodies binding specifically to antigens in biological tissues
"IL-6"	Interleukin 6, is an interleukin that acts as both a pro-inflammatory cytokine and an anti-inflammatory myokine.
"immune checkpoint inhibitors"	A type of drug that blocks proteins called checkpoints that are made by some types of immune system cells, such as T cells, and some cancer cells
"immune-escape"	Immune escape is a strategy used by pathogenic organisms and tumors to evade a host's immune response to maximize their probability of being transmitted to a fresh host or to continue growing, respectively
"immunogenicity"	Immunogenicity is defined as the ability of cells/tissues to provoke an immune response and is generally considered to be an undesirable physiological response
"in vitro"	Latin for "within the glass", studies using components of an organism that have 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 in China or the U.S
"isSCC"	squamous cell carcinoma in situ
"JNK"	c-Jun N-terminal kinase is an intracellular protein kinase that transmits rapidly and efficiently various types of signals originating from outside of a cell in the process called signal transduction
"KOL"	Key Opinion Leader; a trusted, well-respected influencer with proven experience and expertise in a particular field
"lipid nanoparticle (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)
"LSRs"	local skin responses
"MCC"	Merkel cell carcinoma
"Mcl-1"	Myeloid cell leukemia sequence 1 (Mcl-1) is an anti-apoptotic member of the Bcl-2 family
"MDA-MB-231"	MDA-MB-231 is a highly aggressive, invasive and poorly differentiated triple-negative breast cancer cell line.
"messenger RNA (mRNA)"	Messenger RNA is 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

"mitogen-activated protein (MAP)"	Microfluidics is the science and technology of systems that process or manipulate small amounts of fluidics (10-9 to 10-18L), using channels measuring from tens to hundreds of micrometers
"MNCs"	multi-national corporations
"monoclonal antibody drugs"	monoclonal antibody drugs are biological drugs
"multi-regional clinical trial (MRCT)"	clinical trials across multiple regions of the world
"nanoparticles"	A nanoparticle is a small particle that ranges between 1 to 100 nanometres in size
"NASH"	Nonalcoholic steatohepatitis is liver inflammation and damage caused by a buildup of fat in the liver
"NOAEL"	no observed adverse effect level
"non-small cell lung cancer (NSCLC)"	non-small cell lung cancer is as any type of epithelial lung cancer other than small cell lung cancer
"NRP1"	Neuropilin-1 is a transmembrane glycoprotein that regulates axon guidance and angiogenesis.
"Orphan Drug Designations"	The Orphan Drug Designation is a legal procedure that allows for the designation of a medicinal substance with therapeutic potential for a rare disease, in order to facilitate the development and authorization of medicine of rare diseases
"p38"	p38 mitogen-activated protein kinases are a class of mitogen-activated protein kinases that are responsive to stress stimuli, such as cytokines, ultraviolet irradiation, heat shock, and osmotic shock, and are involved in cell differentiation, apoptosis and autophagy
"PCSK9"	Proprotein convertase subtilisin/kexin type 9 is 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"	Pharmacodynamics is the study of the biochemical, physiologic, and molecular effects of drugs on the body and involves receptor binding (including receptor sensitivity), postreceptor effects, and chemical interactions
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages
"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
"Peptide Docking Vehicle (PDoV)"	a linker which contains a therapeutic compound, such as an siRNA molecule, and a targeting ligand
"peptide-drug conjugates"	an emerging class of prodrugs, formed through the covalent attachment of a specific peptide sequence to a drug via a cleavable linker
"Phase I clinical trials"	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"	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"	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"	Phase IIa clinical trials are usually pilot studies designed to demonstrate clinical efficacy or biological activity
"Phase IIb clinical trials"	Phase IIb clinical trials determine the optimal dose at which the drug shows biological activity with minimal side-effects

"Phase III clinical trials"	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
"photodynamic therapy"	Photodynamic therapy is a two-stage treatment that combines light energy with a drug designed to destroy cancerous and precancerous cells after light activation
"PI3 K/AKT"	PI3K-Akt is an intracellular signal transduction pathway that promotes metabolism, proliferation, cell survival, growth and angiogenesis in response to extracellular signals
"PK"	Pharmacokinetic, a measurement of how fast and how completely the drug is absorbed into animal or human body, and the distribution, metabolism, and excretion of drugs in animal or human body
"polypeptide-lipid nanoparticle (PLNP)"	a proprietary polypeptide nanoparticle combined with LNP
"polypeptide nanoparticle (PNP)"	Polypeptide nanoparticle is composed of a branched Histidine Lysine polymer
"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
"primary sclerosing cholangitis (PSC)"	Primary sclerosing cholangitis is a chronic, or long-term, disease that slowly damages the bile ducts
"Prostaglandin E2 (PGE2)"	Prostaglandin E2 is a naturally occurring prostaglandin with oxytocic properties that is used as a medication.
"PTGs"	Post-transcriptional Gene Silencing
"RISC"	RNA-induced silencing complex is a multiprotein complex, specifically a ribonucleoprotein, which functions in gene silencing via a variety of pathways at the transcriptional and translational levels

"RNA"	Ribonucleic acid is a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes
"RNAi"	RNA interference is 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
"SARS-CoV-2 virus"	Severe acute respiratory syndrome coronavirus 2 that causes a respiratory disease called coronavirus disease 19. SARS-CoV-2 is a member of a large family of viruses called coronaviruses
"second line therapy"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately
"sequence of nucleotide"	a succession of bases signified by a series of a set of five different letters that indicate the order of nucleotides forming alleles within a DNA or RNA molecule
"Smad"	Smads comprise a family of structurally similar proteins that are the main signal transducers for receptors of the transforming growth factor beta superfamily, which are critically important for regulating cell development and growth
"small interfering RNA (siRNA)"	Small interference RNA are 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

"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies having adequate infrastructure and staff to meet the requirements of the clinical trial protocol
"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
"Sophisticated Investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange
"squamous cell carcinoma (SCC)"	Squamous cell carcinoma is an uncontrolled growth of abnormal cells arising from the squamous cells in the epidermis, the skins outermost layer
"standard of care"	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals
"TBIL"	Total bilirubin is a combination of direct and indirect bilirubin.
"TβRI/ TGF-β1"	Transforming growth factor beta 1 or TGF-β1 is a polypeptide member of the transforming growth factor beta superfamily of cytokines, which activates Smad and non-Smad signaling pathways
"TβRII"	Transforming growth factor-beta 2 is a secreted protein known as a cytokine that performs many cellular functions and has a vital role during embryonic development
"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
"TEAEs"	Treatment emergent adverse events are undesirable events not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following the treatment
"TLR9"	Toll-like receptor 9 is a protein that in humans is encoded by the TLR9 gene

"α-SMA"	α-Smooth muscle actin is used as a marker for a subset of activated fibrogenic cells, myofibroblasts, which are regarded as important effector cells of tissue fibrogenesis

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- various business opportunities that we may pursue; and
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the mainland China and Hong Kong and the industry and markets in which we operate.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours, which may cause you to lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements" in this prospectus.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR DRUG CANDIDATES

Our business and financial prospects depend substantially on the success of our clinical-stage and preclinical-stage drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business and competitive position could be materially and adversely affected.

Our business and financial prospects depend substantially on our ability to complete the development of our drug candidates, obtain requisite regulatory approvals and successfully manufacture and commercialize our drug candidates. We have invested a significant portion of our efforts and financial resources in the development of our existing drug candidates, and expect to incur substantial and increasing expenditures for the development and commercialization of our drug candidates in the future.

The success of our drug candidates will depend on a number of factors, including:

- favorable safety and efficacy data from our preclinical studies and clinical trials;
- sufficient resources to acquire or discover additional drug candidates and successful identification of potential drug candidates based on our research or business development methodology or search criteria and process;
- successful enrollment of patients in, and completion of, clinical trials as well as completion of preclinical studies;

- sufficient supplies of drug products that are either used in combination or in comparison with our drug candidates in clinical trials;
- the performance by CROs or other third parties we engage to conduct clinical trials and their compliance with our protocols and applicable laws without damaging or compromising integrity of the resulting data;
- the capabilities and competence of our collaborators;
- receipt of regulatory approvals;
- commercial manufacturing capabilities;
- successful launch of commercial sales of our drug candidates, if and when approved;
- the obtaining and maintenance of favorable reimbursement from third-party payers for drugs, if and when approved;
- competition with other drug candidates and drugs;
- the obtaining, maintenance and enforcement of patents, trademarks, trade secrets and other intellectual property protections and regulatory exclusivity for our drug candidates;
- 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
- the continued acceptable safety profile of our drug candidates following regulatory approval.

Some of our drug candidates represent a novel approach to therapeutic needs compared with more commonly used medical methods, and therefore carry inherent development risks that could result in delays and cost overruns in clinical development, regulatory approvals or commercialization. Any modification to the protocols related to the demonstration of safety or efficacy of our drug candidates may delay the clinical program, regulatory approvals or commercialization, and we may be required to supplement, modify, or withdraw and refile our applications for regulatory approvals. In addition, potential patients and their doctors may be inclined to use conventional standard-of-care treatments rather than any novel approach. Given the novelty of our drug candidates, a substantial amount of education and training may need to be provided to patients and medical personnel. This may have a material adverse effect on potential revenue generated from our drug candidates, which in turn may materially and adversely affect our competitive position, business, financial condition and results of operations.

As of the Latest Practicable Date, all of our existing drug candidates were in various phases of preclinical and clinical development. If we do not achieve one or more of the aforementioned factors as expected, in a timely manner or at all, we could experience significant delays or difficulties in obtaining approvals for and commercializing our drug candidates, which would have a material adverse effect on our business, financial condition and results of operations.

Clinical drug development involves a costly and time-consuming process with an uncertain outcome, and we may encounter unexpected difficulties executing our clinical trials. Results of earlier studies and trials may not be predictive of future trial results.

Clinical trials are capital-intensive and may demand years of effort to complete, while their outcomes are inherently uncertain and may not be favorable. We may encounter unexpected difficulties during our clinical trials, such as delays in regulatory approvals, complexities of analytical testing technology, shortages of material supplies and outbreaks of epidemics, which may result in changes to our current clinical development plans. Failure can occur at any time or stage during the clinical trial process, which would result in a material and adverse effect on our business, financial condition and results of operations.

The results of preclinical studies and early clinical trials may not be predictive of the success of later-phase clinical trials, and favorable initial or interim results of a clinical trial do not necessarily indicate the success of final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. It is common that various aspects of the development programs, such as manufacturing and formulation, are altered along the entire research and development stage in an effort to optimize processes and results, and there can be no assurance that such alterations would help achieve the intended objectives.

There may be significant variability in safety or efficacy results among different trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in size and demographics of the enrolled patients (such as genetic differences and patient adherence to the dosage regimen) and the dropout rate among enrolled patients in clinical trials. Differences in the number of clinical trial sites and countries involved may also lead to variability between earlier and later-phase clinical trials. Therefore, the results of planned clinical trials or other future clinical trials could be significantly different and other than as predicted, which could result in delays in the completion of clinical trials, regulatory approvals and commencement of commercialization of our drug candidates.

If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

RNA therapeutics are considered as emerging and relatively novel therapeutics. Their mechanisms of action have yet to be thoroughly understood, and AEs or side effects have been observed in preclinical studies and clinical trials in connection with their usage in patients with cancers.

Before obtaining regulatory approvals for the commercialization of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. If the results of the clinical trials of our drug candidates are not positive or only modestly positive for proposed indications, or if they raise safety concerns, any or some of the following would occur:

- Regulatory approvals for our drug candidates would be delayed or denied.
- We may be required to conduct additional clinical trials or other testing of our drug candidates beyond our current development plan.
- We may be required to add labeling statements, such as a "boxed" warning or a contraindication.
- We may be required to create a medication guide outlining the risks of the side effects for distribution to patients.
- We may be required to implement a risk evaluation and mitigation strategy program, including medication guides, doctor communication plans and other risk management tools with restricted distribution methods and patient registries.
- We may not be able to obtain regulatory approvals for all the proposed indications as intended.
- We may be subject to restrictions on how the drug is distributed or used.
- We may be sued or held liable for injury caused to individuals exposed to or taking our drug candidates.
- We may be unable to obtain reimbursement for use of the drug.
- Conditional regulatory approval of our drug candidates may require us to conduct confirmatory studies to verify the predicted clinical benefit and additional safety studies. The results from such studies may not support the clinical benefit, which would result in the approval being withdrawn.

Having expended a significant amount of capital to progress our drug candidates, if such drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in future clinical trials, we would not be able to realize any revenue on such drug candidates if they then or ultimately fail to receive regulatory approvals due to unsatisfactory clinical trial results, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

If we encounter difficulties in enrolling patients for our clinical trials, our clinical development activities could be delayed or otherwise materially and adversely affected.

The successful and timely completion of clinical trials in accordance with their protocols depends on, among others, our ability to enroll a sufficient number of patients who opt to participate and remain in the clinical trials until the end of the trial. We may experience difficulties in patient enrollment for our clinical trials for a variety of reasons, including:

- the design of the trial;
- the size and demographics of the patient population;
- the size of the study population required for analysis of the trial's primary endpoints;
- the patient eligibility criteria defined in the protocol;
- our ability to obtain and maintain patient consents;
- patients' and clinicians' perceptions of the potential advantages and side effects of the drug candidate being studied compared with other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating;
- the availability of approved therapies that are similar in mechanism to our drug candidates;
- the outbreak of epidemics or pandemics, such as COVID-19. See "– We may be subject to disasters, health epidemics such as COVID-19, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations";
- the proximity of patients to trial sites; and
- our ability to recruit clinical trial investigators with the appropriate competencies and experience.

In addition, our clinical trials may compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead choose to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct certain clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of our planned clinical trials, thereby hindering the completion of these trials and adversely affecting our ability to advance the development of our drug candidates.

We may not be able to enhance our proprietary delivery platforms or develop new delivery platforms as expected to advance the development of innovative therapeutic modalities.

Our goal is to unlock the full potential of RNA therapeutics to silence gene targets by improving on and moving beyond the successes of conventional GalNAc RNAi delivery platforms to hepatocytes in the liver, in order to specifically reach a broader range of tissue and cell types. However, we may not be able to continually enhance our proprietary delivery platforms or develop new delivery platforms as expected. As a result, we may not be able to further expand the reach of our product pipeline and enhance the efficacy of our product candidates as expected, which may materially and adversely affect our business, results of operations and prospects.

We may be unable to identify, discover, develop or in-license new drug candidates, or to identify additional therapeutic opportunities for our drug candidates, to expand or maintain our product pipeline.

Although we mainly focus on the continued clinical testing, potential approvals and commercialization of our existing product candidates, the success of our business depends in part upon our ability to identify, discover, develop or in-license additional product candidates. There can be no assurance that we will be successful in identifying potential drug candidates. Drug candidates that we identify may be shown to have side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approvals. Some drug candidates may be technically challenging to develop and manufacture. We have also pursued collaboration with third parties in the discovery and development of potential drug candidates. We have a strong track record of collaboration with biopharmaceutical and biotechnology companies as well as academic research institutions in China and the U.S. We are collaborating with Innovent and Shanghai Junshi on the development of combination therapies using STP705 and immune checkpoint inhibitors. We entered an agreement with Walvax to co-develop anti-influenza therapeutics, which includes an out-license for certain rights in mainland China, Hong Kong, Macau and Taiwan. However, there can be no assurance that such collaboration will be able to deliver the expected results.

Research programs to pursue the development of our drug candidates for additional indications and to identify new drug candidates and drug targets require substantial technical, financial and human resources. Our research programs may show promising results in identifying potential indications and/or drug candidates at an initial stage yet fail to yield favorable results for clinical development.

We may fail to identify, discover, develop or in-license new drug candidates for clinical development and commercialization for a number of reasons, including the following:

- the research methodology used may not be effective in identifying potential indications or new drug candidates;
- potential drug candidates may be shown to have adverse effects or other characteristics that indicate they are unlikely to achieve the safety and efficacy desired; or
- we may need to invest greater resources in identifying additional therapeutic opportunities for our drug candidates or developing suitable potential drug candidates, which would limit our ability to diversify and expand our drug portfolio.

Therefore, we may not be able to identify new drug candidates or additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs. We may invest efforts and resources in potential drug candidates or other potential programs that ultimately prove to be unsuccessful. Any of the foregoing events will have a material adverse effect on our business, results of operations and prospects.

RISKS RELATING TO REGULATORY APPROVALS AND GOVERNMENT REGULATIONS

All material aspects of the research, development and commercialization of biopharmaceutical products are heavily regulated, and the approval process is usually lengthy, costly and unpredictable. Any failure to comply with existing or future regulations and industry standards or any adverse actions by drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

The development and commercialization of drug candidates are heavily regulated in various jurisdictions. Although we focus on expanding our business in both the PRC and the U.S., we also seek to pursue opportunities in other jurisdictions. Authorities in various jurisdictions regulate strictly the development, approval, manufacturing, marketing, sales and distribution of biopharmaceutical products. Should we expand our business into these jurisdictions, we will face costly and time-consuming compliance burdens.

The process of obtaining regulatory approvals and maintaining compliance with applicable laws and regulations may be time-consuming and costly. Failure to comply with the

applicable laws and regulations at any time or stage before or after receiving requisite regulatory approvals may lead to administrative penalties or judicial sanctions upon an applicant. Such penalties and sanctions may include, among others, refusal to approve pending applications, withdrawal of an approval, revocation of a license, a hold on clinical trials, voluntary or mandatory recalls of products, the seizure of products, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, and disgorgement of profits. Any of the foregoing events could materially and adversely affect our business, financial condition, results of operations and prospects.

The regulatory approval processes of the NMPA, the FDA and other comparable regulatory authorities are time-consuming and unpredictable. If we are unable to obtain without undue delay any regulatory approvals for our drug candidates in our targeted markets, our business may be subject to actual or perceived harm.

We are subject to risks associated with obtaining regulatory approvals. Granting, and the time in granting, regulatory approvals by the NMPA, the FDA and other comparable regulatory authorities are subject to various factors that are generally not within our control. It generally takes years to obtain regulatory approvals following the commencement of preclinical studies and clinical trials. In addition, regulations, approval policies and requirements for clinical data may change during the clinical development process of a drug candidate and may vary among jurisdictions. There can be no assurance that we will be able to obtain regulatory approvals for our existing drug candidates or any drug candidates we may identify, discover, develop or in-license in the future.

We may fail to receive the regulatory approvals from the NMPA, the FDA or other comparable regulatory authorities for our drug candidates due to a number of reasons, including:

- disagreement in the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective for its proposed indication;
- failure of our clinical trial results to meet the level of statistical significance required for approvals;
- failure of our clinical trial process to meet GCP requirements;
- failure to demonstrate that a drug candidate's efficiency and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;

- insufficient data collected from the clinical trials of our drug candidates to support the NDA, or other submissions or regulatory approvals;

- changes in regulations or approval policies that render our preclinical and clinical data insufficient for approval;

- failure of our manufacturing facilities or those of third-party contract manufacturers to pass GMP inspections during the regulatory review process or across the production cycle of our drug;

- failure of our clinical sites to pass audits carried out by the NMPA, the FDA or other comparable regulatory authorities, resulting in a potential invalidation of our research data;

- findings by the NMPA, the FDA or other comparable regulatory authorities of deficiencies related to our manufacturing processes or the manufacturing facilities of third-party manufacturers from whom we procure clinical and commercial supplies; and

- failure of our clinical trial process to keep abreast with any scientific or technological advancements required by regulations or approval policies.

The NMPA, the FDA or other comparable regulatory authorities may require more information to support approval, including additional preclinical, clinical or CMC data, which may result in either a delay in regulatory approval, therefore delaying our commercialization plans, or in the denial of regulatory approval. In the case where an approval is issued, regulatory authorities may approve fewer indications, including undesired indications, of our drug candidates than the indications we applied for, or grant approvals contingent on the performance of post-marketing clinical trials.

Failure to obtain regulatory approvals as expected in a timely and cost-effective manner, or at all, or failure to obtain regulatory approvals with an ideal scope of indications could have a negative impact on the commercial prospects of our drug candidates, and may cause reputational damage.

We may seek approvals from the NMPA, the FDA or other comparable regulatory authorities for an expedited review process for our drug candidates or for the use of data from registrational trials through accelerated development pathways; failure to obtain such approvals may have a material adverse effect on our business, financial condition, results of operations and prospects.

The NMPA, the FDA and the comparable regulatory authorities in other jurisdictions may allow the use of data from a registrational trial in connection with an applicable expedited review program for innovative drug candidates which may treat a serious or life-threatening

condition, or may provide meaningful therapeutic benefit over therapies then available on the market upon a determination that the drug candidate demonstrates an effect on a surrogate endpoint or intermediate clinical endpoint which is reasonably likely to predict clinical benefit. For example, a drug candidate might receive an innovative drug designation from the NMPA if such drug or drug candidate has a novel and clearly defined structure and pharmacological property, and apparent clinical value and has not been marketed anywhere in the world; the FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity, or mortality.

There can be no assurance that any regulatory authority will consider our existing or future candidates as innovative drug applications or agree with our surrogate endpoints or intermediate clinical endpoints. In addition, there can be no assurance that any regulatory authority will grant an application for expedited approval. Even if an expedited review program exists, we may elect not to submit our candidates for review in that program. Even if we do make an application for expedited review, there can be no assurance that, after receiving feedback from the regulatory authorities, we will continue to pursue expedited review and approval. Furthermore, for any submission of an application for accelerated approval or another expedited regulatory designation, there can be no assurance that such submission or application will be accepted for filing, or that any expedited review or approval will be granted on a timely basis, or at all.

Any failure to obtain accelerated approval or any other form of expedited review or approval for our drug candidates may result in a longer review period which may delay the commercialization of such drug candidate, increase the development expenses for such drug candidate and have a material adverse impact on our competitive position in the market and our business, financial condition, and results of operations.

In addition, if we obtain accelerated approval of a drug candidate based on a surrogate endpoint, we will likely be required to conduct a post-approval clinical outcome trial to confirm the clinical benefit of the drug candidate. If the post-approval trial is not successful, we may not be able to continue to market the drug for the relevant indication. Any delay or suspension of our ability to market a drug previously approved would have a material adverse effect on our business, financial condition and results of operations.

Adverse drug reactions and negative results from off-label use of our products could materially harm our business reputation, product brand name and financial condition.

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a dosage form that is not in accordance with approved usage and labeling. Even though the NMPA, the FDA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, and even though we do not promote off-label use,

there remains the risk that our product is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our products less effective or entirely ineffective and may cause adverse drug reactions. These may expose us to liability and cause, or lead to, a delay in the progress of our clinical trials and may also ultimately result in failure to obtain regulatory approval for our drug candidates. Any of these occurrences can create negative publicity and significantly harm our business reputation, product brand name, commercial operations and financial condition.

Our drug candidates may cause undesirable AEs or have other properties that could delay or affect the granting of regulatory approvals, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval.

AEs caused by our drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and may result in a more restrictive label, delay in or denial of regulatory approval by the NMPA, the FDA or other comparable regulatory authorities, or a significant change in our clinical protocol or our development plan. Our trial results could reveal a high level of severity or prevalence of certain AEs. In such an event, our trials could be suspended or terminated and the NMPA, the FDA or other comparable regulatory authorities could deny approvals of, or order us to cease further development of, our drug candidates for any or all targeted indications. AEs related to our drug candidates may affect patient recruitment or the ability of enrolled patients to complete the trial and could result in potential liability claims. Any of these occurrences may significantly harm our reputation, business, financial condition, results of operations and prospects.

Additionally, undesirable side effects caused by any of our drug candidates after they receive regulatory approvals may lead to material and adverse effects, including the following:

- suspension of marketing of the drug candidate;
- withdraw of regulatory approvals or revocation of licenses for the drug candidate;
- additional warnings to be added to the label;
- regulatory authorities may require us to implement a risk evaluation and mitigation strategy program, or restrict distribution of our drugs or otherwise impose burdensome implementation requirements on us;
- we may be required to conduct specific post-marketing studies; and
- we could be subject to litigation and held liable for harm caused to patients, and our reputation may suffer.

Any of the foregoing events could prevent us from achieving or maintaining market acceptance of any drug candidate that is approved and could materially and adversely affect our business, financial condition, results of operations and prospects.

After we receive regulatory approvals for our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses and penalties for noncompliance.

Our drug candidates that have received regulatory approvals may be subject to conditions of approval or limitations on the approved indicated uses for which the drug may be marketed, or we may be required to perform post-marketing testing or continuously monitor the safety and efficacy of the drug candidate, which could adversely affect the drug's commercial potential. The NMPA, the FDA or other comparable regulatory authorities may also require a risk evaluation and mitigation strategy program as a condition of approval of our drug candidates or following approval. If the NMPA, the FDA or other comparable regulatory authorities approve our drug candidates, we will have to comply with requirements, including submissions of safety and other post-marketing information and reports, and registration, as well as continued compliance with GMPs and GCPs, for commercialized products as well as any clinical trials that we conduct post approval.

In addition, if any of our drug candidates receives regulatory approval in the future, it will be subject to changing and additional regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information.

We are required to maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business pursuant to relevant laws and regulations. Any failure to maintain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities to take remedial actions, suspension of our operations fines and penalties or other potential civil and criminal consequences which could materially and adversely affect our business, financial condition and results of operations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain additional approvals, permits, licenses or certificates and there can be no assurance that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and, in turn, adversely affect our results of operations and prospects.

In addition, after a drug is approved by the NMPA, the FDA or a comparable regulatory authority for marketing, there may be a subsequent discovery of problems with respect to our drug products which had not been identified previously, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. Such problems may result in, among others:

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;
- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA, the FDA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us;
- suspension or revocation of existing drug license approvals;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

The NMPA, the FDA and comparable regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA, the FDA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability, which in turn could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and may be exposed to risks relating to our management of the medical data of patients enrolled in our clinical trials and other personal or sensitive information.

We routinely receive, collect, generate, store, process, transmit and maintain medical data treatment records and other personal details of patients enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, national and international data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in strengthened public scrutiny, elevated levels of

enforcement and sanctions, and increased costs of compliance. Compliance with applicable laws, regulations, standards and obligations relating to data privacy, security and transfers may cause us to incur substantial operational costs or require us to change our data processing processes. Noncompliance with such laws or regulations could result in enforcement action against us, including fines, imprisonment of our management personnel, public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their respective personnel to protect the privacy of their enrolled patients and prohibit unauthorized disclosure of personal information. If such sponsors, operators or personnel divulge patients' private or medical records without their consent, they will be held liable for damage caused thereby. We have taken measures to maintain the confidentiality of the medical records and personal data we collect on patients enrolled in our clinical trials. However, such measures may not be always effective. For example, our information technology systems could be breached through hacking activities, and personal information could be leaked due to theft or misuse of personal information arising from misconduct or negligence. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data, which would be otherwise permissible prior to the new legislation becoming effective. Any failure to protect patients' medical records and personal data could have a material adverse effect on our business, financial condition and results of operations.

In addition, our clinical trials frequently involve professionals from third-party institutions who are working on-site with our staff and enrolled patients. There can be no assurance that such persons will always comply with applicable data privacy laws and restrictions on the use of genetic information or patients' personally identifiable information. Physicians, CROs, and other entities with whom we do business may be subject to laws or regulations of the PRC, the U.S. or other jurisdictions that restrict the use or disclosure of genetic information or other individually identifiable health information. A third party's failure to comply with those laws may affect our ability to use the individually identifiable health information and other personal information we receive from others. If the past or present operations of these third parties with whom we do business are found to violate applicable laws or regulations, they may be subject to exclusion from state or federal government programs or may be subject to other sanctions, which could also affect our reputation, our ability to apply for government programs, and our ability to conduct clinical trials. Any curtailment or restructuring of our operations could have a material adverse effect on our business, financial condition and results of operations.

The laws regulating the use of genetic information and patients' personally identifiable information are novel, complex and dynamic. We may not be able to respond to regulatory, legislative and other developments quickly and effectively or as well as our competitors, and

these regulatory changes may in turn impair our ability to offer our existing or planned drug candidates or increase our operational costs. In addition, if our practices are not consistent, or deemed as not consistent, with legal and regulatory requirements, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges and severe criminal or civil sanctions. Any of the foregoing events could have a material and adverse effect on our competitive position, business, financial condition, results of operations and prospects.

We may be directly or indirectly subject to applicable anti-kickback, false claims laws, doctor payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in the PRC, the U.S. and other jurisdictions, which could, in the event of noncompliance, expose us to administrative sanctions, criminal sanctions, civil penalties, contractual damages, reputational damage and diminished profits and future earnings.

Healthcare providers, including physicians and others, play a primary role in the recommendation and prescription of products for which we may seek regulatory approval. If we obtain NMPA or FDA approval for any of our drug candidates and if we then begin to market those drugs in the PRC or in the U.S., our operations may be subject to PRC and U.S. federal and state fraud and abuse laws, including the PRC Anti-Unfair Competition Law (反不當競爭法), the PRC Drug Administration Law (藥品管理法) and its implementing regulations, the PRC Criminal Law (刑法), the U.S. Federal Anti-Kickback Statute (AKS) and the U.S. Federal False Claims Act, as well as physician payment transparency laws and regulations, including the U.S. Federal Physician Payment Act (Sunshine Act). Our current and future operations also may be subject to regulation by U.S. federal, state and local authorities including, among others, the Centers for Medicare and Medicaid Services (CMS) and other divisions within the U.S. Department of Health and Human Services (HHS) such as the Office of the Inspector General and the Office for Civil Rights. We may also be subject to state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government. There are ambiguities as to what is required to comply with any of these requirements, and if we fail to comply with any such requirements, we could be subject to applicable penalties.

Efforts to ensure that our business arrangements with third parties are in compliance with applicable healthcare laws and regulations will involve substantial costs. Regulatory authorities could conclude that our business practices may not comply with current or future fraud, abuse or other healthcare laws or regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational damage, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a material adverse effect on our business and results of operations.

If any of the physicians or other providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business.

We are subject to registration, review and other requirements of the PRC and the U.S. governments for cross-border sales or licensing of technology as well as operations related to genetics and data safety.

China imposes controls on the import and export of technology and software products. Under the Regulations on Administration of Imports and Exports of Technologies (技術進出口管理條例) promulgated by the State Council, which were amended in November 2020, technology import and export is defined to include, among others, the transfer or licensing of patents and know-how, and the provision of services related to technology. Depending on the nature of the relevant technology, the import and export of technology require either approvals by or registration with the relevant PRC governmental authorities. The Measures for the Administration of Registration of Technology Import and Export Contracts (技術進出口合同登記管理辦法), issued by the MOFCOM in February 2009, specify registration requirements related to the import and export of technology. We have entered into and may enter into agreements with CROs in the U.S. and the PRC for their technical support to assist us with the development of individual drug candidates, which may be deemed to constitute the import of technology under the regulations. As a result, such transfers are required to be registered with applicable governmental authorities. Although there are no explicit penalties set forth in these regulations for lack of such registration, failure to register an agreement where such registration is required may result in restrictions concerning foreign exchange, banking and taxation matters relating to such agreements. In addition, according to the Administration of Human Genetic Resources (《人類遺傳資源管理條例》) promulgated in May 2019 and the PRC Biosecurity Law (《生物安全法》) promulgated in October 2020, if any scientific data falls within the scope of Chinese human genetic resources, any transfer of such data outside of China will be subject to the prior approval of the PRC Ministry of Science and Technology. There can be no assurance that we will be able to obtain such approval in a timely manner, or at all.

We are also subject to export control and import laws and regulations in the U.S., including the U.S. Export Administration Regulations, U.S. Customs regulations, economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. The U.S. Department of Commerce Bureau of Industry and Security (BIS) regulates the export of certain biological and chemical agents, and an export license may be required for the exchange of certain equipment and information we need to operate our business. Approval of such export license applications is based on the technology involved, the destination, and current U.S. foreign policy. Although we have not

received any notification from any U.S. governmental authority regarding our exports, there can be no assurance that we will be able to obtain any such approval in a timely manner, or at all, if one is later needed.

As of the Latest Practicable Date, our agreements in effect with CROs in the PRC were signed by our PRC subsidiaries, while our agreements with CROs outside the PRC (including in the U.S) were not signed by our PRC subsidiaries. Therefore, our PRC Legal Advisor is of the view that the relevant agreements with CROs in the PRC in effect as of the Latest Practicable Date did not constitute the import or export of technology and were not subject to the Administrative Regulations of the People's Republic of China on Technology Import and Export, and were not required to be registered with competent authorities. Our legal counsel advisor in the U.S. also advised that our agreements with CROs in the U.S. in effect as of the Latest Practicable Date, which U.S. Legal Advisor has reviewed, did not involve the export of technology subject to the export license requirements imposed by the U.S. Department of Commerce Bureau of Industry and Security. To the extent that our technology is or becomes subject to U.S. export restrictions, we will comply with the applicable laws and regulations. Further, as advised by our U.S. Legal Advisor, they are not aware of any violation of U.S. import law with respect to our inbound technology transfers.

RISKS RELATING TO MANUFACTURING OF OUR DRUG CANDIDATES

We are exposed to various supply chain risks as we depend on a stable, adequate and quality supply of raw materials, technical services, equipment and infrastructure construction services, and any price increases or interruptions of such supply may have a material adverse effect on our business.

Our business and operations are exposed to various supply chain risks. We require a substantial amount of raw materials, such as packaging materials, reagents, consumables and clinical trial drugs, as well as technical services, equipment and infrastructure construction services. During the Track Record Period, we relied on third parties to supply certain materials. We expect to continue to rely on third parties to supply such materials and equipment for the research, development, manufacturing and commercialization of our drug candidates. See "Business – Procurement."

Currently, the materials and equipment are supplied by multiple source suppliers. We have agreements for the supply of drug materials with manufacturers or suppliers that we believe have sufficient capacity to meet our demands. However, if supplies are interrupted, we may not be able to find alternative supplies in a timely and commercially reasonable manner, or at all. Any disruption in production or the inability of our suppliers to produce adequate quantities to meet our needs could impair our operations and the research and development of our drug candidates.

Moreover, we require a stable supply of materials for our drug candidates in the course of our research and development activities, and such needs are expected to increase significantly

once we enter commercial production of drugs upon receipt of marketing approvals. However, there can be no assurance that current suppliers have the capacity to meet our demand. Any delay in receiving such materials in the quantities and of the quality that we need could delay the completion of our clinical trials, regulatory approvals of our drug candidates or our ability to timely meet market demand for our commercialized products, as applicable. Our suppliers may not be able to cater to our growing demands or may reduce or cease their supply of materials to us at any time. We are also exposed to the possibility of price increases, which we may not be able to pass on to customers and may, in turn, lower our profitability.

Our suppliers may also fail to maintain adequate quality of the materials and equipment we need. Although we implement quality inspection on the materials, there can be no assurance that we will be able to identify all of the quality issues. Suboptimal or even deficient supplies of materials and equipment may hinder the research and development of our drug candidates, subject us to product liability claims or otherwise have a material adverse effect on our operations.

In addition, there can be no assurance that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which, in turn, may result in shortages of the materials and equipment supplied to us, and cause delays in clinical trials and regulatory filings, or the recall of our products. The noncompliance of these third parties may also subject us to potential product liability claims, cause us to fail to comply with continuing regulatory requirements, and result in us incurring significant costs to rectify such incidents of noncompliance, which may have a material and adverse effect on our business, financial condition and results of operation.

If we are unable to meet the increasing demand for our existing drug candidates and future drug products by ensuring that we have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business and financial condition would be materially and adversely affected.

Biopharmaceutical manufacturers often encounter difficulties in production, particularly in scaling up or out, validating the production process and assuring the high reliability of the manufacturing process. If our manufacturing facilities encounter unanticipated delays and expenses as a result of any of these difficulties, or if construction, regulatory evaluation and/or approvals of our new manufacturing facilities are delayed, we may not be able to manufacture sufficient quantities of our drug candidates, which would limit our development and commercialization activities.

Our current manufacturing capacity is sufficient to support currently planned scale clinical trials and short-term commercialization needs. If such needs grow significantly, we will need to expand our manufacturing capacity, mainly through the construction of new manufacturing facilities and upgrading our production process in a timely manner. However,

the timing and success of these plans are subject to significant uncertainty. Moreover, such plans are capital-intensive and require considerable upfront investment, and there can be no assurance that we will be able to timely obtain such financing, if at all.

Given the size of our new manufacturing facilities, we may not be able to fully utilize them immediately or within a reasonable period of time after we commence operation. During the construction and ramp-up period, there may be significant changes in the biopharmaceutical industry, including, among others, market demand, product and supply pricing, and customer preferences. Any adverse trends in these respects could result in operational inefficiency and excess capacity in our manufacturing facilities. We may also experience various unfavorable events in the course of developing our new manufacturing facilities, such as:

- unforeseen delays due to construction, land use rights or regulatory issues, which could result in loss of business opportunities;

- construction cost overruns, which may require diverting resources and management's attention from other projects; and

- difficulty in finding sufficient numbers of trained and qualified staff.

The success of our business expansion also depends on our ability to advance drug candidates through the development, regulatory approval and commercialization stages. Any delay, suspension or termination in such respects would harm our ability to generate satisfactory returns on our investment in manufacturing expansion, if at all, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have no experience in manufacturing biopharmaceutical products on a large commercial scale and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug products.

As of the Latest Practicable Date, as we have not commercialized any products, we mainly produce drugs that are used for clinical trials. See "Business– Our Drug Candidates." We have limited experience in managing the manufacturing process. The manufacture of biopharmaceutical products is complex, in part due to strict regulatory requirements. If we are unable to identify an appropriate production site or a suitable partner to develop the manufacturing infrastructure, or fail to do so in a timely manner, it may lead to significant delays in the manufacturing of our drug candidates after we have obtained regulatory and marketing approvals. Investments in constructing or leasing new RNA therapeutics manufacturing facilities which are in compliance with GMP regulations may result in significant cost for us and in turn would have a material adverse effect on our commercialization plans. We may also fail to attract and retain personnel with the requisite skills and experience for drug manufacturing.

In addition, problems may arise during the manufacturing process for reasons including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, delays in the construction of new manufacturing facilities or expansion of any future manufacturing facilities, changes in manufacturing production sites or limits to manufacturing capacity due to regulatory requirements, changes in the type of products produced, physical limitations that could inhibit continuous supply, and the occurrence of natural disasters. If problems arise during the production process of certain future products, a batch or even several related batches of such product may have to be discarded and cause production delays, cost increases, lost revenue and damage to customer relationships and our reputation. If problems have not been discovered before the relevant products are released to the market, we may incur additional costs in connection with product recalls and product liability.

Changes in U.S. and international trade policies, particularly with regard to China, may cause significant disruptions to our drug candidate manufacturing and other operations.

The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. In January 2020, the "Phase One" agreement was signed between the U.S. and China on trade matters and went into effect on February 14, 2020, under which China agreed to expand purchases of certain U.S. goods and services by a combined US$200 billion over 2020 and 2021 from 2017 levels. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to other future international trade agreements, the imposition of tariffs on goods imported into the U.S., tax policies related to international commerce, or other trade matters. It is unknown whether new tariffs or new laws or regulations will be adopted, or the effect that any such actions would have on us or our industry. Although we have not started commercialization of drug candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the import or export of raw materials and directly disrupt our drug development and the manufacture of our drug candidates. Such unfavorable policies may also negatively impact the hiring of scientists and other research and development personnel, the demand for our drug products or the competitive position of our drug products, or prevent us from selling our drug products in certain countries. If any new tariffs, policies, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to recent U.S.-China trade tensions, such changes could have a material and adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO COMMERCIALIZATION AND BUSINESS DEVELOPMENT OF OUR DRUG CANDIDATES

We have no experience in launching and marketing drug candidates. If we are unable to effectively build and manage our sales network or benefit from the sales networks of third-party collaborators, we may be unable to generate any revenue.

We currently have no sales, marketing or commercial product distribution capabilities and have no experience in marketing drugs. We intend to develop an in-house marketing team and sales force, which requires significant capital expenditure, management resources and time. We expect to compete with other biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel.

If we are unable or decide not to establish internal sales, marketing and commercial distribution capabilities, we will likely pursue collaborative arrangements with third parties regarding the sales and marketing of our drugs. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or, if we are able to do so, that such arrangements will provide sufficient and effective sales support. Any revenue we receive will depend on the efforts of such third parties, which may not be successful. We may have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We will also face competition in the search for third parties to assist us with the sales and marketing efforts of our drug candidates.

There can be no assurance that we will be able to develop in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators to successfully commercialize any product, and, as a result, we may not be able to generate product sales revenue.

Our drug candidates may fail to achieve the degree of market acceptance by doctors, patients, third-party payers, hospitals, and others in the medical community that is necessary for commercial success.

Even if our drug candidates receive regulatory approvals, they may nonetheless fail to achieve satisfactory market acceptance by doctors, patients, third-party payers, hospitals or others in the medical community. Doctors and patients may prefer other drugs or drug candidates to ours. If our drug candidates do not achieve an adequate level of acceptance, the commercialization of such drug candidates may become less successful or profitable than we had expected.

The degree of market acceptance of our drug candidates, if and when they are approved for commercial sale, will depend on a number of factors, such as:

- product labeling or packaging requirements of the NMPA, the FDA or other comparable regulatory authorities, including the clinical indications for which our drug candidates are approved, and limitations or warnings contained in the labeling;

- doctors, hospitals and patients considering our drug candidates to be safe and effective;
- whether our drug candidates have achieved first-in-class or best-in-class status and the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- timing of the launch of our drug candidates as well as of competitive drugs;
- cost of treatment in relation to alternative treatments;
- availability of adequate coverage and reimbursement under the NRDL and provincial reimbursement drug lists in the PRC, or from third-party payers and government authorities in other jurisdictions;
- willingness of patients to pay any out-of-pocket expenses in the absence of coverage and reimbursement by third-party payers and government authorities;
- relative convenience and ease of administration, including as compared with alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

If our drug candidates are approved but fail to achieve market acceptance among doctors, patients, third-party payers, hospitals or others in the medical community, we will not be able to generate significant revenue or become profitable. Even if our drugs achieve market acceptance, we may not be able to maintain such market acceptance over time if new products or technologies are introduced which are more favorably received or more cost-effective than our drugs or render our drugs obsolete.

We face intense competition and rapid technological change and the possibility that our competitors may develop products and therapies that are similar, more advanced, or more effective than ours, or launch biosimilar products and therapies ahead of us, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

The biopharmaceutical industry in which we operate is highly competitive and rapidly changing. While our principal focus is to develop drug candidates with the potential to become novel or highly differentiated drugs, we face competition with respect to our current drug candidates and will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future. Large multinational biopharmaceutical companies, well-established biopharmaceutical companies, specialty biopharmaceutical companies,

universities and other research institutions have commercialized, are in the process of commercialization, or are pursuing the development of drugs for the treatment of cancers or other indications for which we are developing our drug candidates. For example, in recent years an increasing number of technology companies have joined the competition in the research and development of RNA therapeutics, with large biopharmaceutical companies leading the competition and small biotechnology companies making frequent breakthroughs. Some of these competitive drugs and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. As such, our market share forecasted by CIC on our product candidates for RNAi therapeutics may change if any competitor drug candidate obtained market approvals from competent authorities or is accepted into the list in relation to reimbursement or procurement in China. See "Business – Our Core Drug Candidate." Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Even if successfully developed and subsequently approved by the NMPA, the FDA or other comparable regulatory authorities, our drug candidates may still face competition in various aspects, including safety and efficacy, the timing and scope of the regulatory approvals, the availability and cost of supply, sales and marketing capabilities, price and patent status. Many of our competitors have substantially greater financial, technical and other resources, such as more advanced commercial infrastructure, more drug candidates in late-stage clinical development, more seasoned research and development staff and well-established marketing and manufacturing teams than us. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Additional mergers and acquisitions in the biopharmaceutical industry may result in even more resources being concentrated in our competitors. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or achieve better acceptance in the markets in which we operate or have established a competitive position. For example, the NMPA has recently accelerated market approvals of drugs for diseases with medical needs and the NMPA may review and approve drugs that have gained regulatory market approvals in the U.S., the EU or Japan in the past ten years without requiring further clinical trials in the PRC. This may lead to potential increased competition from drugs that have already obtained approvals in other jurisdictions.

Competition may further intensify as a result of advances in the commercial applicability of technologies and great availability of capital for investment in the industry. Our competitors may succeed in developing, acquiring, or licensing, on an exclusive basis, products that are more effective with a lower cost than our drug candidates, or achieve earlier patent protection, regulatory approvals, product commercialization and market penetration than we do. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability or safety in order to overcome price competition and to be commercially successful. Furthermore, disruptive technologies and

medical breakthroughs may further intensify the competition and render our drug candidates obsolete or noncompetitive. Technologies developed by our competitors may render our potential drug candidates uneconomical or obsolete, and we may not be successful in marketing our drug candidates against competitors.

Even if we are able to commercialize any approved drug candidates, reimbursement may be limited or not immediately available in the PRC, the U.S. or other countries for our drug candidates, and we may be subject to unfavorable pricing regulations, which may affect our profitability.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Some countries require approvals of the sale price of a drug before marketing. In many countries, the pricing review period commences after marketing or licensing approvals are granted. In some markets, prescription biopharmaceutical pricing remains subject to continuing governmental control even after initial approvals are granted. In addition, drug pricing policies are constantly changing in many countries. As a result, we might obtain regulatory approvals for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact the revenues we are able to generate from the sale of the drug in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approvals.

The successful commercialization of our drugs also depends on the extent to which reimbursement for these drugs and related treatments will be available from relevant health administrative authorities, private health insurers and other organizations. Government authorities and third-party payers, such as private health insurers and healthcare organizations, decide which medications they will pay for and stipulate reimbursement levels. With the trend of cost containment in the global healthcare industry, government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. There are an increasing number of third-party payers requiring companies to provide them with predetermined discounts from list prices and challenging the prices charged for medical products. There can be no assurance as to whether or to what extent reimbursement will be available for any drug we commercialize. Reimbursement may impact the demand for, or the price of, any drug for which we obtain regulatory approvals. Obtaining reimbursement for our drugs may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a doctor. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidate that we have developed.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the indications and purposes for which the drug candidates are approved by the NMPA, the FDA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development,

manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may be subject to change. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for drugs with lower cost that have been covered in reimbursement policies, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by governmental healthcare programs or private payers and by any future lift or relaxation of laws and regulations that presently restrict imports of drugs from countries where they may be sold at lower prices than in the jurisdictions in which we operate or have a presence. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, financial condition, results of operations and prospects.

The commercialization and business development of our drug candidates might not be in our full control.

Our strategic partners may own or co-own the right to commercialize our drug candidates because we may seek to in-license or out-license our drug candidates from time to time. In such cases, we would not have the exclusive right to commercialize our drug candidates. For example, we entered into a license agreement with Walvax in April 2021 pursuant to which we granted to Walvax the exclusive rights in the relevant target drug in mainland China, Hong Kong, Macau and Taiwan, including but not limited to clinical development, registration, manufacturing, and commercialization. See "Business – Collaboration and Licensing Arrangements – Licensing Arrangement with Walvax." We may be subject to the following risks under this arrangement:

- Walvax may not pursue development and commercialization of the relevant target drug or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in its strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities; and

- Walvax may not commit sufficient resources to the marketing and distribution of the relevant target drug.

In the future, we cannot assure you that if we decide to out-license other drug candidates, we will successfully be able to do so, or that any such partner will be able to successfully develop or commercialize products licensed from us, which in turn could adversely affect the licensing fees that we may receive from such arrangement. If we are unable to successfully identify a licensee partner for a particular drug candidate and are not able to further develop such drug candidate in-house, we may not be able to recover our investment in that product. Also, we cannot assure you that if we decide to in-license any drug candidates in the future, we will be successful in identifying favorable candidates or that the prospective licensor would agree to license such products to us at favorable commercial terms or at all. Even if we

are able to in-license the drugs or drug candidates that we target, we cannot assure you that the products will be successfully commercialized. Even after we successfully in-license or out-license drug candidates, we cannot assure you that our licensors or licensees will not breach the relevant license agreements, whether inadvertently or otherwise. Alternatively, our licensors or licensees might conclude that we have materially breached our license agreements. In either case, the license agreements may be terminated, thereby removing our ability to develop and commercialize the drug candidates we in-license or generate licensing fees and royalties from the drug candidates we out-license.

Guidelines, recommendations and studies published by various organizations could disfavor our product candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' product candidates. Any such guidelines, recommendations or studies that reflect negatively on our product candidates, either directly or relative to our competitive product candidates, could result in current or potential decreased use, sales of, and revenue from one or more of our product candidates. Furthermore, our success depends in part on our and our partners' ability to educate healthcare providers and patients about our product candidates, and these education efforts could be rendered ineffective by, among other things, third-party guidelines, recommendations or studies.

Lack of third-party combination drugs may materially and adversely affect demand for our drugs.

Our drug candidates may be administered in combination with drugs of other biopharmaceutical companies as one regimen. We may also use third-party drugs in our development and clinical trials as controls for our studies. As a result, both the results of our clinical trials and the sales of our drugs may be affected by the availability of these third-party drugs. We generally have no influence over the availability and pricing of such drugs. If other biopharmaceutical companies discontinue these combination drugs, or if these drugs become prohibitively expensive, regimens that use these combination drugs may no longer be prescribed, and we may not be able to introduce or find an alternative drug to be used in combination with our drugs in a timely manner and on commercially reasonable terms, or at all. As a result, demand for our drugs may be lowered, which would in turn materially and adversely affect our business, financial condition, results of operations and prospects.

Illegal and parallel imports and counterfeit biopharmaceutical products may reduce demand for our future approved drug candidates and could have a negative impact on our reputation and business.

The illegal importation of similar or competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drug candidates and, in turn, may adversely affect

our sales and profitability in the PRC and the U.S. and other countries where we commercialize our products. Unauthorized foreign imports of prescription drugs are illegal under the current laws of the PRC. However, illegal imports have occurred and may continue to occur or even increase as the ability of patients and other customers to obtain these lower priced imports continues to grow. Furthermore, cross-border imports from lower-priced markets into higher-priced markets, which are known as parallel imports, could harm sales of our future drug products and exert commercial pressure on pricing within one or more markets. In addition, competent government authorities may expand consumers' ability to import lower-priced biopharmaceutical products of our future approved products or competing products from outside China or other countries in which we operate, conduct our clinical trials and perform our contractual obligations. Any future legislation or regulations that increase consumer access to lower priced drugs from outside China or other countries in which we operate, conduct our clinical trials and perform our contractual obligations could have a material adverse effect on our business.

Certain drug products distributed or sold may be manufactured without proper licenses or approvals or be fraudulently mislabeled with respect to their contents or manufacturers. These products are generally referred to as counterfeit biopharmaceutical products. Relevant governmental authorities may be unable to timely prevent counterfeit biopharmaceutical products imitating our products. As counterfeit biopharmaceutical products in many cases resemble the authentic biopharmaceutical products, yet are generally sold at lower prices, any counterfeiting of our products could reduce the demand for our future approved drug candidates. Counterfeit biopharmaceutical products are unlikely to meet our or our collaborators' rigorous manufacturing and testing standards, and may even cause health damage to patients. Our reputation and business could suffer harm as a result of counterfeit biopharmaceutical products.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We incurred net losses during the Track Record Period and anticipate that we will continue to incur net losses for the foreseeable future.

Investment in the development of biopharmaceutical products is highly speculative and involves significant risks that a drug candidate may fail to demonstrate efficacy or safety to gain regulatory or marketing approvals or become commercially viable. During the Track Record Period, we financed our operating activities primarily through private equity financing. While we have other sources of income including government grants, interest income from restricted bank deposits and bank balances and consultancy income, we did not generate any revenue from commercialization of our drug products during the Track Record Period, and incurred, and will continue to incur, significant research and development expenses and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred net losses during the Track Record Period. In 2019, 2020 and nine months ended September 30, 2021, we had net loss of US$17.1 million, US$46.4 million and

US$50.0 million, respectively. Substantially all of our net losses resulted from our research and development expenses, changes in fair value of financial liabilities at fair value through profit or loss and administrative expenses.

We expect to continue to have net losses in the foreseeable future taking into consideration below activities relating to our development:

- conducting preclinical and clinical trials of our drug candidates;
- manufacturing clinical trial materials in or outside China;
- seeking regulatory approvals for our drug candidates;
- commercializing our drug candidates for which we have obtained marketing approvals;
- hiring additional clinical, operational, financial, quality control and scientific personnel;
- seeking to identify additional drug candidates;
- obtaining, maintaining, expanding and protecting our intellectual property portfolio;
- enforcing and defending any intellectual property-related claims; and
- acquiring or in-licensing other drug candidates, intellectual property and technologies.

Typically, it takes many years to develop one new drug from the time of its discovery to the time when it becomes available for treating patients. During the process, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events that may have an adverse effect on our business, financial condition and results of operations. The size of our future losses will depend partially on our ability to generate revenue and control our expenses. If any of our drug candidates fails during clinical trials or does not obtain regulatory approval, or, even if approved, fails to achieve market acceptance, our business may not become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on our working capital and shareholders' equity.

We had net cash outflow from operating activities since our inception. Even if we consummate the Global Offering, we may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our major drug candidates.

During the Track Record Period, our operations consumed a substantial amount of cash. Net cash used in operating activities was US$14.4 million, US$19.0 million and US$36.9 million for 2019, 2020 and nine months ended September 30, 2021, respectively.

We expect our expenses to increase significantly in connection with our ongoing operating activities, particularly as we advance the research and development of our drug candidates and our platforms, initiate additional preclinical and clinical trials of, and seek regulatory approvals for, drug candidates.

In addition, if we obtain regulatory approvals for any of our drug candidates and elect to commercialize the candidates in-house, we might expect to incur significant commercialization expenses relating to product manufacturing, marketing, sales and distribution and post-approval commitments to continue monitoring the efficacy and safety data of our future products on the market. We may also incur expenses as we create additional infrastructure to support our operations as a public company.

We expect that we may continue to experience net cash outflows from our operating activities for the foreseeable future. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements or other sources. Adequate additional funding may not be available to us on commercially reasonable terms, or at all. If we are unable to raise sufficient capital in a timely manner or on commercially reasonable terms, we could be forced to delay, reduce or terminate our research and development projects or any future commercialization efforts, which could have a material adverse effect on our business, financial condition and results of operations.

We had net liabilities during the Track Record Period, and may continue to have net liabilities in the foreseeable future, which can expose us to liquidity risk

We had net liabilities of US$49.0 million, US$94.2 million and US$140.3 million as of December 31, 2019 and 2020, and September 30, 2021, respectively. A net liabilities position can expose us to the risk of shortfalls in liquidity. This would require us to seek adequate financing from sources such as external debt, which may not be available on commercially reasonable terms, or at all. If we are unable to maintain adequate working capital or obtain sufficient equity or debt financing to meet our capital needs, we may be unable to continue our operations according to our plans and be forced to scale back our operations, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We had indebtedness as of September 30, 2021 and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.

We had certain borrowings to finance our operations during the Track Record Period. We had bank borrowings of nil, US$1.1 million and US$1.4 million as of December 31, 2019 and 2020, and September 30, 2021, respectively. We had lease liabilities of US$2.0 million, US$1.7 million and US$3.4 million as of December 31, 2019 and 2020 and September 30, 2021, respectively. As of December 31, 2019 and 2020 and September 30, 2021, the carrying amounts of our financial liabilities at fair value through profit or loss (excluding the Series A Preferred Shares, SAFE and series seed preferred shares which were without redemption rights) were US$66.0 million, US$188.6 million and US$306.1 million, respectively, which were unsecured and unguaranteed. See "Financial Information – Indebtedness." We may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

Our indebtedness could have a material adverse effect on us by, among others, increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates, and limiting our flexibility in making changes in our business and operations. Our borrowings may subject us to certain restrictive covenants, which may restrict or otherwise adversely affect our operations. These covenants may restrict our ability to, among others, incur additional debt, provide loans or guarantees, provide security and quasi-security, incur liens, dispose of material assets through sale, lease or other methods, pay dividends or distributions on certain of our subsidiaries' capital stock, repay or transfer certain indebtedness, reduce registered capital, make investments and acquisitions, establish joint ventures, conduct mergers, consolidation and other change-of-control transactions, and file for bankruptcy or dissolution.

In the event that we are unable to comply with the restrictions and covenants imposed by the loan agreements in our future debt obligations, banks could terminate their commitments to us, accelerate the payments and declare all amounts borrowed due and payable, enforce the security or terminate the loan agreements. If any of the foregoing events occurs, there can be no assurance that our assets and cash flow will be sufficient to repay all of our debts as they become due, or that we will be able to obtain alternative financing on commercially reasonable terms. Furthermore, if the banks enforce any security over our assets, our business, financial condition, results of operations and prospects would be materially and adversely affected.

Investments in structured deposits as financial assets at fair value through profit or loss are subject to uncertainties which may affect our financial performance.

The fair value change in our financial assets may significantly affect our financial position and results of operations. We had structured deposits of US$9.9 million as of December 31, 2019. We did not have structured deposits as of December 31, 2020 and September 30, 2021, but may continue to invest in structured deposits after Listing, subject to

business needs. We had changes in fair value of structure deposits of US$0.4 million, US$0.4 million in 2019 and 2020, respectively, and US$0.2 million and US$0.3 million in the nine months ended September 30, 2020 and 2021, respectively. Fair value estimation is made based on certain judgments, estimates and assumptions which are subject to various inherent uncertainties. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such assets. These factors include, but are not limited to, general economic conditions, changes in market interest rates and the stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results. In addition, when determining whether an impairment of a financial asset is other than temporary, the process usually requires complex and subjective judgments. All of these could materially and adversely affect our financial condition and results of operations.

The determination of the fair value changes in financial liabilities is subject to uncertainties, which may affect our financial condition and results of operation, and may continue to affect our financial performance upon Listing.

We have issued a series of preferred shares, SAFE and convertible loans and Series C and Series D warrants over a subsidiary's registered capital to a group of investors prior to and during the Track Record Period, which are recognized as financial liabilities at fair value through profit or loss for which no quoted prices in an active market exist. The fair value change in our financial liabilities may significantly affect our financial position and results of operations. We had changes in fair value of financial liabilities at fair value through profit or loss of US$2.6 million and US$17.6 million in 2019 and 2020, respectively, and US$19.8 million and US$13.1 million in the nine months ended September 30, 2020 and 2021, respectively. The valuation of fair value changes in financial liabilities involves various parameters and inputs, as well as management estimates and assumptions which are subject to uncertainties. For details of valuation techniques, see Note 5 of Appendix I to this Prospectus. Despite our efforts to use valuation techniques for which sufficient data are available to measure fair value and to maximize the use of relevant observable inputs, factors beyond our control can significantly influence or cause adverse changes to the estimates we use and thereby affect the fair value of such liabilities. These factors include general economic conditions, changes in market interest rates and the stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results. Certain financial liabilities at fair value through profit or loss such as certain preferred shares will be converted into ordinary shares upon Listing, and changes in their fair value will continue to affect our performance until converted into ordinary shares. All of these could materially and adversely affect our financial condition and results of operations.

Potential acquisition or strategic partnership we engage in may entail various risks and we face intense competition in identifying suitable acquisition targets in the RNAi therapeutic field.

We may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any potential acquisition or strategic partnership may entail various risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of additional equity securities and hence the dilution of our existing shareholders;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel, or failure to otherwise achieve intended synergies in the combined operations;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the assimilation of operations, corporate culture and personnel of the acquired business;
- risks associated with the acquisition of intangible assets which are subject to amortization and impairment assessment;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and its existing drugs or drug candidates and regulatory approvals;
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and
- changes in accounting principles relating to the recognition and measurement of our investments that may have a significant impact on our financial results.

Moreover, as there may be fierce competition in identifying suitable acquisition targets in the RNAi therapeutic field, we may not be able to locate suitable opportunities for acquisitions and strategic partnerships, which may limit our ability to grow or obtain access to technology or products that may be important to the development of our business.

Raising additional capital may cause dilution to the interests of our shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the value of shareholders' investments in our Shares will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights as a holder of our Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could give rise to increased fixed payment obligations and also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, the issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our Shares to decline.

In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party our rights to technologies or drug candidates on unfavorable terms, which we would have otherwise sought to develop or commercialize ourselves or reserve for future potential arrangements when we are more likely to achieve more favorable terms.

We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We are a development-stage biopharmaceutical company with a relatively short operating history. Our operations to date have focused on the preclinical studies and clinical trials of drug candidates in RNA therapeutics. However, we have not yet successfully advanced any drug candidates from research and development to commercial sale and have not generated revenue from product sales or any licensing arrangements. We also have limited experience in commercial-scale manufacturing and sales and marketing of drugs. For these reasons, particularly in light of the rapidly evolving biopharmaceutical industry, it may be difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer.

We are subject to risks associated with foreign exchange rate fluctuations.

We have operations in the PRC and the U.S. Our financial information is presented in U.S. dollars and our consolidated financial results are affected by currency exchange rate fluctuations. In connection with the preparation of our financial information, the results of operations of subsidiaries, which are initially prepared in their respective local functional currencies, such as Renminbi, are translated into U.S. dollars. As a result, changes in the

exchange rate between our functional currencies, particularly, Renminbi as one of our major operating currencies, and the U.S. dollars, could materially impact our reported results of operations and distort period to period comparisons. In particular, exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise. See Note 4 of Appendix I to this prospectus. During the Track Record Period, we had net foreign exchange losses of US$0.038 million and US$0.5 million in the nine months ended September 30, 2020 and the nine months ended September 30, 2021, respectively, and had net foreign exchange gains of US$0.006 million in 2019 and net foreign exchange losses of US$0.1 million in 2020. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain patent and other intellectual property protection for our drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected.

Our commercial success depends, to a certain extent, on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. See "Business – Intellectual Property Rights." We seek to protect the drug candidates and technology that we consider commercially important by filing patent applications in the PRC, the U.S. and other countries or regions, relying on a combination of trade secrets relating to our technology and drug candidates as well as additional regulatory protection methods such as market and data exclusivities. This process is expensive and time-consuming, and we or our licensors may not be able to file and prosecute all necessary or desirable patent applications in all jurisdictions in a timely manner at a reasonable cost or the patent applications that we own may fail to result in issued patents with claims that cover our current and future drug candidates in China, the U.S. or elsewhere. Our patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless, and until, a patent issues from such applications, and then only to the extent the issued claims cover the technology. It is also possible that we or our licensors will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, we or our licensors may fail to timely identify third-party infringement of our intellectual property rights and take necessary actions to defend and enforce our rights, or at all.

The patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has in recent years been frequently litigated. The issuance, scope, validity, enforceability and commercial value of our patent rights are

highly uncertain. Our pending and future patent applications may not be granted with approvals that effectively prevent third parties from commercializing competitive technologies and drug candidates. The patent examination process may require us or our licensors to narrow the scope of our or our licensors' pending and future patent applications, which may then limit the scope of patent protection that could be obtained. There can be no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent application from being granted with a patent. Moreover, if there are material defects in the form or preparation of our patents or patent applications, such patents or applications may be invalid and unenforceable.

Even if patents do issue on any of these applications, there can be no assurance that a third party will not challenge their validity, enforceability, or scope, which may result in the patent claims being narrowed or invalidated, or that we will obtain sufficient claim scope in those patents to prevent a third party from competing successfully with our drug candidates. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. We may also be subject to a third-party pre-issuance submission of prior art to the competent government authorities or become involved in interference, *inter partes* review, post-grant review, *ex parte* reexamination, derivation, opposition or similar proceedings challenging our patent rights or third-party patent rights. An adverse determination in any such proceeding could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or drug candidates and compete directly with us, or result in our inability to manufacture or commercialize drug candidates without infringing third-party patent rights. Thus, even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. In addition, our competitors may develop competing drug products using the same specific mechanism directed by our patents. We may not be able to identify such infringement, or at all. Consequently, we do not know whether any of our technologies and drug candidates will be protectable or remain protected by valid and enforceable patents.

Our competitors may also be able to circumvent our patent issuance by developing similar or alternative technologies or drug candidates in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in any jurisdictions. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and drug candidates, or limit the duration of the patent protection of our technology and drug candidates.

Changes in either the patent laws or interpretation of the patent laws in the PRC, the U.S. and other countries may diminish the value of our patents or narrow the scope of our patent protection. For example, after March 2013, under the Leahy-Smith America Invents Act, the U.S. transitioned to a first-to-file system in which, assuming that the other statutory requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases are not published at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

Even if we are able to obtain patent protection for our drug candidates, the term of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, which would have a material adverse effect on our ability to successfully commercialize any product or technology.

Although various adjustments and extensions may be available, the term of a patent, and the protection it affords, is limited. For example, the expiration of a patent is generally 20 years for inventions in the PRC and generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority in the U.S. Even if we successfully obtain patent protection for an approved drug candidate, it may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. The issued patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors, which may have an adverse effect on our business, financial condition, results of operations and prospects.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our owned and licensed patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Even if we believe that we are eligible for certain patent term extensions, there can be no assurance that the applicable authorities, including the FDA and the USPTO in the U.S., and any equivalent regulatory authority in other countries, will agree with our assessment of whether such extensions are available, and

such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. For example, depending upon the timing, duration and specifics of any FDA marketing approval of any drug candidates we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Action of 1984, or Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent extension term of up to five years as compensation for the patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it, may be extended. Similarly, the October 2020 Amendment to the PRC Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, which may enable the patent owner to submit applications for a patent term extension of up to a maximum length of five years. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain a patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business could be harmed. In addition, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing events could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

We enjoy only limited geographical protection and patent terms with respect to certain patents and may not be able to protect our intellectual property rights throughout the world, including in the PRC or the U.S.

Filing and prosecuting patent applications and defending patents covering our drug candidates in all countries across the world could be prohibitively expensive. Competitors may use our and our licensors' technologies in jurisdictions in which we have not obtained patent protection to develop their own drug candidates and may export otherwise infringing drug candidates to territories, where we and our licensors have patent protection, given that the levels of law enforcement vary across jurisdictions. These drug candidates may compete with our drug candidates, and our and our licensors' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The laws of some jurisdictions, including the PRC, do not protect intellectual property rights to the same extent as the laws or rules and regulations in the U.S. and Europe, and many companies have encountered significant difficulties in registering, protecting and defending such rights in the relevant jurisdictions, including China. For example, we may not be able to register our exclusive licenses for our in-licensed products in China. While this does not impact our contractual rights under our licensing agreements, we may experience difficulties enforcing our exclusive rights against third parties if our licensors were to breach the licensing agreements and license such parties to use those products in China. In addition, under the PRC patent law, if an applicant applies for a patent in a jurisdiction outside of China for an invention or utility model invented within China, such applicants must concurrently report to the China National Intellectual Property Administration, or the CNIPA, for confidential examination of such invention or utility model. If an applicant fails to make such reporting but files a patent application in China for the same invention or utility model at a later time, a patent will not be granted to such applicant. Furthermore, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to prevent the infringement of our patents or marketing of competing drug candidates in violation of our proprietary rights. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to market our drug candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have a material adverse effect on our ability to successfully commercialize our drug candidates in all of our expected significant foreign markets. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished, and we may face additional competition from others in those jurisdictions.

Some countries also have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In those countries, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we are, or any of our licensors is, forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired.

In addition, given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such candidates or our proprietary technology may expire before such candidates are commercialized. As a result, our owned and licensed patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products that are similar or identical to ours. Moreover, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors. Our competitors could then market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. For example, some of our licensed patents which are directed to and protect our PNP delivery platform expired in September 2021. When these patents expire before new patents that can protect our PNP delivery platform are granted to us, competitors or other third parties may use the PNP delivery platform for their own products without needing a license. Without being able to assert such patent rights against such competitors and exclude others, our competitive position may be impaired which may have an adverse effect on our business.

Our owned and in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings. If we or our licensors are unsuccessful in any of these proceedings, we may be required to obtain licenses from third parties, or to modify or cease the development, manufacture and commercialization of one or more of the drug candidates we may develop, which could have a material adverse effect on our business, financial condition and results of operations.

We or our licensors may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed patents or other intellectual property as an inventor or co-inventor. If we or our licensors are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more patents owned or licensed, or our owned or licensed patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we or our licensors are unsuccessful in any inventorship disputes to which we or they are subject, we may lose valuable intellectual property rights, such as the exclusive ownership of, or exclusive right to use, our owned or in-licensed patents. If we or our licensors are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all or may be nonexclusive. If we are unable to obtain and maintain such licenses, we may need to modify or cease the development, manufacture, and commercialization of one or more of our drug candidates. Any of our licensors may also grant licenses to others in breach of its exclusive license granted to us, enabling others to engage in the development, manufacture and commercialization of competing drug candidates, which

may have a material adverse effect on the commercial prospect of our drug candidates. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical drug products. Any of the foregoing events could result in a material adverse effect on our business, financial condition, results of operations and prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

We may also engage third-party contractors, such as CROs to assist us with the research and development of our drug candidates. There can be no assurance that such contractors will not transfer the drug candidates to other third parties without our permission. Such unauthorized transfer may also result in the loss or restriction of our intellectual property rights and therefore limit our ability to develop, manufacture and commercialize the drug candidates.

Claims that our drug candidates or the sale or use of our future products infringe, misappropriate or otherwise violate the patents or other intellectual property rights of third parties could result in substantial legal costs. Intellectual property litigation may lead to unfavorable publicity which may harm our reputation, and any unfavorable outcome of such litigation could limit our research and development activities and our ability to commercialize our drug candidates.

The field of RNA therapeutics is still in its infancy, and only a few product candidates have reached the market. Due to the intense research and development that is being undertaken in this field by several companies, including us and our competitors, the intellectual property landscape may remain uncertain for the coming years.

There can be no assurance that our drug candidates or the sale or use of our future products do not and will not in the future infringe, misappropriate or otherwise violate third-party patents or other intellectual property rights. There has been extensive patenting activity in the field of RNA therapeutics, and pharmaceutical companies, biotechnology companies, and academic institutions are competing with us or are expected to compete with us in this field and file patent applications potentially relevant to our business. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, or with respect to the use or manufacture of the compounds we have developed or are developing. Litigation relating to patents and other intellectual property rights in the biopharmaceutical industry is common, including patent infringement lawsuits. The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. Some claimants may have substantially greater resources than us and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. Third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

It is also possible that we failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties having claims that cover our drug candidates. Based on the freedom-to-operate (FTO) analysis on our core product (STP705), we are not aware of any issued patents that may affect our rights to conduct research and development or commercialize that product in China or the U.S. FTO analysis is a patent investigation, based on a search of patent databases, that is commonly used to determine whether any existing patents cover a company's product, and whether that product would infringe any existing patents. However, the potential scope of an FTO investigation can be immense and all patent databases used in such investigations have limitations. Publication of discoveries in the scientific or patent literature often lags behind actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Because patent applications can take many years to issue, third parties may have currently pending patent applications which may later result in issued patents that any of our drug candidates may infringe, or which such third parties claim to be infringed by our technologies. Therefore, we cannot guarantee that our FTO search and analysis have exhaustively reviewed all the existing and future patents that potentially cover our products. As the RNA therapeutics field expands and more patents are issued, the risk increases that our proprietary technology and drug candidates may give rise to claims of infringement of the patent rights of others. Moreover, it is not always clear to industry participants, including us, which patents cover various types of therapeutics, products or their methods of use or manufacture. Because of the large number of patents issued and patent applications filed in our field, third parties may allege they have patent rights encompassing our drug candidates, technologies or methods.

Therefore, we cannot be certain that we were the first to invent, or the first to file patent applications on our drug candidates or for their uses, or that our drug candidates will not infringe patents that are currently issued or that are issued in the future. In the event that a third party has also filed a patent application covering one of our drug candidates or a similar invention, our patent application may be regarded as a competing application and may not be eventually approved. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our products or their use.

If a third party were to assert claims of patent infringement against us, even if we believe such third-party claims are without merit, a court of competent jurisdiction could hold that such third-party patent is valid, enforceable and infringed, and the holders of any such patent may be able to block our ability to commercialize the applicable product unless we obtained a license under the applicable patent, or until such patent expires or is finally determined to be invalid or unenforceable. Similarly, if any third-party patent were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, or use, the holder of any such patent may be able to block our ability to develop and commercialize the applicable product unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In addition, defending such

claims would cause us to incur substantial expenses and could cause us to pay substantial damages, if we are found to be infringing third-party patent rights. These damages potentially include increased damages and attorneys' fees if we are found to have infringed such rights willfully. To avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both, which could be substantial. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a drug candidate, or be forced, by court order or otherwise, to modify or cease some or all aspects of our business operations, if, as a result of actual or threatened patent or other intellectual property claims, we are unable to enter into licenses on acceptable terms. Further, we could be found liable for significant damages as a result of claims of intellectual property infringement.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could be costly and time-consuming, regardless of the outcome. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios.

During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements, or the announcement of the litigation, as negative, the perceived value of our drug candidates, future drugs, programs or intellectual property could be diminished. Accordingly, the market price of our Shares may decline. Such announcements could substantially increase our operating losses as well as harm our reputation or the market for our drug candidates, which could have a material adverse effect on our business. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to conduct our clinical trials, in-license required technology, or enter into strategic partnerships that would help us bring our drug candidates to market.

We may also initiate lawsuits to protect or enforce our patents and other intellectual property, which could be expensive, time-consuming and unsuccessful.

Competitors and other third parties may infringe, misappropriate or otherwise violate our patents, trade secrets or other intellectual property rights when seeking approval to market their own products similar to ours, or otherwise compete with our products. In these circumstances, we may need to defend and/or assert our patents, by filing lawsuits alleging patent infringement. To counter or defend against infringement, misappropriation, violation or unauthorized use, we may be required to file claims, which can be expensive and time-consuming and divert the time and attention of our management and scientific personnel. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringed, misappropriated or otherwise violated their patents, trade secrets or other intellectual property. In addition, in a patent infringement proceeding, there is the risk that the court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the technology at issue. There is also the risk that, even if the validity of such patent is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology. An adverse outcome in litigation or proceedings involving our patents could limit our ability to assert our patents against those parties or other competitors, could put one or more of our owned patents at risk of being invalidated or interpreted narrowly or may curtail or preclude our ability to exclude third parties from making and selling similar or competing products.

If we initiate legal proceedings against a third party to enforce a patent covering our technologies or a drug candidate we may develop, the defendant could counterclaim that such patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may raise challenges to the validity of certain of our patent claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, *inter partes* review, interference proceedings, derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation of, cancelation of, or amendment to our patents in such a way that they no longer cover our technologies or drug candidates that we may develop. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art of which we or our licensing partners and the patent examiner were unaware during prosecution. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of

the patent protection on our technologies or drug candidates that we may develop. Such a loss of patent protection would have a material adverse impact on our business.

Conversely, we may choose to challenge the patentability of claims in a third party's U.S. patent by requesting that the USPTO review the patent claims in re-examination, post-grant review, *inter partes* review, interference proceedings, derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). We may also in the future choose to challenge, third-party patents in patent opposition proceedings in the CNIPA, EPO or another foreign patent office. Even if successful, the costs of these opposition proceedings could be substantial, and may consume our time or other resources. If we fail to obtain a favorable result at the USPTO, CNIPA, EPO or other patent office, we may be exposed to litigation by a third party alleging that the patent may be infringed by our drug candidates or proprietary technologies. Any of the foregoing events could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Obtaining and maintaining our patent protection depends on compliance with various procedures, document submission, fee payments and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA, the USPTO and other patent agencies in other jurisdictions in several stages over the lifetime of a patent. The CNIPA, the USPTO and other governmental patent agencies also require compliance with a number of procedural, documentary, and other similar provisions during the patent application process. We rely on our outside counsel and other professionals to help us comply, and are dependent on our licensors to take the necessary action to comply, with these requirements with respect to our licensed intellectual property. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment, loss of priority or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of a patent or patent application include the failure to respond to official actions within prescribed time limits, nonpayment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors or other third parties might be able to enter the market, which would have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Changes in patent laws of the PRC, the U.S. or other jurisdictions could reduce the value of patents in general, thereby impairing our ability to protect our drug candidates and future drugs.

Our success depends on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity and obtaining and enforcing

biopharmaceutical patents is costly, time-consuming and inherently uncertain. Changes in either the patent laws or their interpretation in the PRC, the U.S. or other jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights.

In the PRC, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection. For example, the new PRC Patent Law (專利法) was amended on October 17, 2020 and became effective on June 1, 2021. The new PRC Patent Law introduces patent extensions to eligible innovative drug patents, and the patents owned by third parties may be extended, which may in turn affect our ability to commercialize our drug products. The new PRC Patent Law enables the patent owners to apply for a patent term extension. The compensation period shall not exceed five years, and the total validity period of patent rights for a new drug shall not exceed 14 years after the new drug is approved for marketing. In addition, the patents owned by third parties may be eligible for patent term extension, which may in turn affect our ability to commercialize our drug candidates (if approved) without facing infringement risks. The precise length of any such extension by a third party is uncertain, though the extended length has a maximum of five years. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products noncompetitive. There can be no assurance that any other changes to PRC intellectual property laws would not have an adverse effect on our intellectual property protection.

Recently enacted U.S. laws have changed the procedures through which patents may be obtained and by which the validity of patents may be challenged. For example, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, includes a number of significant changes to U.S. patent law. These changes include provisions that affect the way patent applications are prosecuted, redefine prior art, provide more efficient and cost-effective avenues for competitors to challenge the validity of patents, enable third-party submission of prior art to the USPTO during patent prosecution, and additional procedures to attack the validity of a patent by USPTO-administered post-grant proceedings, including post-grant review, *inter partes* review and derivation proceedings. Assuming that other requirements for patentability were met, prior to March 2013, in the U.S., the first to invent the claimed invention was entitled to the patent, while outside the U.S., the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith Act, the U.S. transitioned to a first-to-file system in which, assuming that the other statutory requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. See "– Risks Relating to Our Intellectual Property Rights – If we are unable to obtain and maintain patent and other intellectual property protection for our drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly

against us, and our ability to successfully commercialize any product or technology may be adversely affected." As such, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications in the U.S. and the enforcement or defense of our issued patents, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Recent U.S. Supreme Court rulings have also changed the law surrounding patent eligibility, narrowing the scope of patent protection available in certain circumstances and weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained. Additionally, the U.S. Supreme Court has ruled on several patent cases in recent years either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. For example, in Assoc. for Molecular Pathology v. Myriad Genetics, Inc., the U.S. Supreme Court held that claims to certain naturally occurring DNA molecules are not patentable. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. There could be similar changes in the laws of foreign jurisdictions that may impact the value of our patent rights or our other intellectual property rights, all of which could have a material adverse effect on our patent rights and our ability to protect, defend and enforce our patent rights in the future, as well as on our competitive position, business, financial condition, results of operations and prospects.

If we are unable to protect our trade secrets, confidential information or other intellectual properties, our business and competitive position would be harmed. We may be subject to claims that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their former employers, and we may be subject to claims asserting ownership of what we regard as our own intellectual property.

In addition to our issued patents and pending patent applications, we rely on a combination of trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into confidentiality agreements with parties that have access to trade secrets or confidential information, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties that have access to them. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized use and disclosure is difficult and we do not know whether the steps we have taken to protect our proprietary rights will be effective. Any of the foregoing parties may breach or violate the terms of their agreements with us and may

disclose our proprietary information or otherwise infringe our rights, and we may not be able to obtain adequate remedies for any such breach or violation. We could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology. Additionally, there can be no assurance that we have entered into all necessary agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. Moreover, some courts in the United States as well as other countries are sometimes less willing or unwilling to protect trade secrets. In addition, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

In addition to contractual measures, we try to protect the confidential nature of our proprietary information through other appropriate precautions, such as physical and technological security measures. However, trade secrets and know-how can be difficult to protect. These measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for our proprietary information. Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and any recourse we might take against this type of misconduct may not provide an adequate remedy to protect our interests fully.

Moreover, our competitors or other third parties may independently develop knowledge, methods and know-how equivalent to our trade secrets. Competitors or other third parties could purchase our products and replicate some or all of the competitive advantages we derive from our development efforts for technologies on which we do not have patent protection. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third parties, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third parties, our competitive position would be harmed.

Many of our employees, including our senior management, may have been previously employed at other pharmaceutical or biopharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants, and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer or, in the case of consultants and advisors, other companies for which they currently work. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to

paying damages, we may lose valuable intellectual property rights or be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms, or at all. An inability to incorporate such intellectual property rights would harm our business and may prevent us from successfully commercializing our drug candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may have an adverse effect on our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our drug candidates and technology, which would have a material adverse effect on our business, financial condition, results of operations and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management and other employees.

Moreover, while we typically require our employees, consultants and contractors who are engaged in the development of intellectual property to execute agreements assigning the ownership of intellectual property to us, we may be unsuccessful in executing such an agreement with any other party who in fact develops intellectual property that we believe we own. Furthermore, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property to determine the ownership of what we regard as our intellectual property. In addition, individuals executing agreements with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement with us may be ineffective in perfecting ownership of inventions developed by that individual. If we fail in prosecuting or defending any such claims, in addition to paying damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

In addition, in the future we may be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications as well as other intellectual properties. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate, patent claims being narrowed, invalidated or held unenforceable which could limit our ability to stop others from using or commercializing similar drug candidates or technology without payment to us, or could limit the duration of protection covering our drug candidates and technology. Such challenges may also result in our inability to develop, manufacture or commercialize our drug candidates without infringing third-party rights. In addition, if the breadth or strength of protection provided by our owned or licensed patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates. Any of the foregoing events could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

If our trademarks and trade names are not adequately protected, we may not be able to build brand recognition in our markets of interest which may have an adverse effect on our business.

We conduct business under the brand name of "Sirnaomics". As of the Latest Practicable Date, we had one pending trademark application. Any of our pending trademark applications may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same.

There can be no assurance that any currently pending trademark applications or any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and, although we are given an opportunity to respond to those rejections, may be unable to overcome such rejections. In addition, in proceedings before the USPTO and in proceedings before comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancelation proceedings may be filed against our trademarks and our trademarks may not survive such proceedings. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially and adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and, as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, it may have a material adverse effect on our business.

Our trademarks, trade names or logos may be challenged, infringed, circumvented or declared generic or determined to be infringing other trademarks, trade names or logos. We may not be able to protect our rights to these trademarks, trade names and logos, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trademarks, trade names or logos similar to ours, thereby impeding our ability to build brand identity, possibly leading to market confusion. In addition, there could be potential trademark, trade name or logo infringement claims or unfair competition claims brought by owners of other registered trademarks, trade names or logos that incorporate variations of our registered or unregistered trademarks, trade names or logos. For example, as of the Latest Practicable Date, we had not registered a trademark bearing the Chinese transliteration of our brand name "Sirnaomics" which carries two Chinese characters that appear in certain trademarks already registered in China. Our use of the Chinese transliteration in the PRC may subject us to trademark infringement claims or unfair competition claims, and we may then be subject to fines and other penalties and be required to discontinue infringing activities. These could have a material and adverse effect on our reputation and brand recognition in the PRC, and we may then not be able to compete effectively in the PRC. According to our PRC Legal Advisors, since we had not commercialized any product and did not generate any revenue from product

sales under the Chinese transliteration of "Sirnaomics" as of the Latest Practicable Date, even if we were found to have infringed trademarks of third parties or conducted unfair competition by using the Chinese transliteration of "Sirnaomics" the risk of us being ordered by competent governmental authorities to confiscate or destroy infringing product, or pay for fines of certain times of revenue according to applicable laws or regulations, is remote. We are currently evaluating other Chinese brand name for purpose of trademark application in the PRC.

In addition, any proprietary name we propose to use with our clinical-stage drug candidates or any other drug candidate in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. The FDA typically conducts a review of proposed product names, including an evaluation of the potential for confusion with other product names. If the FDA objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable proprietary product name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA. The National Medical Products Administration in China, or the NMPA, may also object to our proposed proprietary product name that infringes the existing rights of third parties.

If our trademarks, trade names and logos are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected. Over the long term, if we are unable to establish name recognition based on our trademarks, trade names and logos, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and growth prospects.

If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could be required to pay damages or could lose license rights that are important to our business.

We may in the future enter into license agreements with third parties providing us with rights to various third-party intellectual property, including rights in patents, patent applications and copyrights. These license agreements may impose diligence, development or commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under future license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any drug or drug candidate that is covered by the licenses provided for under these agreements or we may face claims for damages or other penalties under these agreements. Such an occurrence could diminish the value of these products and our business. Termination of the licenses provided for under these agreements or the reduction or elimination of our rights under these agreements may result in our having to

negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under such agreements to important intellectual property or technology or our rights to develop and commercialize our drug candidates. In addition, such an event may cause us to experience significant delays in the development and commercialization of our drug candidates or incur liability for damages. If any such license is terminated, our competitors or other third parties could have the freedom to seek regulatory approvals of, and to market, products and technologies identical or competitive to ours and we may be required to cease our development and commercialization of certain drug candidates.

In addition, we may need to obtain additional licenses from licensors and others to advance our research or allow commercialization of drug candidates we may develop. In connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties, including our competitors, to receive licenses to a portion of the intellectual property that is subject to our existing licenses and to compete with our drug candidates and technology. It is possible that we may be unable to obtain any additional licenses at a reasonable cost or on reasonable terms, if at all. We may therefore be required to expend significant time and resources to redesign our drug candidates or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected drug candidates, which could harm our business, financial condition, results of operations and prospects significantly.

Disputes may arise regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other issues related to interpretation;
- our or our licensors' obligation to obtain, maintain and defend intellectual property and to enforce intellectual property rights against third parties;
- the extent to which our technology, drug candidates and processes infringe, misappropriate or otherwise violate intellectual property of the licensor that is not subject to the license agreement;
- the sublicensing of patent and other intellectual property rights under our license agreements;
- our diligence, financial or other obligations under the license agreement and which activities satisfy those diligence obligations;

- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and

- the priority of invention of patented technology.

In addition, the agreements under which we license intellectual property or technology from third parties are, and any such future license agreements are likely to be, complex, and certain provisions in such agreements may be susceptible to several interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our diligence, financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed or any other dispute described above related to our license agreements prevent or impair our ability to maintain our licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates. Any of the foregoing events could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Our business also would suffer if any current or future licensors fail to abide by the terms of the license, if the licensors fail to enforce licensed patents against infringing third parties, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing, misappropriating or otherwise violating the licensor's rights. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to seek alternative options, such as developing new drug candidates with design-around technologies, which may require more time and investment, or abandon development of the relevant research programs or drug candidates and our business, financial condition, results of operations and prospects could suffer.

Intellectual property rights do not necessarily protect us from all potential threats.

The degree of protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to any drug candidates we may develop or utilize similar technology that is not covered by the claims of the patents that we own or license now or in the future;

- we, our licensors or current or future collaborators might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;

- we, our licensors or current or future collaborators might not have been the first to file patent applications covering certain of our, or their, inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our owned or licensed intellectual property rights;
- it is possible that our pending owned or licensed patent applications or those that we may own or license in the future will not lead to issued patents;
- issued patents that we hold rights to may not provide us with a competitive advantage, or may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;
- the claims of our patent applications, if and when issued, may not cover our drug candidates;
- our competitors or other third parties might conduct research and development activities in jurisdictions where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- the inventors of our patent applications may become involved with competitors, develop products or processes that design around our patents, or become hostile to us or the patents or patent applications on which they are named as inventors;
- the laws of foreign countries may not protect our proprietary rights or the proprietary rights of license partners or current or future collaborators to the same extent as the laws of the United States;
- the validity and scope of any claims relating to our patents or other intellectual property may involve complex legal and factual questions and analysis and, as a result, the outcome may be highly uncertain;
- we engage in scientific collaborations and will continue to do so in the future, and our collaborators may develop adjacent or competing products that are outside the scope of our patents;
- any drug candidates we develop may be covered by third parties' patents or other exclusive rights;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and

- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We work with various third parties to develop our drug candidates and may have limited control over them. If these third parties fail to duly perform their contractual obligations or meet expected timelines, we may be unable to obtain regulatory approvals for, or commercialize, our drug candidates, and our business, financial condition and results of operations could be materially and adversely affected.

We have worked with and may continue to work with third parties on our ongoing preclinical and clinical programs. We work with these parties to execute our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocols, legal and regulatory requirements and scientific standards, and our collaboration with the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by the NMPA, the FDA and other comparable regulatory authorities for all of our drugs in clinical development. If we or any of our CROs or clinical investigators fail to comply with the applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, the FDA or other comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with products produced under GMP regulations. Any failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these third-party CROs terminates, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and nonclinical programs. If CROs fail to duly perform their contractual obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approvals for, or successfully commercialize, our drug candidates. Switching or adding additional CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. Any of the foregoing events may cause cost increases, restrict our ability to generate revenue and have a material adverse effect on our business and prospects.

Our future revenues are dependent on our ability to work effectively with collaborators to develop our drug candidates, including to obtain regulatory approvals. Our arrangements with collaborators will be critical to the successful commercialization of our drug candidates and future products. We rely on collaborators in various respects, including to undertake research and development programs and conduct clinical trials, manage or assist with the regulatory filings and approval process, and to assist with our commercialization efforts. We do not control our collaborators, and therefore there can be no assurance that these third parties will adequately and timely perform all of their obligations under their agreements with us. If they fail to complete the remaining studies successfully, or at all, it could delay or adversely affect the obtaining of regulatory approvals. There can be no assurance of the satisfactory performance of any of our collaborators, and if any of our collaborators breach or terminate their agreements with us, we may not be able to successfully commercialize the licensed product which could materially and adversely affect our business, financial condition, cash flows and results of operations. In addition, we may rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately carried out and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on us until deficiencies are remedied.

More generally, supply chain risks associated with the foregoing third-party service providers and our other suppliers may have a material adverse effect on our business, financial condition, results of operations and prospects. See "– Risks Relating to Manufacturing of Our Drug Candidates – We are exposed to various supply chain risks as we depend on a stable, adequate and quality supply of raw materials, technical services, equipment and infrastructure construction services, and any price increases or interruptions of such supply may have a material adverse effect on our business."

We have entered into collaborations with our partners and may form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our current or future collaboration partners.

We have in the past formed, and may in the future seek and form, strategic alliances, joint ventures or other collaborations, including entering into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. we have a strong track record of collaboration with biopharmaceutical and biotechnology companies as well as academic research institutions in China and the U.S. We are collaborating with Innovent and Shanghai Junshi on the development of combination therapies using STP705 and immune checkpoint inhibitors. We entered an agreement with Walvax to co-develop anti-influenza therapeutics, which includes an out-license for certain rights in mainland China, Hong Kong, Macau and Taiwan. We also benefit from our collaborations with renowned universities, including the University of Maryland on the

enhancement of our technology and Boston University on preclinical research and development. See "Business – Collaboration and Licensing Agreements." Any of these relationships may require us to incur nonrecurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing shareholders, or disrupt our management and business.

Our strategic collaboration with partners involves various risks, including that we may not achieve the revenue and cost synergies expected from the transaction. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and beyond our control. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that expected synergies will be achieved in due course, or at all.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates because they may be deemed to be at too early a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability.

Disputes may arise between us and our current or future collaboration partners. Such disputes may cause delays in or termination of the research, development or commercialization of our drug candidates, or may result in costly litigation or arbitration that diverts management's attention and resources.

Global markets are an important component of our growth strategy. We have retained rights for the development and commercialization of certain of our drug candidates globally. If we fail to obtain licenses or enter into collaboration arrangements with third parties in other markets, or if any third-party collaborator is not successful, our revenue-generating growth potential will be adversely affected.

Moreover, international business relationships subject us to additional risks that may materially and adversely affect our ability to attain or sustain profitable operations, including:

- efforts to enter into collaboration or licensing arrangements with third parties in connection with our international sales, marketing and distribution efforts may increase our expenses or divert our management's attention from the acquisition or development of drug candidates;

- difficulty of effective enforcement of contractual provisions in local jurisdictions;

- third parties obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- difficulty of ensuring that third-party partners do not infringe, misappropriate, or otherwise violate the patent, trade secret, or other intellectual property rights of others;
- unexpected changes in or imposition of trade restrictions, such as tariffs, sanctions or other trade controls, and similar regulatory requirements;
- economic weakness, including inflation;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable foreign tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue;
- workforce uncertainty and labor unrest;
- failure of our employees and contracted third parties to comply with the U.S. Department of the Treasury's Office of Foreign Assets Control rules and regulations, the U.S. Foreign Corrupt Practices Act of 1977, as amended ("**FCPA**") and other applicable laws and regulations; and
- business interruptions resulting from geopolitical actions, including war and acts of terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

We may rely on third parties to manufacture a portion of our drug candidates for clinical development and commercial sales. Our business could be harmed if those third parties fail to deliver sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We currently work with qualified CMOs to manufacture product candidates for preclinical and clinical supply. In addition, we procure equipment for the development and manufacturing of our product candidates from reputable manufacturers and suppliers. We also procure technical services, including CRO and CDMO services and consulting services that support our clinical trials and preclinical studies. See "Business – Procurement."

Reliance on third-party manufacturers would expose us to the following risks:

- we may be unable to identify manufacturers on acceptable terms, or at all, because the number of potential manufacturers is limited and the NMPA, the FDA or other

comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates;

- our third-party manufacturers might be unable to timely manufacture our drug candidates or produce the quantity and quality required to meet our clinical and commercial needs, if any;

- manufacturers are subject to ongoing periodic unannounced inspection and other government regulations by the NMPA, the FDA or other comparable regulatory authorities to ensure strict compliance with GMP. We do not have control over third-party manufacturers' compliance with these regulations and requirements;

- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our drug candidates;

- manufacturers may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- manufacturers may infringe, misappropriate, or otherwise violate the patent, trade secret, or other intellectual property rights of third parties;

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects; and

- our contract manufacturers and critical reagent suppliers may be subject to inclement weather, as well as natural or man-made disasters.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, result in higher costs or adversely impact commercialization of our future approved drug candidates.

Our rights to develop and commercialize our drug candidates are subject to the terms and conditions of licenses and sublicenses granted to us by third parties.

We rely on licenses and sublicenses to certain patent rights and other intellectual property from third parties that are important or necessary for the development of our drug candidates. Our licensors and sublicensors may also provide us with clinical data required for NDA filings in our licensed or sublicensed territories pursuant to these licenses, among other methods of

support. However, the licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories in which we may expect to develop or commercialize our drug products and the underlying patents may fail to provide the intended exclusivity. As a result, we may not be able to prevent competitors from developing and commercializing competitive drug products in the markets that we expect to address. In addition, our licenses may not include rights to all intellectual property relevant to our drug candidates, and therefore we may need to obtain additional licenses from our existing licensors, which may not be available on an exclusive basis, commercially reasonable terms, or at all, or expend significant time and resources to redesign our drug candidates or the methods for manufacturing them, all of which may not be feasible on a technical or commercial basis. Moreover, we do not own the underlying intellectual property related to these drug candidates, and our rights are continuously subject to the terms of the underlying agreements. If our licensors breach our license agreements, we may not be able to enforce such agreements or obtain sufficient or adequate remedies. If these in-licenses are terminated, competitors may develop, seek regulatory approval of, and market, products identical to ours.

Our license agreements may not grant us the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering our drugs. Moreover, we have not had, and do not have, primary control over these activities for certain of our patents or patent applications and other intellectual property rights that we jointly own with certain of our licensors and sublicensors. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced and defended in a manner consistent with the best interests of our business. If our current or future licensing or collaboration partners fail to prosecute, maintain (including by failing to pay the relevant fees), enforce and defend patents licensed to us that are material to our business, the exclusivity associated with the relevant drug candidate may be reduced or eliminated, and our ability to prevent competitors from developing or commercializing biosimilar drugs could be adversely affected. Even if we have the right to control patent prosecution and maintenance of patents and patent applications licensed to us, we may still be adversely affected or prejudiced by actions or inactions of our sublicensees, our licensors, the inventors, third-party collaborators and each of their respective counsel that took place either before or after the date upon which we assumed that control.

In addition, our licensors may have relied on third-party consultants or collaborators or on funds, resources or expertise from third parties such that our licensors are not the sole and exclusive owners of the patents we in-license. If other third parties have ownership rights to our in-licensed patents, they may be able to license such patents to our competitors, and our competitors could market biosimilar products and technologies. In addition, if our licensors have not obtained adequate rights and licenses from these third parties, we may need to obtain additional rights from these third parties or we could be prevented from developing and commercializing the relevant drug candidates or encounter direct competition. This could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Over time, we may seek additional rights to intellectual property from our licensors and, in connection with the related negotiations, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including enabling third parties to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of the foregoing events could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR OPERATIONS

The loss of any key members of our senior management team or our inability to attract, retain and motivate highly qualified management, clinical and scientific personnel could delay or prevent the successful development of our drug candidates and result in a material and adverse effect on our business and results of operations.

Our success depends, in part, on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, as well as other key clinical and scientific personnel, and other employees and consultants. The loss of the services of any of these individuals could delay or prevent the successful development of our drug candidates and our business operations would be impaired.

Although we have not historically experienced difficulties in attracting and retaining qualified employees, we may experience such problems in the future. Competition for qualified employees in the biopharmaceutical industry is intense and the pool of qualified candidates is limited. We may not be able to retain the services of, or attract and retain, experienced management or key clinical and scientific personnel in the future. The departure of one or more of our management or key clinical and scientific personnel, regardless of whether or not they join a competitor or form a competing company, may subject us to risks relating to replacing them in a timely manner, or at all, which may disrupt our drug development progress and have a material and adverse effect on our business and results of operations. In addition, we will need to hire additional employees as we expand our commercialization team. We may not be able to attract and retain qualified employees on commercially reasonable terms, or at all.

We are subject to the risks of doing business in multiple jurisdictions.

As we operate in the PRC, the U.S. and other countries, our business is subject to risks associated with doing business in multiple jurisdictions. Our business and financial results in the future could be adversely affected due to a variety of factors, including:

- changes in a specific country's or region's political and cultural climate or economic condition;

- unexpected changes in laws and regulatory requirements in local jurisdictions;

- efforts to develop an international sales, marketing and distribution organization may increase our expenses, divert our management's attention from the acquisition or development of drug candidates or cause us to forgo profitable licensing opportunities in these geographies;

- the occurrence of economic stagnation or downturn in certain jurisdictions, including those caused by inflation or political instability;

- the burden of complying with a variety of foreign laws, including difficulties in enforcement of contractual provisions;

- inadequate intellectual property protection in certain jurisdictions;

- enforcement of anti-corruption and anti-bribery laws;

- trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;

- delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment;

- the effects of applicable local tax regimes and potentially adverse tax consequences; and

- significant adverse changes in local currency exchange rates.

We may pursue partnerships with entities in foreign countries and regions, in particular in the U.S. In the event that China or the countries from which we import raw materials impose import tariffs, trade restrictions or other trade barriers affecting the importation of such components or raw materials, we may not be able to obtain a stable supply of necessary components or raw materials at competitive prices, and our business and operations may be materially and adversely affected. We may also sell our products to certain foreign countries in the future. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. It is notable that the U.S. government has recently made significant changes in its trade policy and has taken certain actions that may materially impact international trade, such as announcing import tariffs, which have led to other countries, including China and members of the EU, imposing tariffs against the U.S. in response. See "– Risks Relating to Manufacturing of Our Drug Candidates – Changes in U.S. and international trade policies, particularly with regard to China, may cause significant disruptions to our drug candidate manufacturing and other operations." These trade disputes may escalate and may result in certain types of goods, such as advanced research and development equipment and materials,

becoming significantly more expensive to procure from overseas suppliers or even illegal to export. Furthermore, there can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Tensions and political concerns between China and the relevant foreign countries or regions may therefore adversely affect our business, financial condition, results of operations and prospects.

In addition, we are subject to general geopolitical risks in foreign countries where we operate, such as political and economic instability and changes in diplomatic and trade relationships. The occurrence of any one or more of these risks of doing business internationally, individually or in the aggregate, could materially and adversely affect our business and results of operations.

Investments in our business, or our future potential investments may be materially and adversely affected by regulatory or governmental scrutiny in relevant countries such as the U.S.

Investments in our business, or our future potential investments, may be subject to stringent regulatory or governmental scrutiny imposed by relevant authorities. For example, foreign investments in U.S. companies and exports of technology and technical data from the U.S. (including disclosures of technology and technical data to foreign persons in the U.S.) are potentially subject to significant restrictions under the U.S. laws and regulations. Statutory changes in the U.S., such as the enactment of the Foreign Investment Risk Review Modernization Act of 2018 ("FIRRMA"), have broadened the authorities of the President of the United States and various regulatory regimes, including the Committee on Foreign Investment in the United States ("CFIUS"), to regulate trade and investment activity in the U.S.

CFIUS has the authority to determine whether foreign investments in U.S. businesses may present a threat to U.S. national security, and to impose conditions on, or effectively suspend or prohibit such investments. Certain investments are subject to pre-closing filing requirements with CFIUS and are subject to potential penalties for failing to make required filings, in addition to the potential for conditions on the investment or forced divestment. Investments in companies that are not subject to pre-closing filing requirements may nevertheless be subject to CFIUS jurisdiction and may result in adverse actions such as operating conditions on the company, conditions on the investment, blocking of the investment, or forced divestment.

Accordingly, with respect to past investments in our business by foreign persons, and to the extent our business in the future takes, investments from foreign persons, or if our potential acquisition or investment targets involve U.S. businesses, such investments could be subject to CFIUS jurisdiction or other regulatory requirements. For instance, we received an inquiry from CFIUS on April 12, 2021, in relation to an investor's participation in our Series

C financing, and we have been cooperating with CFIUS to provide the requested information. If an investment that triggers CFIUS jurisdiction raises U.S. national security concerns, our business may be subject to adverse action by CFIUS, such as requirements to accept operating conditions, conditions on the investment or even to facilitate divestment by a prior investor. Any such event may detrimentally affect our capability to invest or attract investments or otherwise operate our business, which may materially and adversely affect our business, financial condition and results of operations.

Other jurisdictions such as the PRC, the United Kingdom, Japan and European Union, may also revise their foreign direct investment review processes and related regulatory processes from time to time. To the extent our current or future operations or investments relate to such jurisdictions, the changes in relevant laws or regulations may materially and adversely affect our business, financial condition and results of operations.

If we fail to comply with anti-bribery laws, our reputation may be damaged, and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We are subject to the anti-bribery laws of various jurisdictions. As our business has expanded, we may be subject to an increasing range of applicable anti-bribery laws. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, such as the FCPA, or if any of the doctors or other providers or entities we do business with are found to be not in compliance with applicable laws, our reputation could be damaged and we may face civil, administrative or criminal penalties or incur significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations and prospects.

Product and professional liability claims or lawsuits against us could result in expensive and time-consuming litigation, payment of substantial damages and increases in our insurance rates.

We are exposed to risks relating to product and professional liability as a result of clinical testing and any future commercialization of our drug candidates in and outside China. For example, we may be sued if our drug candidates cause, or are perceived to cause, injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing or design, a failure to warn of the inherent dangers in the drugs, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against, or obtain indemnification from our collaborators for, product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Defending ourselves would require significant expenditures and management resources. Regardless of the merits or eventual outcome,

liability claims may result in a decrease in demand for our drug candidates, reputational damage, withdrawal of clinical trial participants and inability to continue clinical trials, initiation of investigations by regulators, costs to defend the related litigation, a diversion of management's time and our resources, substantial monetary awards to trial participants or patients, product recalls, withdrawals, restrictive labeling and marketing or promotional restrictions.

It is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a product liability claim or a series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations may be impaired. Should any of the foregoing events occur, our business, financial condition and results of operations would be materially and adversely affected.

If we use hazardous materials in a manner that causes injury, we could be liable for damages.

We are subject to laws and regulations governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials. Our operations involve the use of hazardous materials, including chemicals, and may produce hazardous waste products. We cannot eliminate the risks of contamination or personal injury from these materials.

We do not maintain work injury insurance for injuries to our employees resulting from the use of hazardous materials. We also do not maintain insurance for environmental liability claims that may be asserted against us in connection with our storage or disposal of hazardous materials. In the event of contamination or personal injury resulting from our use of hazardous materials or our or third parties' disposal of hazardous materials, we could be held liable for any resulting damages. We may also incur significant costs associated with civil, administrative or criminal fines and penalties.

We may incur substantial costs in order to comply with current or future laws and regulations on the use of hazardous materials. These current or future laws and regulations may impose restrictions on our research, development or production activities. Failure to comply with these laws and regulations may also result in substantial fines, penalties or other sanctions.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may therefore be subject to legal proceedings and claims relating to the

intellectual property rights of others. We cannot assure you that holders of intellectual property rights purportedly relating to some aspect of our business, if any such holders exist, would not seek to enforce such rights against us. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may have a material adverse effect on our business, results of operations and reputation.

We may be subject to disasters, health epidemics such as COVID-19, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, acts of war, terrorism or other force majeure events beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations, and those of our third-party research institution collaborators, suppliers and other contractors and consultants, may be under the threat of natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, force majeure events such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or potential wars or terrorist attacks.

The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in the PRC or elsewhere in the world could materially disrupt our business and operations. For example, the outbreak of COVID-19 has caused illness in, and killed, many people in and outside China, caused temporary suspension of production and shortage of labor and raw materials in affected regions, and disrupted local and international travel and economy. The spread of COVID-19 continues to affect the mainland China. Since late July in 2021, there is a recurrence of the COVID-19 pandemic in several provinces in China. The exacerbation, continuance or reoccurrence of COVID-19 has already caused, and may continue to cause, an adverse and prolonged impact on the economy and social conditions in the PRC and other affected countries. The existing clinical trials and the commencement of new clinical trials could be substantially delayed or prevented by any delay or failure in patient recruitment or enrollment in our or our collaborators' trials as a result of the outbreak of COVID-19. These factors could cause the delay of clinical trials, regulatory submissions, and required approvals of our drug candidates, and could cause us to incur

additional costs. If our employees or employees of our suppliers and other business partners are suspected of being infected with an epidemic disease, our operations may be disrupted because we or our business partners must quarantine some or all of the affected employees or disinfect relevant facilities. If we are not able to effectively develop and commercialize our drug candidates as a result of protracted clinical trials of enrolled patients, elevated public health safety measures, or failure to recruit and conduct patient follow-up, we may not be able to generate revenue from sales of our drug candidates as planned.

Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. We partially rely on our third-party research institution collaborators for conducting research and development of our drug candidates, and they may be affected by government shutdowns or funding withdrawals. The occurrence of any of the foregoing events could seriously harm our operations and financial condition and could increase our costs and expenses. We also partially rely on third-party manufacturers to produce and process supplies of our drugs and drug candidates. Our ability to obtain supplies of our drugs and drug candidates could be disrupted if the operations of these suppliers are affected by disasters, epidemics, business interruptions and other force majeure events. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, disaster, epidemics, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our drug candidates. Our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption. Acts of war or terrorism may also injure our employees, disrupt our business network and destroy our markets. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We maintain insurance policies that are required under PRC and U.S. laws and regulations as well as based on our assessment of our operational needs and risks and industry practice. See "Business – Insurance." However, our insurance coverage may be insufficient to cover all claims or losses which may arise. Further, we may find that we cannot insure some risks or we may find that we are underinsured for some risks. We cannot guarantee that we can insure against all risks of loss from our business. Insurance we purchase may exclude these risks or may insufficiently cover these risks due to the terms and conditions of the policies or based on the allegations made. Any liability or damage to, or caused by, our manufacturing facilities or our personnel beyond our insurance coverage may result in substantial costs and a diversion of resources and may adversely affect our drug development and overall operations. Failure to be adequately insured for any risk of loss may materially and adversely affect our business and financial condition.

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, and insider trading.

We may be exposed to fraud, bribery or other misconduct committed by our employees, principal investigators, consultants and commercial partners that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. During the Track Record Period, we were not aware of any instances of fraud, bribery or other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations.

However, there can be no assurance that there will not be any such instances in future. Although we consider our internal control policies and procedures to be adequate, we may be unable to prevent, detect or deter all such instances of misconduct. Any such instances of misconduct committed against our interests, including undetected past acts and future acts, may have a material adverse effect on our business and results of operations.

We are subject to risks associated with leasing properties.

We lease some of our offices, laboratories, manufacturing facilities and storage space in the PRC and the U.S. The lessors of the leased properties may not have valid title or have the legal rights to such leased properties or may not have complied with all the necessary procedures. In addition, as our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms, or at all, which could require us to close such offices, laboratories or manufacturing facilities and storage space. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition.

Pursuant to PRC law, lease agreements must be filed with the local branch of the Ministry of Housing and Urban-Rural Development. The filing of such leases will require the cooperation of the lessors. Any failure to register lease agreements as required under PRC law will not affect the validity and enforceability of the lease agreements, but may subject us to a fine for non-registration which may range from RMB1,000 to RMB10,000 for each non-registered agreement, which may negatively affect our ability to operate our business covered under those leases.

RISKS RELATING TO OUR DOING BUSINESS IN THE PRC

We have historically received government grants and subsidies for our research and development activities and enjoyed preferential tax treatment during the Track Record Period. Expiration of, or changes to, these incentives or policies, or our failure to satisfy any condition for these incentives, would have an adverse effect on our results of operations.

We have historically benefited from government grants. We recorded government grants of US$0.2 million, US$0.5 million and US$0.02 million in 2019, 2020 and the nine months

ended September 30, 2021, respectively. Our government grants may vary from period to period, going forward, and our business and results of operations may be affected as a result. Our eligibility to receive these financial incentives in the future depends on our ability to maintain the relevant qualifications. The incentives are subject to the discretion of the central government or relevant local government authorities, which could determine to reduce the amount of, or cease to provide, the grants or incentives at any time, generally with prospective effect. In addition, the policies according to which we historically received government grants may be lifted or withdrawn by the relevant government authorities at their sole discretion. There can be no assurance that we will continue to receive such government grants or receive a similar level of government grants, or at all, in the future. The discontinuation or reduction of financial incentives currently available to us could have a material adverse effect on our business, financial condition and results of operations.

The biopharmaceutical industry in the PRC is highly regulated and such regulations are subject to change, which may affect approvals and commercialization of our drug candidates.

Our research operations and manufacturing facilities are mainly conducted or located in the PRC. The biopharmaceutical industry in the PRC is subject to comprehensive government regulation and supervision, encompassing the research and development, trials, approval, registration, manufacturing, packaging, licensing and marketing of new drugs and various other aspects of the operation of biopharmaceutical companies. Any violation of the relevant laws, rules and regulations may subject us to disputes, administrative sanctions, criminal sanctions and other legal proceedings. See "Regulatory Overview." In recent years, the regulatory framework in the PRC regarding the biopharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in, or prevent the successful development or commercialization of, our drug candidates in the PRC and reduce the current benefits we believe are available to us from developing and manufacturing drugs in the PRC. PRC authorities have become increasingly vigilant in enforcing laws in the biopharmaceutical industry and any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in the PRC. We believe our strategy and approach are consistent with the PRC government's policies, but there can be no assurance that our strategy and approach will remain consistent therewith.

There are uncertainties regarding the interpretation and enforcement of Chinese laws, rules and regulations.

Most of our operations are conducted in the PRC through our PRC subsidiaries, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in the PRC. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in the PRC. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in the PRC or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published on a timely basis, or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Specifically, the NMPA's recent reform of the drug-approval system may face implementation challenges. The timing and full impact of such reforms are uncertain and could prevent us from commercializing our drug candidates in a timely manner.

In addition, any administrative and court proceedings in the PRC may be protracted, resulting in substantial costs and diversion of resources and management's attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than would be the case in more developed legal systems. These uncertainties may prevent us from enforcing the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

Changes in the political and economic policies of the Chinese government may materially and adversely affect our business, financial condition, results of operations and prospects and may result in our inability to sustain our growth and expansion strategies.

Due to our extensive operations in the PRC, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in the PRC. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth over the past 40 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or

changes in tax regulations that are currently applicable to us. In addition, in the past, the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in the PRC, which may adversely affect our business and results of operations. More generally, if the business environment in the PRC deteriorates from the perspective of domestic or international investment, our business in the PRC may also be adversely affected.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (科學數據管理辦法) (the "**Scientific Data Measures**"), which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in the PRC must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded, at least in part, by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. As of the Latest Practicable Date, we have not acquired any scientific data in the PRC nor transferred any such data abroad. We expect to primarily collect data of trial subjects enrolled in clinical studies and generally do not involve state secret or national security in the future. However, as advised by our PRC Legal Advisor, given that the term "state secret" is currently not clearly defined, if the scientific data are deemed involving "state secret," we shall define the category, scope and purpose of such data to be used, and report the case to the competent department for approval according to established procedures for confidentiality management. There can be no assurance that we can always obtain relevant approvals for sending scientific data including the results of our preclinical studies or clinical trials conducted within the PRC abroad or to our foreign partners in the PRC. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, financial condition, results of operations and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within China is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State

Administration of Taxation (the "**SAT**") issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management (the "**Circular 82**"), which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this Circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders and any gain realized on the transfer of our Shares by such shareholders may be subject to PRC tax at a rate of 20% in the case of non-PRC individuals (which, in the case of dividends, may be withheld at source) unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on the investment in our Shares.

We have granted, and may continue to grant, options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We have adopted the Pre-IPO Equity Plan to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the Company. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based compensation to employees in the future. As a result, our expenses associated with

share-based compensation may increase, which may have an adverse effect on our results of operations. We had share-based payment expenses of US$0.6 million and US$1.0 million in 2019 and 2020, respectively, and US$0.5 million and US$1.4 million, respectively in the nine months ended September 30, 2020 and 2021. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective share incentive plans and any subsequently adopted share incentive plans from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges in the reporting periods following the Global Offering.

Any failure to comply with PRC regulations regarding our employee equity incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies ("**SAFE Circular 7**"), replacing the previous rules issued by SAFE in March 2007. Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. Also, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with SAFE or its local branches before they exercise the share options. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this Global Offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially and adversely affect our business.

The STA has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options. Our PRC subsidiaries have obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options or grant of the restricted shares. If our

employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles ("**SAFE Circular 37**"). SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purposes) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 further requires amendment to SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as changes of a PRC individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are PRC residents. If our shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries.

In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment ("**SAFE Notice 13**"), effective June 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

In addition, our shareholders who are PRC entities shall complete their overseas direct investment filings according to applicable laws and regulations regarding the overseas direct investment by PRC entities, including certificates, filings or registrations with the MOFCOM and NDRC or the local branch of the MOFCOM and NDRC based on the investment amount, invested industry or other factors thereof, and shall also update or apply for amendment in respect to the certificates, filings or registrations in the event of any significant changes with respect to the offshore investment. We have notified and requested all of our shareholders to comply with, or notify their beneficial owners who are PRC residents to comply with applicable PRC regulations, including the requirements of the NDRC and MOFCOM and their registration obligation under SAFE Circular 37 and other implementation rules.

We may not be fully informed of the identities of all the PRC residents holding direct or indirect interests in our company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with such requirements and obligations in a timely manner. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits could be materially and adversely affected.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this Global Offering to make loans to our PRC subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from governmental authorities and limitation on the available loan amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China.

Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. In addition, a foreign-invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign-invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks' principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises ("**SAFE Circular 19**"), effective on June 1, 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the

Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. According to SAFE Circular 19, the flow and use of RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB-entrusted loans, the repayment of inter-enterprise loans or the repayment of bank loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account ("**SAFE Circular 16**"), effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this Global Offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this Global Offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributable to a PRC establishment of a non-PRC company.

On February 3, 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax and Indirect Transfers of Assets by Non-PRC Resident Enterprises (the "**Bulletin 7**"). Pursuant to Bulletin 7, an "indirect transfer" of "PRC taxable assets," including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a

direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, factors to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have a real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source ("**Bulletin 37**"), which came into effect on December 1, 2017. Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Late payment of applicable tax will subject the transferor to default interest. Gains derived from the sale of shares by investors are not subject to the PRC enterprise income tax pursuant to Bulletin 7 where such shares were acquired in a transaction through a public stock exchange. However, the sale of our Shares by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC enterprise income tax under Bulletin 7.

There are uncertainties as to the application of Bulletin 7. Bulletin 7 may be determined by the tax authorities to be applicable to the sale of the shares of our offshore subsidiaries or investments where PRC taxable assets are involved. The transferors and transferees may be subject to the tax filing and withholding or tax payment obligation, while our PRC subsidiaries may be requested to assist with the filing. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Bulletin 7 or to establish that we and our non-resident enterprises should not be taxed under Bulletin 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Bulletin 7 or Bulletin 37, our income tax costs associated with such potential acquisitions or disposals will increase, which may have an adverse effect on our financial condition and results of operations.

Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may adversely affect the value of the investment.

The Renminbi is not currently a freely convertible currency, as the PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. A substantial majority of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our Shares. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy our foreign currency-denominated obligations.

Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approvals from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Approvals from appropriate government authorities are required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Since 2015, in response to China's declining foreign currency reserves, the PRC government has placed increasingly stringent restrictions on the convertibility of Renminbi into foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders. Further, there can be no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC against us or our management named in the documents based on Hong Kong or other foreign laws.

Most of our major operating subsidiaries are incorporated in China. Substantially all of our assets are located in the PRC. In addition, a majority of our Directors, Supervisors and senior management personnel reside within the PRC, and substantially all of their assets are located within the PRC. As a result, it may not be possible for investors to effect service of process upon us or our Directors, Supervisors and senior management personnel in the PRC. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

In July 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition

and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly selected as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective in August 2008, the outcome and effectiveness of any action brought under the Arrangement remain uncertain. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets or Directors in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

RISKS RELATING TO THE GLOBAL OFFERING AND INVESTMENTS INTO OUR SHARES

There has been no prior public market for our Shares, and their liquidity and market price may be volatile.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied for listing of and permission to deal in our Offer Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our drug candidates, the results of our applications for approval of our drug candidates, regulatory developments affecting the

biopharmaceutical industry, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

There will be a gap of several days between the pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the offer price.

The Offer Price to the public of our Shares sold in the public market is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be not more than several business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when trading begins could be lower than the indicative Offer Price range as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Future sales or perceived sales of our Shares in the public market by major shareholders following the Global Offering could materially and adversely affect the price of our Shares.

Prior to the Global Offering, there has not been a public market for our Shares. Future sales or perceived sales by our existing shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights as a holder of our Shares. Issuance of additional Shares, or the possibility of such issuance, may cause dilution to our shareholders if we issue additional Shares at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares, and may cause the market price of our Shares to decline. In addition, the incurrence of

additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or drug candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

Because we do not expect to pay dividends in the foreseeable future after the Global Offering, you must rely on price appreciation of our Shares for a return on your investment.

We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. Any future declarations and payments of dividends will be at the absolute discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. Accordingly, the return on the investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

The Company will be treated as a U.S. tax resident for U.S. federal tax purposes, and the U.S. will tax shareholders on that basis.

Although the Company is and will continue to be a Cayman Islands company, the Company is also treated as a U.S. corporation for U.S. federal tax purposes under the "inversion rules", and is subject to U.S. federal income tax on its worldwide income.

Non-U.S. holders (as defined below) may be subject to material adverse U.S. federal tax consequences as a result of acquiring, owning and/or disposing of our Shares. Please see "Information About This Prospectus and the Global Offering—Certain U.S. Federal Income Tax Considerations." for a discussion of some of these considerations.

In addition, we may also be treated as a PRC resident enterprise for PRC income tax purposes. See "—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders." If we were subject to both PRC and the U.S. income taxes on our income,

we could be put at a disadvantage compared to companies that are only subject to one country's income taxes, which could materially reduce our net income and/or result in both the PRC and the U.S. potentially imposing withholding taxes on distribution on and/or transactions involving the Shares.

Tax laws could change, which could adversely impact the Company or a shareholder's investment in the Company.

There may be future changes in tax laws resulting from legislative, administrative or judicial decisions, global initiatives to modify tax law, and future issuance of new or modified regulations implementing existing law, any of which may have adverse tax consequences to the Company and/or a shareholder's investment in the Company. Any such change may or may not be retroactive to a time preceding its occurrence. The rules dealing with taxation are constantly under review by persons involved in the legislative, administrative and judicial processes, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes.

We are a Cayman Islands exempted company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Act and common law of the Cayman Islands. The rights of shareholders to take legal action against our Directors and us, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority shareholders may be located. As a result of all of the above, minority shareholders may enjoy different remedies when compared with the laws of the jurisdiction such shareholders are located in.

Facts, forecasts and statistics in this prospectus relating to the biopharmaceutical industry may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to the biopharmaceutical industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by China Insights that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Sponsor, the Joint Representatives nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying

economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the industry statistics in this prospectus may be inaccurate and you should not place undue reliance on them. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events, or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

In preparation for the Listing, the Company has sought the following waivers and exemption from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, the Company must have sufficient management presence in Hong Kong, which normally means that at least two executive directors must be ordinarily resident in Hong Kong.

The Company does not have, and does not contemplate in the foreseeable future that the Company will have sufficient management presence in Hong Kong for satisfying the requirement under Rule 8.12 of the Listing Rules. Given that (i) the Company's management, business operations and assets are principally based outside Hong Kong; (ii) the Company's headquarters and senior management are primarily based outside Hong Kong; and (iii) the Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Company and therefore would not be in the best interests of the Company and the Shareholders as a whole.

Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules. The Company will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

1. **Authorized representatives**: The Company has appointed Dr. Lu, our Company's executive Director, and Mr. Leung Ting Cheung (梁庭彰), the joint company secretary of the Company, as the authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and/or email to deal promptly with enquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Although Dr. Lu resides in the U.S., he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Mr. Leung ordinarily resides in Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to the Company within a reasonable period of time. See the section headed "Directors and Senior Management" in this Prospectus for more information about the Authorized Representatives.

2. **Directors**: The Company will implement a policy to provide the up-to-date contact details of each Director (such as office phone numbers, mobile phone numbers, fax numbers, and email addresses) to the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to contact any of the Directors promptly as and when required, including when the Directors are traveling. Each Director who is not ordinarily resident in Hong Kong possesses can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period when required by the Stock Exchange.

3. **Compliance advisor**: The Company has appointed Opus Capital Limited as our compliance advisor (the "**Compliance Advisor**") in compliance with Rule 3A.19 of the Listing Rules.

   The Compliance Advisor will, among other things and in addition to the Authorized Representatives and our Directors, act as an additional channel of communication of our Company with the Stock Exchange provide us with professional advice on continuing obligations under the Listing Rules and during the period from the Listing Date to the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the Listing. The Compliance Advisor will also provide advice to us when consulted by us in compliance with Rule 3A.23 of the Listing Rules. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as the principal channel of communication with the Stock Exchange when the Authorized Representatives and Directors are not available. In turn, they will provide to the Compliance Advisor such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties. The Company has provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers and email addresses of at least two of our Compliance Advisor's officers who will act as the Compliance Advisor's contact persons between the Stock Exchange and the Company.

4. **Joint company secretaries**: The Company has appointed Ms. Yun Zhang (張蘊) and Mr. Leung Ting Cheung as our joint company secretaries. Ms. Zhang and Mr. Leung will maintain constant contact with our Directors and senior management team members through various means.

   Meetings between the Stock Exchange and the Directors could be arranged through the Authorized Representatives, our Directors, our Compliance Advisor and/or the joint company secretaries within a reasonable time. The Company will also ensure that there are adequate and efficient means of communication among our Company,

the Authorized Representatives, our Directors and other officers, the company secretaries and our Compliance Advisor. The Company will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, our Directors, our Compliance Advisor and/or the company secretaries in accordance with the Listing Rules.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Institute of Chartered Secretaries; (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing "relevant experience", the Hong Kong Stock Exchange will consider the individual's: (i) length of employment with the issuer and other listed companies and the roles he or she played; (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

We have appointed Ms. Yun Zhang and Mr. Leung Ting Cheung as our joint company secretaries. Mr. Leung is a member and a fellow of the Hong Kong Institute of Certified Public Accountants, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Ms. Zhang joined our Group in November 2015 and has gained a thorough understanding of the internal administration and business operation of our Group. See "Directors and Senior Management – Joint Company Secretaries" in this prospectus for details about Ms. Zhang's experience and qualifications. By virtue of Ms. Zhang's experience and familiarity with our Group, our Company believes Ms. Zhang is capable of discharging the duties as a joint company secretary of our Company and is a suitable person to act as a joint company secretary of our Company.

Since Ms. Zhang does not possess any of the academic and professional qualifications required of a company secretary under Note 1 to Rule 3.28 of the Listing Rules, we have sought and obtained from the Hong Kong Stock Exchange a waiver from strict compliance

with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zhang may be appointed as our joint company secretary. The waiver has been granted for a three-year period on the condition that we engage Mr. Leung who possesses the qualifications and experience as required under Rule 3.28 of the Listing Rules, as a joint company secretary of the Company for the waiver period to assist Ms. Zhang in discharging her duties and responsibilities as a joint company secretary of a Hong Kong listed company and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules, and such waiver will be revoked immediately if and when Mr. Leung ceases to provide such assistance or if there are material breaches of the Listing Rules by the Company. In addition, Ms. Zhang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Zhang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Hong Kong Stock Exchange. Prior to the end of the 3-year period, we must liaise with the Hong Kong Stock Exchange which will re-visit the situation in the expectation that we should then be able to demonstrate to the satisfaction of the Hong Kong Stock Exchange that Ms. Zhang, having had the benefit of Mr. Leung's assistance for three years, would have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that all prospectuses are required to include the matters specified in Part I of the Third Schedule thereto and set out the reports specified in Part II of the Third Schedule thereto.

Pursuant to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover (as may be appropriate) of our Company during each of the three financial years immediately preceding the issue of a prospectus including an explanation of the method used for the computation of such income or turnover and a reasonable break-down between the more important trading activities.

Pursuant to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report by the auditors of our Company with respect to profits and losses and assets and liabilities of the Company in respect of each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may, subject to such conditions (if any) as the SFC thinks fit, issue a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the Accountants' Report to this prospectus.

The Listing Rules require that an eligible biotech company as defined under Chapter 18A of the Listing Rules must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management.

Pursuant to Rule 18A.06 of the Listing Rules, an eligible biotech company must comply with Rule 4.04 as modified so that references to "three financial years" or "three years" in that rule shall instead reference to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the Reporting Accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the accountants' report of our Company set out in Appendix I to this prospectus is currently prepared to cover the two financial years ended December 31, 2020 and the nine months ended September 30, 2021.

Accordingly, the Sole Sponsor applied on behalf of the Company to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of, and paragraphs 27 of Part I and 31 of Part II of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following grounds:

(a) our Company is an RNA therapeutics biopharmaceutical company with product candidates in preclinical and clinical stages that focuses on the discovery and development of innovative drugs, and falls within the scope of Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for listing required under Chapter 18A of the Listing Rules;

(b) as of the Latest Practicable Date, our Company had not commercialized any products and therefore did not generate any revenues from product sales;

(c) the Accountants' Report for each of the two financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 has been prepared and is set out in Appendix I to this prospectus in compliance with Rule 18A.06 of the Listing Rules;

(d) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in the document; and

(e) given that our Company is only required to disclose its financial results for the two financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 in accordance with Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2018 would require additional work to be performed by our Company and its auditors, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company.

(f) the Accountants' Report covering the two financial years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of our Company, and all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this prospectus and that this prospectus will be issued on or before December 30, 2021.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO EQUITY INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, *inter alia*, disclose in the prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.

Paragraph 27 of Appendix 1A to the Listing Rules requires a listing applicant to disclose, *inter alia*, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule.

Under paragraph 10 of Part I of the Third Schedule, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

As of the Latest Practicable Date, our Company had granted options under the Pre-IPO Equity Incentive Plan to 105 grantees to subscribe for an aggregate of 13,300,000 Shares. As of the Latest Practicable Date, 530,000 options, representing 530,000 Shares, have been fully exercised and 12,770,000 options remained outstanding, representing approximately 14.50% of our Company's issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised) for which the grantees include four Directors (with respect to 5,455,000 underlying Shares), four senior management (with respect to 1,900,000 underlying Shares), three other grantees who have been granted options to subscribe 450,000 ordinary shares of the Company or more (with respect to 2,498,667 underlying Shares), nine advisors and consultants (with respect to 876,000 underlying Shares), three other connected persons (with respect to 367,685 underlying Shares), and 82 remaining grantees (the "**Other Grantees**") (with respect to an aggregate of 1,672,648 underlying Shares). Save as disclosed in "Statutory and General Information – D. Incentive Plans" in

Appendix IV to this Prospectus, no options were granted to other connected persons of the Company. As of the Latest Practicable Date, no awards remain available for grant under the Pre-IPO Equity Incentive Plan, as all of the awards available under the Pre-IPO Equity Incentive Plan have been granted, and the Company had no intention to make further issuance of shares under the Pre-IPO Equity Incentive Plan.

The principal terms of the Pre-IPO Equity Incentive Plan are set out in Statutory and General Information – D. Incentive Plans" in Appendix IV.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (ii) the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and certain grantees in this prospectus on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome to our Company for the following reasons:

(a) our Directors consider that it would be unduly burdensome to disclose in this prospectus full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation and prospectus preparation for strict compliance with such disclosure requirements;

(b) material information on the options has been disclosed in this prospectus to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:

  (i) a summary of the latest terms of the Pre-IPO Equity Incentive Plan;

  (ii) the aggregate number of Shares subject to the options and the percentage of our Shares of which such number represents;

  (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised);

  (iv) full details of the options granted to each of our Directors, senior management, advisers, consultants, other connected persons, and other grantees who have been granted options to subscribe 450,000 ordinary shares of the Company or more are disclosed in this prospectus, and such details include all the

particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule (the full details of all connected persons are disclosed in "Statutory and General Information – D. Incentive Plans" in Appendix IV to this Prospectus); and

(v) in respect of the options granted under the Pre-IPO Equity Incentive Plan to remaining grantees (being the other grantees who are not Directors, senior management, advisers, consultants, other connected person of the Company, or grantees that have been granted options to subscribe 450,000 ordinary shares of the Company or more), disclosure will be made, on an aggregate basis, of:

(a) the aggregate number of grantees and number of Shares underlying the options under the Pre-IPO Equity Incentive Plan;

(b) the consideration paid (if any) for the grant of the options under the Pre-IPO Equity Incentive Plan;

(c) the exercise period and the exercise price of the options granted under the Pre-IPO Equity Incentive Plan, in "Statutory and General Information – D. Pre-IPO Equity Incentive Plan" in Appendix IV to this Prospectus.

Our Directors consider that the above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Guidance Letter HKEx-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange.

(c) the 82 Other Grantees have been granted options under the Pre-IPO Equity Incentive Plan to acquire an aggregate of 1,672,648 Shares, which is not material in the circumstances of our Company, and the exercise in full of such Share Options will not cause any material adverse change in the financial position of our Company;

(d) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group; and

(e) a full list of all the grantees containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule will be made available for inspection in accordance with the section headed "Appendix V – Document Available for Inspection" in this prospectus.

The Stock Exchange has granted us a waiver from strict compliance with the relevant requirements under the Listing Rules subject to the conditions that disclosure in respect of the information referred to in paragraph (c) above has been made in this prospectus.

The SFC has granted us a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule, subject to the conditions that:

(a) full details of the options granted to each of our Directors, senior management, advisers, consultants, other connected persons, and other grantees who have been granted options to subscribe 450,000 ordinary shares of the Company or more be disclosed in this prospectus, and such details include all the particulars required under paragraph 10 of Part I of the Third Schedule (the full details of all connected persons are disclosed in "Statutory and General Information – D. Incentive Plans" in Appendix IV to this Prospectus);

(b) with respect to the options granted by our Company under the Pre-IPO Equity Incentive Plan to the Other Grantees, the following details, including (i) the aggregate number of such grantees and the number of Shares subject to the options; (ii) the consideration paid for the grant of the options; and (iii) the exercise period and the exercise price for the options be disclosed in this prospectus;

(c) a full list of all the grantees (including the persons referred to in sub-paragraph (a) above) who have been granted options to acquire Shares under the Pre-IPO Equity Incentive Plan, containing all the details as required under paragraph 10 of Part I of the Third Schedule, be made available for inspection in accordance with the section headed "Appendix V – Document Available for Inspection" in this prospectus; and

(d) this prospectus will be issued on or before December 30, 2021.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Joint Representatives, Joint Global Coordinators, the Joint Bookrunners and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Representatives. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be determined between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, December 23, 2021 and, in any event, not later than Monday, December 27, 2021 (unless otherwise

determined between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on or before Monday, December 27, 2021, the Global Offering will not become unconditional and will lapse immediately.

See the section headed "Underwriting" in this prospectus for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of: (i) the Over-Allotment Option and (ii) the options which have been granted under the Pre-IPO Equity Incentive Plan).

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, December 30, 2021. No part of our Shares or loan capital is listed on or dealt in on any other

stock exchange and no such listing or permission to list is being or proposed to be sought. All Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed "Structure of the Global Offering" in this prospectus. Assuming that the Over-allotment Option is exercised in full, the Company may be required to sell up to an additional 1,131,000 new Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION TO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

REGISTER OF SHAREHOLDERS AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our

Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain U.S. federal income tax considerations of the acquisition, ownership, and disposition of the Shares. It does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury Regulations promulgated thereunder, administrative rulings, and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and do not intend to seek, any ruling from the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion does not address any tax considerations arising under the laws of any state, local or non-U.S. jurisdiction, under U.S. federal gift and estate tax rules, or under any applicable tax treaty. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, or other financial institutions;
- persons subject to the alternative minimum tax or the Medicare contribution tax on net investment income;
- tax-exempt accounts, organizations, or governmental organizations;
- pension plans and tax-qualified retirement plans;
- controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than 5% of our Shares and/or all of our outstanding stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;

- partnerships (or entities or arrangements classified as such for U.S. federal income tax purposes), other pass-through entities, and investors therein;
- Regulated Investment Companies or Real Estate Investment Trusts;
- persons who hold our Shares as a position in a hedging transaction, "straddle," "conversion transaction," or other risk reduction transaction;
- persons who hold or receive our Shares pursuant to the exercise of any option or otherwise as compensation;
- persons who do not hold our Shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment);
- non-U.S. holders (as defined below) that hold Shares in a manner that is effectively connected with a US trade or business or that are in the U.S. for 183 days in any years in which they hold Shares; or
- persons deemed to sell our Shares under the constructive sale provisions of the Code.

As used herein, a "U.S. holder" is any beneficial owner of our Shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, or otherwise treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if it is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust.

As used herein, a "non-U.S. holder" is any beneficial owner of our Shares that is, for U.S. federal income tax purposes:

- an individual who is a nonresident alien (as defined in the Code);
- a corporation that is not created or organized under the laws of the United States, any state thereof or the District of Columbia, nor otherwise treated as such for U.S. federal income tax purposes;

- an estate whose income is not subject to U.S. federal income tax regardless of its source; or

- a trust if it is not subject to the primary supervision of a court within the U.S. and/or one or more non-U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of a partner will depend upon the status of the partner and the activities of the partnership. Partnerships considering an investment in Shares should consult their own tax advisors as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of Shares.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, including how to account for payments (including dividends) made or received in a currency other than the U.S. dollar and the tax consequences of the purchase, ownership, and disposition of our Shares arising under the U.S. federal gift or estate tax rules or under the laws of any state, local, non-U.S., or other taxing jurisdiction or under any applicable tax treaty.

Tax Classification of the Company as a U.S. Domestic Corporation

The U.S. federal income tax inversion rules treat certain corporations organized under non-U.S. law as U.S. corporations for U.S. federal tax purposes. As a result of the Reorganization, pursuant to those rules, the Company will be treated as a U.S. corporation for U.S. federal tax purposes, notwithstanding the fact that the Company is organized under the laws of the Cayman Islands.

For U.S. federal tax purposes, because the Company will be treated as a U.S. corporation, (1) distributions on our Shares generally will be treated as distributions on shares of a U.S. corporation, (2) gain or loss on the disposition of our Shares generally will be treated as distributions on shares of a U.S. corporation, and (3) all other considerations that generally apply with respect to the acquisition, ownership and disposition of shares of a U.S. corporation will apply to our Shares. The discussion below describes some of these considerations for non-U.S. holders.

Non-U.S. Holders

Distributions on Our Shares

As described in the risk factors above, we currently do not have any dividend policy to declare or pay any dividends in the foreseeable future. Nevertheless, in the event that we make a distribution of cash or other property (other than certain pro rata distributions of our

common stock) in respect of our Shares, the distribution generally will be treated as a dividend for U.S. federal income tax purposes to the extent it is paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a non-U.S. holder's Shares, and, to the extent the amount of the distribution exceeds a non-U.S. holder's adjusted tax basis in our Shares, the excess will be treated as gain from the disposition of our Shares (the tax treatment of which is discussed below under "-Gain on Disposition of Our Shares").

Subject to the discussion of FACTA below, dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends generally will be required to provide the applicable withholding agent with a properly executed IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits.

A non-U.S. holder eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Gain on Disposition of Our Shares

Subject to the discussion of backup withholding below, any gain realized by a non-U.S. holder on the sale or other disposition of our Shares generally will not be subject to U.S. federal income tax unless we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes and certain other conditions are met.

We believe we are not and do not anticipate becoming a "United States real property holding corporation" for U.S. federal income tax purposes. If we are or become a "United States real property holding corporation," however, so long as our Shares are regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs, only a non-U.S. holder who holds or held (at any time during the shorter of the five year period preceding the date of disposition or the holder's holding period) more than 5% of our Shares will be subject to U.S. federal income tax on the sale or other disposition of our Shares.

Information Reporting and Backup Withholding

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns

reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder generally will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder, or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding may apply to the proceeds of a sale or other disposition of our Shares unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a credit or a refund against a non-U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% U.S. federal withholding tax may apply to any dividends paid on our Shares to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "-Dividends," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.3702 to US$1.00, being the PBOC rate prevailing on December 10, 2021, (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.81694 to HK$1.00, being the PBOC rate prevailing on December 10, 2021; and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7943 (H10 weekly statistical release of the Federal Reserve Board of the U.S. on December 6, 2021) to US$1.00. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

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Name	Address	Nationality
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Please refer to the section headed "Directors and Senior Management." in this prospectus for further information regarding our Directors.

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Remuneration Committee	Ms. Monin Ung *(Chairman)* Dr. Xiaochang Dai Dr. Yu Cheung Hoi

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The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by the CIC. We engaged the CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, Joint Representatives, Joint Global Coordinators, Joint Bookrunners, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. Accordingly the information from official government sources contained herein may not be accurate and should not be unduly relied upon.

RNA-based therapeutics comprise a rapidly expanding category of drugs that have the potential to change the standard of care for many diseases and actualize personalized medicine. According to The Limitless Future of RNA Therapeutics, published in Frontiers in Bioengineering and Biotechnology, these drugs are cost effective to manufacture, relatively simple to manufacture and can target previously undruggable pathways. RNA-based therapeutics can be classified by the mechanism of activity, including RNA interference (RNAi) therapeutics, messenger RNA (mRNA) therapeutics, antisense oligonucleotides (ASO), small activating RNA (saRNA) therapeutics, clustered regularly interspaced short palindromic repeats (CRISPR) therapeutics, and others. RNA-based therapeutics may work by loss of function (e.g., gene silencing) or gain of function (e.g., introducing an exogenous protein or replacing a faulty protein). Our target market is global with our current focus specifically on the U.S. and China markets, which are supported by our research and development facilities and manufacturing capabilities in both countries. We mainly focus on the research and development of therapeutics in the fields of oncology, fibrosis, antiviral and products that leverage liver targeted drug delivery. Our initial focus is on oncology and fibrosis products, as well as antiviral products and products that leverage liver targeted drug delivery.

Source of Information and Key Assumptions

We commissioned China Insights Consultancy ("CIC") to conduct a research and analysis of, and to produce a report on the RNAi therapeutics and mRNA vaccine market in the U.S. and China. CIC is an independent investment consulting company that provides industry consultancy services, commercial due diligence and strategic consulting services to companies in various industries. We have agreed to pay a total fee of US$100,000 for the preparation and use of the Industry Report on the RNAi Therapeutics and mRNA Vaccine Market in the U.S. and China (the "CIC Report"), which is dated as of July 13, 2021. Figures and statistics provided in this prospectus and attributed to CIC or the CIC Report have been extracted from the CIC Report and published with the consent of CIC.

The market projections described here are based on the following key assumptions: (1) the overall social, economic and political environment around the globe and in China is expected to remain stable during the forecast period; (2) global and China's economic and industrial development is likely to maintain a steady growth trend over the next decade; (3) increasing prevalence, supportive government programs and policies, increasing amount of research and development expenditures, increasing patient affordability, etc.; and, (4) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

China Insights Consultancy undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants, while secondary research involved analyzing data from various publicly available data sources, including the U.S. Food and Drug Administration; National Institutes of Health; U.S. National Library of Medicine, International Monetary Fund, National Bureau of Statistics of China, National Health Commission of the People's Republic of China, National Medical Products Administration, company reports, China Insights Consultancy's own internal database, etc.

All statistics are reliable and based on information available as of the date of this report. Other sources of information, including governments, industry associations, or marketplace participants, may have provided some of the information on which the analysis or its data is based.

1. Calculation of treatment market size in China and the U.S.: Treatment Market size = (Number of target patients) * (Treatment rate) * (Average annual cost per patient)

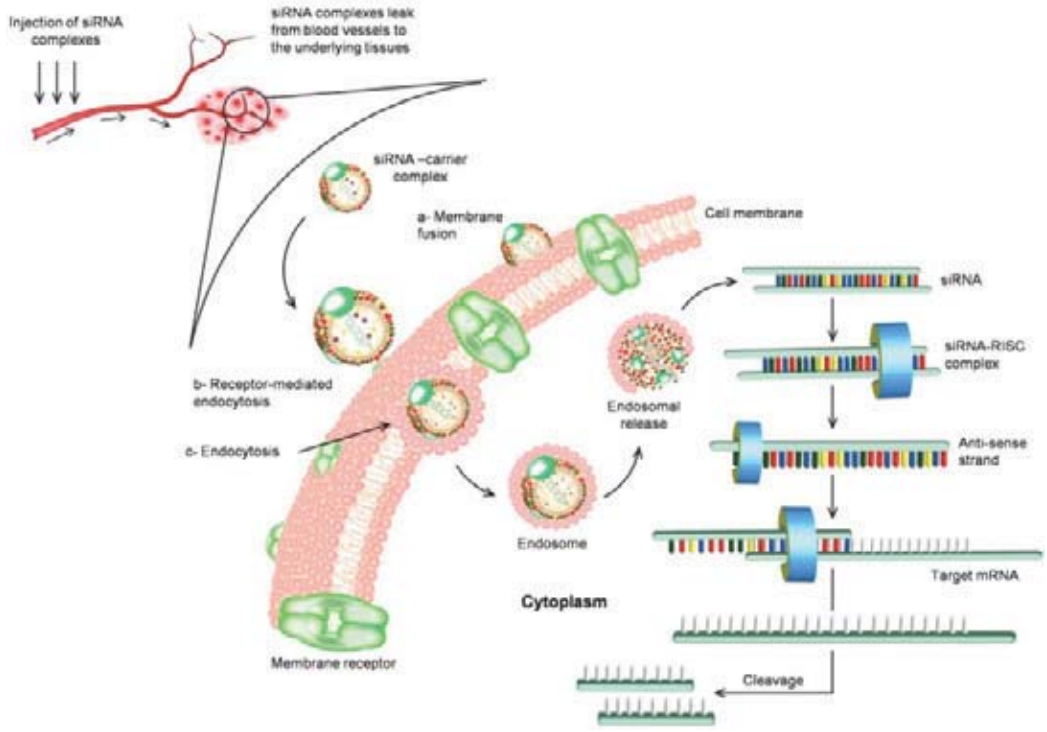
2. Calculation of pharmaceuticals market size in China and the U.S.: Pharmaceuticals Market Size = (Number of target patients for pharmaceutical treatment) * (Average annual cost of available pharmaceuticals)

RNAi therapeutics market

The development of novel pharmaceutical therapies is very time consuming. RNAi technology is based on a relatively new mechanism of action discovered by two U.S. scientists in 1998 who later received the 2006 Nobel prize in Physiology and Medicine for their discovery. The US FDA approved the first RNAi-based drug in 2018 (Patisiran, manufactured by Alnylam) after 20 years of development efforts and technology advancements, which is very much similar to the timeline for the first approved antibody drug. In contrast, in the last three years, there have been three more RNAi-based drugs approved by regulatory authorities (Givosiran and Lumasiran, approved by US FDA and manufactured by Alnylam, and Inclisiran, approved by EMA and manufactured by Novartis under license from Alnylam) demonstrating an acceleration of RNAi-based drug development. We can expect a fast growth of approved RNAi-based drugs in the near future; indeed, there are currently more than 50 on-going clinical studies, approximately one third of which are in the later stage of development.

RNA interference (RNAi) is a conserved biological response to double-stranded RNA that mediates resistance to both endogenous parasitic and exogenous pathogenic nucleic acids, and regulates the expression of protein-coding genes. RNAi therapeutics comprise a new class of drug molecules that can be used to treat disease by silencing the expression of specific genes. RNAi molecules are typically further classified into three types: small interfering RNAs (siRNAs), microRNAs (miRNAs) and short hairpin RNAs (shRNAs). siRNAs are artificially synthesized, 19-25 nucleotide long, double-stranded RNA molecules. siRNAs can be designed to inhibit specific disease-causing proteins by designing the sequence of the siRNA to achieve complementarity to a short region of the mRNA transcribed from the gene encoding the protein of interest. Once siRNAs are transfected into cells, they are recognized by the cells' enzymatic machinery involved in RNAi. The siRNAs are loaded into the RNA-Induced Silencing Complex (RISC), where the "passenger" strand is released, activating RISC. The remaining single-stranded "guide" RNA molecule loaded in RISC can then elicit gene silencing by binding, through perfect complementarity, to a single target mRNA sequence, thereby targeting it for cleavage and degradation. The result is inhibition of the production of the protein encoded by the mRNA and thus treatment of the disease caused by the protein. siRNA has high specificity of targeting and strong silencing effect. miRNAs and shRNAs utilize the same pathway but are first processed into short double-stranded RNAs before loading into RISC.

Mechanism of RNAi therapeutics



Source: Draz, M. et al. Theranostics, 2014:4(9), 872–892.

RNAi therapeutics potentially offer applications for a broad variety of diseases with a long acting duration within the human body, and the development of new therapies requires shorter time to completion. RNAi therapeutics treat diseases by targeting the specific disease-causing genes that were once considered undruggable.

Since the 2006 Nobel prize in Physiology and Medicine was awarded to biologists Andrew Fire and Craig Mello for the discovery of the process of RNA interference, there have been great strides in technologies based on RNA interferences as well as the applications for those technologies. The following summarizes key advances:

- **2007 to 2010, the surge of research**: A surge of interest was seen in researchers who sought to use RNA interference as a technique for basic science and the development of therapeutics.

- **2011 to 2014, hurdles and challenges in development of RNAi drugs**: Low efficacy and severe side effects are the main problems in developing RNAi-based drugs. One of the first treatment to make it to a Phase III clinical trial – an RNAi therapeutic for macular degeneration from the OPKO Health – was shut down in 2009. By 2010, pharmaceutical companies began to turn away from this technique, with large companies such as Roche, Pfizer, and Merck shutting down their RNAi research programs.

- **2015 to 2017, the rebound**: Development in RNAi technologies began to rebound due to progress in developing delivery platforms – LNP-based delivery platform and GalNAc-based delivery platform. Alnylam conducted several clinical trials with RNAi-based drugs encapsuled by LNPs, which addressed the degradation issue of naked siRNA. In addition, GalNAc-siRNA conjugates also showed efficacy and low toxicity in clinical trials. Other delivery platforms, such as the PNP delivery platform, also showed great potential with its distinct advantages in high delivery efficiency and low toxicity.

- **2018, first siRNA drug using an LNP-based delivery platform approved (Patisiran)**: Alnylam achieved the first siRNA drug approval by U.S. FDA for Patisiran for the treatment of ATTR.

- **2019, first siRNA drug using a GalNAc-based delivery platform approved (Givosiran)**: Alnylam achieved the first GalNAc-siRNA drug approval by FDA for Givosiran for the treatment of acute hepatic porphyria.

- **2020, more siRNA drugs are approved (Inclisiran, Lumasiran)**: Novartis received approval from European Commission for Inclisiran, which uses a GalNAc-based delivery platform.

- **2021, a new boom of siRNA drug development**: As of Latest Practicable Date, there are over 50 on-going clinical trials of siRNA therapeutics in the U.S., and six trials in China.

The main issues affecting the safety and efficacy of RNAi therapeutics are stability, cellular uptake, endosomal escape, and pharmacokinetics. In recent years, the technological advancements of nanotechnology-based siRNA delivery technologies, chemical modification, and others, have significantly increased the efficacy and reduced the off-target effect of RNAi therapeutics. For instance, for the LNP delivery platform, according to Lorenzer et al., the evolution of lipid structures and particle composition has resulted in improved in-vitro and in-vivo efficacy. RNAi therapeutics have the following advantages, compared with other therapeutics, such as small molecules and antibodies:

- **Wider selection of druggable targets:** Due to RNAi therapeutics' capability to regulate the expression of various proteins, both extracellular and intracellular, by targeting mRNA and other targetable RNA in the cytoplasm and preventing disease-associated proteins from being made, RNAi therapeutics have potential to expand the range of 'druggable' targets, thereby providing unprecedented opportunities for clinical translation.

- **Precise and personalized therapeutics:** RNAi therapeutics function through base-pair binding with the mRNA target to cause degradation of that target, yielding high efficacy and specificity, with low off-target rate, resulting in potent, targeted gene silencing.

- **Favorable safety:** RNAi therapeutics leverage a natural biological process for gene silencing, and risk of cytotoxicity and immunogenicity are significantly reduced with chemical modifications and/or drug formulation technology improvements. Chemical modification to the RNA can enhance nuclease and siRNA stability and potency, pharmacodynamic, as well as pharmacokinetic. Therefore, modified siRNA can be more effective with low concentration, which subsequently reduces the level of toxicity (high concentration and unstable siRNAs usually cause toxicity). The immune response is usually caused by native nucleosides such as A, C, G and U, which can be recognized by the immune system. The immune system can better recognize modified nucleosides, thereby reducing or eliminating immune response to siRNA therapeutics.

- **Long-lasting effect:** Modified RNAi therapeutics typically have extended half-life of therapeutic effect in the body of months, and are thus designed to fix the underlying cause of diseases with long durability, making RNAi therapeutics well-suited for various chronic indications.

- **Faster and higher success rate in development and relatively low manufacturing cost:** RNAi therapeutics have higher likelihood of approval and shorter time for

completing new product design together with relatively low manufacturing costs compared with conventional drugs, all contributing to a higher gross profit margin for RNAi companies. Based on the Clinical Development Rates and Contributing Factors 2011-2020 published jointly by Biotechnology Innovation Organization, PharmaInteligence and Quantitative Life Science, RNAi therapeutics show a higher likelihood of approval with 13.5% from Phase I clinical trials compared to monoclonal antibody and small molecule drug modalities, which show likelihood of approval of 12.1% and 7.5%, respectively, from Phase I.

RNAi therapeutics have had limited traction in achieving clinical success due to inadequacies in the technology to enable delivery of the siRNA molecules into the target tissues and cells for therapeutic action. Although the biological mechanism was discovered in 1998, according to Overcoming Barriers for siRNA Therapeutics: From Bench to Bedside published on MDPI, wide-scale adoption of RNAi technology for clinical practice has been hindered by a number of factors, including:

- **Intravascular Degradation and Renal Clearance**: The first biological barrier after injection of RNA is intravascular degradation by nucleases enzyme in the plasma. Naked or unmodified RNA is unstable in systemic circulation and more susceptible to A-type nucleases, which are ubiquitous in intracellular and extracellular space. In addition, fast renal clearance results in a very short half-life for siRNA, ranging from 5–10 min. Nucleases in plasma and tissues degrade unmodified siRNA in a few minutes to a hour, potentially limiting the use of siRNA-based therapeutics. siRNA modification alone may not be enough to achieve effective therapeutic activity. Physical encapsulation of siRNA and chemical modification of the RNA enhance therapeutic activity of the siRNA.

- **Activation of the Innate Immune System**: The function of innate immunity is to identify the pathogens, eradicate them, and contribute to adaptive immunity. Previously, it was thought that siRNA shorter than 30 nucleotides were small enough to evade the immune system and avoid nonspecific stimulation of interferon response. Subsequent experiments conducted on short synthetic siRNAs, which are published in Sequence-Dependent Stimulation of the Mammalian Innate Immune Response by Synthetic siRNA on Nature Biology, showed that siRNA can activate the immune response and trigger the production of cytokines in-vivo and in-vitro. This innate immune response can be triggered by the siRNA or by vehicles used with the siRNA, including cationic lipids used in LNP delivery technology. The aforementioned studies did not involve use of Sirnaomic's data or results.

- **Protein Binding**: To achieve cellular delivery of siRNA for effective concentration within the cell, a positively charged carrier molecule is an essential requirement. Blood complement proteins and cell membrane proteins are usually negatively charged in the systemic circulation. These blood complement proteins bind with the

positively charged siRNA carriers through electrostatic interaction. The opsonized carriers (i.e., siRNA carriers tagged by the blood complement proteins) then undergo reticuloendothelial system (RES) filtration, and their cell surface binding leads to inflammation. The opsonization process makes siRNA carriers more susceptible to RES filtration and results in fast renal clearance. Opsonized carriers loaded with siRNAs accumulate in the liver and spleen and may cause toxic effects. Ultimately, the opsonization process reduces the therapeutic concentration of siRNA in the body that is required for efficient RNAi therapeutic activity.

- **RES Entrapment**: A major problem is the uptake of nucleic acid drugs by the RES. siRNA loaded nanoparticles undergoing the opsonization process are readily removed by the macrophages in RES. Once the siRNA therapeutics reach the bloodstream, they must be protected from the phagocytic cells of the mononuclear phagocyte system (MPS). It is thought that a surface with a negative charge is more susceptible to clearance from blood as compared to positive or neutral charged carriers. Therefore, surface modification of the siRNA carrier is the primary strategy to bypass this barrier.

- **Membrane Impermeability**: Naked siRNA cannot cross the plasma membrane because of its negative charge. Despite its small size, negative charge and high hydrophilicity prevent naked siRNA from passing through the biological membrane. Hence, efficient delivery of siRNA needs modification to overcome this barrier. In this context, carriers that enable efficient siRNA delivery are required.

- **Endosomal Escape**: Following the internalization of the siRNA, a major barrier remains to be its inability to escape endosomes. Thus, a carrier or modification that allows for the disruption of the endosomal membrane is essential for efficient endosomal escape and gene silencing by siRNA.

- **Off-Target Effects**: siRNA accumulation in tumors is around 20 to 40% higher compared to accumulation in normal tissue. The enhanced permeation and retention (EPR) effect, which stems from leaky blood vessels in tumors, allows for the preferential uptake of the formulation in tumors compared to normal tissue but is not significant enough to rely on by itself. Thus, to overcome these off-target effects, the use of surface-ligand modifications for siRNA formulations have recently been utilized for more targeted delivery of cargo.

Delivery systems not only address the challenges involved in delivering naked RNAi triggers, including its chemically unstable features, extracellular and intracellular barriers, and innate immune stimulation, but may also offer "smart" targeted delivery. Over the past decade, significant efforts have been undertaken to develop RNAi delivery platforms that overcome these obstacles.

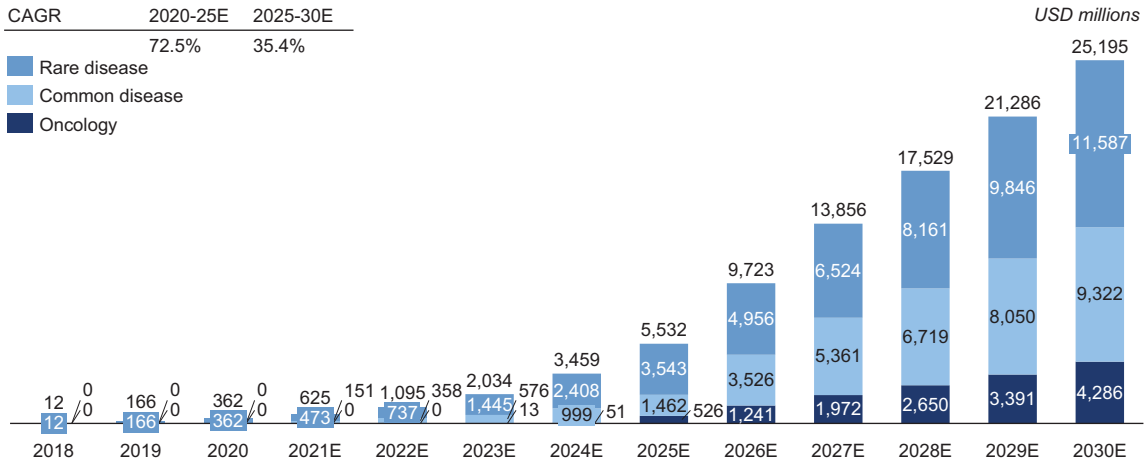
According to Therapeutic siRNA: state of the art, published in Signal Transduction and Target Therapies, RNAi therapeutics utilize distinct approaches to enable delivery of RNAi triggers to target tissues, such as lipid-based nanoparticles (LNPs), N-acetylgalactosamine (GalNAc) conjugates, polypeptide nano-particle (PNP) and other conjugates. Delivery platforms must be engineered to provide serum stability, offer high structural and functional tenability, mitigate interactions with non-target cells, enhance cell entry and endosome escape, resist renal clearance, and generate low toxicity and immunogenicity.

- **LNPs:** LNPs are chemically synthesized multicomponent lipid formulations (<100 nm in diameter) encapsulating siRNAs for delivery to the target tissue. En route to their destination, the siRNAs encapsulated in LNPs are protected against degradation by ubiquitous nucleases. LNPs are limited by complex manufacturing processes, and in some cases immunogenicity issues due to the high content usage of cationic lipids.

- **GalNAc conjugates:** GalNAc, or N-acetylgalactosamine, is a sugar molecule that can recognize and bind to a cell surface protein, the asialoglycoprotein receptor (ASGPR), which is abundantly expressed on liver cells (hepatocytes), resulting in rapid endocytosis. GalNAc conjugates are a mature technology and are highly specific to liver hepatocyte delivery.

- **PNP:** PNPs are composed of a branched histidine lysine peptide polymer (HKP), which controllably assemble into nanoparticles that envelop and protect 10k -100k siRNA to facilitate delivery into the targeted tissue and cell (e.g. activated blood vessel endothelial cells) through the NRP1 receptor. Histidine-mediated protonation may further facilitate siRNA payload release to the cellular site of action in the cytoplasm through increased endosome escape efficiency. PNPs have high safety, and potential to target a wide range of tissues and organs, due to the biodegradability of both polypeptide and RNA. Moreover, PNPs have huge potential to deliver siRNA, mRNA and other nucleic acids.

Global market size of RNAi therapeutics, 2018-2030E



Note: Rare diseases, common diseases and oncology in Industry Overview are defined to be mutually exclusive.

Source: the CIC Report

The total addressable market includes all of the available and potential product candidates for RNAi therapeutics. It is composed of three mutually exclusive categories, which are common diseases, rare diseases, and oncology. STP705 and STP707 are included in both oncology and common diseases categories. The revenue from both NMSC and liver cancer markets for STP705 contributes to the oncology market segment, and the revenue from HTS and keloid scarless healing markets for STP705 contributes to the common diseases market segment. Similarly, for STP707, the revenue from NMSC, liver cancer and NSCLC reflects on the oncology market segment, and the revenue from fibrosis reflects on common diseases market segment.

Global market size of RNAi therapeutics for all indications increased from US$12 million in 2018 to US$362 million in 2020 with CAGR of 449.2%, and is estimated to reach US$25 billion in 2030. The market size of RNAi therapeutics for common diseases and oncology will account for 54% of the total market size by 2030. The market size of RNAi therapeutics in China will increase from approximately US$4 million in 2022 to over US$300 million in 2025 with CAGR of over 300%, and is estimated to reach approximately US$3 billion in 2030. There are a number of favorable policies such as "13th Five-Year Plan" for the Development of the Biological Industry, which promotes the development of therapeutic vaccines, RNA interfering drugs and others, and "Guiding Opinions of the General Office of the State Council on Promoting the Healthy Development of the Pharmaceutical Industry", which promotes the development of targeted, highly selective and new therapeutic drugs.

The global RNAi therapeutics market is primarily driven by the following factors:

- **Increasing investments and partnerships accelerated the RNAi therapeutics development**: Accumulated investment in RNAi therapeutics by leading pharmaceutical companies increased from US$8.5 billion in 2017 to US$35 billion in 2020, a 300% increase in three years.

- **Technological breakthroughs widened scope of clinical application of RNAi:** Technological breakthroughs in delivery technology have increased the number of indications for RNAi therapeutics, including for oncology and common diseases with huge clinical needs. Improved RNAi delivery systems are potent, effective and non-toxic or minimally immunogenic carriers for formulating RNAi agents. According to Clinical Advances of siRNA-Based Nanotherapeutics for Cancer Treatment, published in MDPI, scientists have focused on developing and perfecting the gene delivery systems. In recent years, nanoparticles have been significantly embraced as a reliable gene carrier with good biocompatible and biodegradable properties. Manipulation of nanoparticles characteristics enables the gene vehicle to improve the half-life of siRNA in the circulatory system. The small dimension of

conjugated nanoparticles further allows localization and distribution into its molecular targets within the cell, which in turn increases the tumor residence time through enhanced permeability and retention effect.

- **Ever broadening scope of clinical targets sustain future growth of RNAi therapeutics**: Rational scientific identification of numerous targeted genes and genetic mutations can be leveraged to develop therapeutics with potency and specificity. The broad application of RNAi therapeutics to common diseases and oncology will sustain the further growth of the RNAi therapeutics market.

- **Validation by several successful clinical trials:** After the approval of Patisiran (the first RNAi therapeutic worldwide) in 2018, three additional siRNA therapeutics have been approved by FDA/EC, Givosiran and Lumasiran, approved by FDA and manufactured by Alnylam, and Inclisiran, approved by EC and manufactured by Novartis under license from Alnylam. Several successful clinical trials for RNAi therapeutics have validated safety and efficacy of RNAi therapeutics in both rare diseases and common diseases (e.g., high cholesterol).

In the near future, the RNAi therapeutics market is expected to demonstrate the following trends:

- **Breakthroughs in delivery and target selection:** Efficient and safe delivery systems are key, and we expect to see major breakthroughs in addressing the main delivery challenges in the near future, such as peptide or polymer particles and antibody-drug conjugates. Identification of targets with improved specificity and potency are key for target selection, with many projects aiming to achieve both, with oncology being a primary example.

- **Larger clinical application area:** Significant untapped market potential exists beyond liver-focused treatments. According to International Agency for Research on Cancer, in 2020, the five-year prevalent cases of liver cancer and all cancers is around 994 thousand and 50,550 thousand cases, respectively, which indicate that up to 50 times more patients may be reached if it is possible to treat other oncology types in a way that is competitive with standard care options. Novartis' acquisition of the first siRNA therapeutic for cardio-metabolic diseases paved the way towards treatments of common diseases and produced significant improvements.

- **Personalized treatment**: Genome-based personalized therapeutics, like RNAi therapeutics, for rare diseases and cancer may be a future trend, since gene sequencing is already a mature technology.

The number of ongoing RNAi clinical trials has increased from 14 in 2013 to more than 50 in July 2021. The RNAi clinical trial pipeline is distributed across different stages of

development. More oncology-related trials are in earlier stages of developments. Several approvals have been granted for common and rare diseases. At present, liver-related diseases are the most targeted amongst other types of diseases because the current delivery technology, LNP-based and GalNAc-based siRNA formulations, target liver hepatocytes and show efficient uptake predominantly in liver tissue, where practically all nanoparticulate and liposome delivery systems show the highest accumulation. These siRNA delivery systems have an inherent preference for the liver compared to other organs when administered systemically. New delivery platforms, such as the PNP-based delivery platform, goes beyond the liver to lung and other tumor tissues both preferentially target liver cells.

Key global players in RNAi therapeutics include Sirnaomics, Alnylam, Arrowhead, Dicerna, Silence Therapeutics, Quark, Sylentis and Brii Biosciences.

Competitive landscape of RNAi therapeutics market, as of September 2021

Major Players	Major drugs	Indications	Therapeutic area	Target/ organ	Clinical stage	Start date (location)	Trial number
Sirnaomics	STP 705	Non-Melanoma isSCC	Oncology	Skin	Phase II	5/2019 (US)	NCT04293679
		Non-Melanoma BCC	Oncology	Skin	Phase II	12/2020 (US)	NCT04669808
		Hypertrophic Scar Reduction	Fibrosis	Skin	Phase II	1/2017 (US)	NCT02956317
		Keloid Scarless Healing	Fibrosis	Skin	Phase II	4/2021 (US)	NCT04844840
		Liver Cancers (basket)	Oncology	Liver	Phase I	3/2021 (US)	NCT04676633
	STP 707[(1)]	Solid Tumor	Oncology	Liver	Phase I	11/2021 (US)	NCT05037149
Alnylam	ONPATTRO (Patisiran)	TTR (hereditary transthyrein amyloidosis, polyneuropathy)	Genetic Disease	Liver	Commercialized; 1st FDA approved RNAi drug	8/2018 (FDA) 8/2018 (EC)	NCT01960348
	GIVLAARI (Givosiran)	ALAS1 (acute hepatic porphyria)	Genetic Disease	Liver	Commercialized; 2nd FDA approved RNAi drug	11/2019 (FDA) 3/2020 (EC)	NCT03338816
	OXLUMO (lumasiran)	Primary hyperoxaluria type 1	Genetic Disease	Liver	Commercialized; 3rd FDA approved RNAi drug	12/2020 (FDA) 11/2020 (EC)	NCT04152200
	Inclisiran[(2)] (ALN-PCSsc)	Hypercholesterolemia, mixed dyslipidaemia	Metabolic Disease	Liver	NDA filed with FDA (approved in EU)	7/2021 (FDA) 12/2020 (EC)	NCT03397121
	Vutrisiran (ALN-TTRsc02)	Hereditary amyloidosis	Genetic Disease	Liver	NDA filed with FDA	4/2021 (Global excluding China)	NCT03759379
	Fitusiran[(3)] (ALN-AT3)	Hemophilia A and B	Genetic Disease	Liver	Phase III	2/2018 (Global)	NCT03417102

Major Players	Major drugs	Indications	Therapeutic area	Target/ organ	Clinical stage	Start date (location)	Trial number
	Lumasiran (ALN-GO1)	Severe Primary Hyperoxaluria Type 1 (PH1)	Genetic Disease	Liver	Phase III	11/2018 (Global excluding China)	NCT03681184
	Patisiran	ATTR Amyloidosis Label Expansion	Genetic Disease	Liver	Phase III	3/2019 (Global excluding China)	NCT03862807
	Cemdisiran/ Pozelimab Combo	Complement-mediated diseases	Metabolic Disease	Liver	Phase III	9/2021 (N.A.)	NCT05070858
	Cemdisiran (ALN-CC5)	Complement-mediated diseases	Genetic Disease	Liver	Phase II	1/2015 (Global excluding US and China)	NCT02352493
	ALN-HBV02 (VIR-2218)	Chronic HBV infection	Viral Disease	Liver	Phase II	8/2020 (Global)	NCT04507269
	ALN-AGT01	Hypertension	Viral Disease	Liver	Phase II	7/2021 (US)	NCT04936035
	ALN-HSD	NASH	Metabolic Disease	Liver	Phase I	10/2020 (Global excluding China)	NCT04565717
Arrowhead	ARO-APOC3	Familial Chylomicronemia	Genetic Disease	Liver	Phase III	11/2021 (US)	NCT05089084
	ARO-AAT	α1-Antitrypsin deficiency	Genetic Disease	Liver	Phase II	8/2019 (Global excluding China)	NCT03945292
	AMG 890	Cardiovascular Disease	Genetic Disease	Liver	Phase II	7/2020 (Global excluding China)	NCT04270760
	ARO-ANG3	Mixed Dyslipidemia	Genetic Disease	Liver	Phase II	6/2021 (Global excluding China)	NCT04832971
	JNJ-3989	Hepatitis B	Viral Disease	Liver	Phase II	9/2020 (Global)	NCT04535544
	ARO-ENaC	Cystic Fibrosis	Fibrosis	Lung	Phase I/II	8/2020 (Global excluding China and US)	NCT04375514
	ARO-HSD	NASH	Hepatic disease	Liver	Phase I	3/2020 (Global excluding China and US)	NCT04202354
	ARO-HIF2	Renal Cell Carcinoma	Oncology	Tumor	Phase I	8/2020 (US)	NCT04169711
	JNJ-75220795[4]	Fatty Liver	Metabolic Disease	Liver	Phase I	11/2021 (Japan)	NCT05039710

Major Players	Major drugs	Indications	Therapeutic area	Target/ organ	Clinical stage	Start date (location)	Trial number
Dicerna	Nedosiran[5] (DCR-PHXC)	Primary Hyperoxaluria	Genetic Disease	Liver	Phase III	7/2019 (Global excluding China)	NCT04042402
	DCR-HBVS[6] (RG6346)	Chronic hepatitis B virus	Viral Disease	Liver	Phase II	7/2020 (Global)	NCT04225715
	Belcesiran (DCR-A1AT)	Alpha 1-Antitrypsin Deficiency	Genetic disease	Liver	Phase II	2/2021 (Global excluding China and US)	NCT04764448
	LY3561774	Cardiometabolic	Genetic Disease	Liver	Phase I	11/2020 (US)	NCT04644809
	LY3819469	Cardiometabolic	Cardiometabolic	Liver	Phase I	6/2021 (Global excluding China)	NCT04914546
	DCR-AUD	Alcohol Use Disorder	Genetic disease	Liver	Phase I	9/2021 (US)	NCT05021640
Silence Therapeutics	SLN 360	Cardiovascular disease with high Lp(a)	Genetic Disease	Liver	Phase I	11/2020 (Global excluding China)	NCT04606602
	SLN 124	Myelodysplastic Syndrome	Oncology	Liver	Phase I	4/2021 (Global excluding China and US)	NCT04718844
Brii Bioscience	Brii 835	Hepatitis B	Viral Disease	Liver	Phase II	4/2021 (Global excluding US)	NCT04749368
Quark	Teprasiran[7]	Delayed Graft funtion	Genetic Disease	N.A.	Phase III	3/2016 (Global excluding China)	NCT02610296
Sylentis	Tivanisiran	Dry Eye Disease	Genetic Disease	Eye	Phase III	5/2017 (Global excluding China and US)	NCT03108664

Source: U.S. National Library of Medicine; the CIC report

Note：The table only includes the major players in RNAi therapeutics. Only Inclisiran, Fitusiran and Brii 835 are regulated by both FDA and NMPA, others are only regulated by FDA.

1. *STP 707 started phase I clinical trial in November*
2. *Alnylam out-licensed Inclisiran to Novartis*
3. *Alnylam out-licensed Fitusiran to Sanofi*
4. *Arrowhead out-licensed JNJ-75220795 to Janssen*
5. *Dicerna out-licensed Nedosiran to Alnylam*
6. *Dicerna out-licensed DCR-HBVS to Roche*
7. *Quark out-licensed Teprasiran to Novartis*

Indications and therapeutic areas as well as target/organ are listed for illustration of approved drugs, and ongoing trials. Ongoing clinical trials span the various stages clinical trial, whereas only three RNAi drugs approved by FDA as of November 2021. Most of the core products and pipelines primarily target liver, and the therapeutic areas are mainly focus on genetic diseases and hepatic diseases.

Source: the CIC Report, Clinical Trial, Annual Report

Note: Data as of September 2021

Approved RNAi therapeutics, 2020

Generic Name (Product Name)	**Leqvio (Inclisiran)**	**Oxlumo (Lumasiran)**	**Givlaari (Givosiran)**	**Onpattro (Patisirnan)**
First Approval Date	2020/12/11 (CE)	2020/12/03	2019/11/20	2018/08/10
Indication	low-density lipoprotein cholesterol (LDL-C)	primary hyperoxaluria type 1	acute hepatic porphyria (AHP)	polyneuropathy of hereditary transthyretin-mediated amyloidosis
Annual cost (thousand US$)	150	493	575	564
Global revenue (million US$)	~0.8	~0.3	~55.1	~306.1
Market share	~0.2%	~0.1%	~15.2%	~84.5%

Source: FDA; EC; Annual Report; the CIC Report

As of the Latest Practicable Date, there are approximately 10 siRNA drugs that either are in ongoing or completed Phase III clinical trials. There are numerous verticals within which RNAi therapeutics are developing besides cancer, including cardiovascular, kidney, urologic, genetic diseases, and blood disorders, as well as rare diseases such as amyloidosis, primary hyperoxaluria and hemophilia and others.

siRNA Drugs in Ongoing/Completed Phase III Clinical Trial, as of September 2021

Drug name	**Company**	**Indications**	**Status**	**Start date**	**Trial number**
Vutrisiran (ALN-TTRsc02)	Alnylam	• Hereditary amyloidosis	NDA filed with FDA	4/2021 (Global excluding China)	NCT03759379
Inclisiran (ALN-PCSsc)	Alnylam Novartis	• Hypercholesterolemia, mixed dyslipidaemia	NDA filed with FDA (already approved in EU)	7/2021 (FDA) 12/2020 (EC)	NCT03397121
Nedosiran (DCR-PHXC)	Dicerna Alnylam	• Primary Hyperoxaluria	Phase III	7/2019 (Global excluding China)	NCT04042402

Drug name	Company	Indications	Status	Start date	Trial number
Fitusiran (ALN-AT3)	Alnylam Sanofi Genzyme	• Hemophilia A and B	Phase III	2/2018 (Global)	NCT03417102
Teprasiran (QPI-1002)	Quark Novartis	• Delayed Graft Function	Phase III	3/2016 (Global excluding China)	NCT02610296
Tivanisiran (SYL 1001)	Sylentis	• Dry Eye Disease	Phase III	5/2017 (Global excluding US)	NCT03108664
Lumasiran (ALN-GO1)	Alnylam	• Severe Primary Hyperoxaluria Type 1 (PH1)	Phase III	11/2018 (Global excluding China)	NCT03681184
Patisiran	Alnylam	• ATTR Amyloidosis Label Expansion	Phase III	3/2019 (Global excluding China)	NCT03862807
Cemdisiran (ALN-CC5)	Alnylam	• Complement-mediated diseases	Phase III	9/2021 (N.A.)	NCT05070858
ARO-APOC3	Arrowhead	• Familial Chylomicronemia	Phase III	11/2021 (US)	NCT05089084

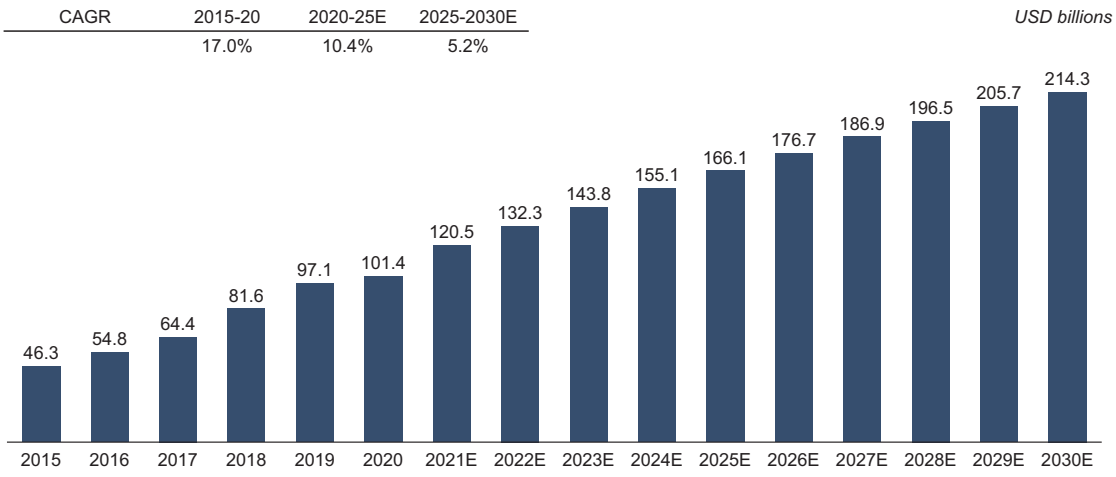
Source: U.S. National Library of Medicine; FDA; NCBI; the CIC report

Oncology pharmaceutical market in U.S. and China

In 2020, the market size of the U.S. oncology pharmaceutical market reached US$101.4 billion, representing a CAGR of 17.0% from 2015 to 2020. Driven by a larger number of oncology drugs launched on the market, the market size of oncology pharmaceuticals in the U.S. is expected to undergo a period of rapid growth, reaching US$214.3 billion in 2030. Currently, no RNAi drugs are approved for oncology. RNAi therapeutics are expected to grow rapidly after expanding indication into oncology in the following years. By 2030, RNAi drugs for oncology is projected to reach approximately US$2 billion and US$0.4 billion in the U.S. and China, respectively. Although RNAi therapeutics will experience rapid growth, they are still in relatively early-stage in oncology market until 2030, accounting for approximately 1% of the oncology drug market both in the U.S. and China.

In the U.S., pharmaceutical companies developing RNAi therapeutics, such as Alnylam, have developed in-house teams to educate doctors about the disease and RNAi therapeutics treatment information. In addition, these pharmaceutical companies also have grants and partnering programs with the healthcare community to support education programs and initiatives that conduct community education about therapeutic areas of interest. In China, pharmaceutical companies developing RNAi therapeutics will also use similar approaches to educate the healthcare community and patients about RNAi therapeutics.

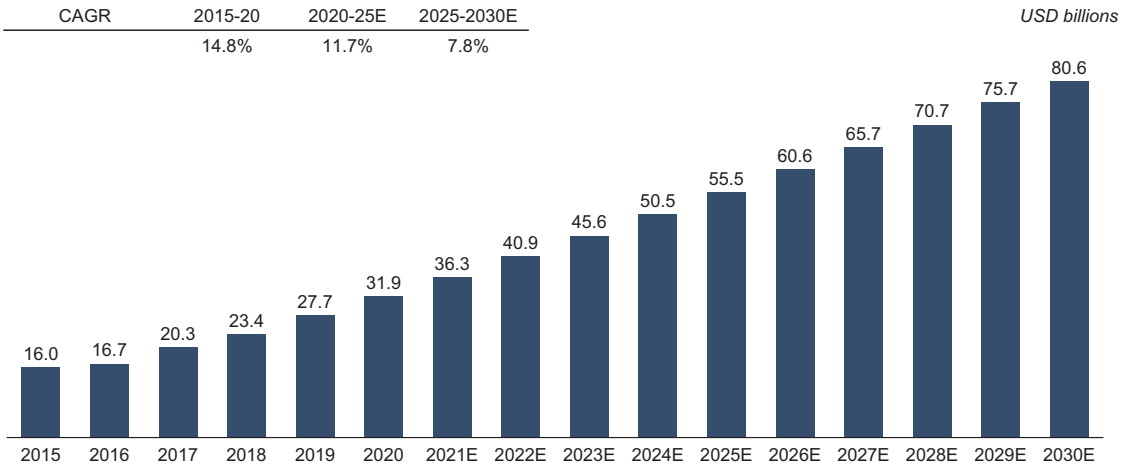
Market size of oncology pharmaceutical in the U.S., 2015-2030E



Source: the CIC report

In 2020, the market size of China's oncology pharmaceutical market reached US$31.9 billion, representing a CAGR of 14.8% from 2015 to 2020. Due to the relatively late launch of molecularly targeted drugs and biologics in China, a significant number of patients with cancer cannot be adequately treated through the use of traditional chemotherapeutic drugs, resulting in growing needs for new and better treatments. This need is nonetheless being addressed through improved affordability and supportive policies for new drug development and approvals, which is expected to lead to a faster growing oncology pharmaceutical market in China. For example, the "Guiding Opinions of the General Office of the State Council on Promoting the Healthy Development of the Pharmaceutical Industry" published in 2016, promotes the development of targeted, highly selective and new therapeutic drugs. Similarly, the "13th Five-Year Plan" for the Development of the Biological Industry, published in 2016, promotes the development of therapeutic vaccines, RNA interfering drugs, suitable sub-drugs, and biological therapeutic products. The market size of oncology pharmaceutical products is expected to experience a period of fast-paced growth in the years ahead, reaching US$80.6 billion in 2030.

Market size of oncology pharmaceuticals in China, 2015-2030E



Source: the CIC report

The continued growth of the oncology pharmaceutical market in China and the U.S. is primarily driven by the following factors:

- **Novel pharmaceuticals and combination therapies:** Continued and significant research and development investment generates the development of novel therapies, such as innovative RNAi therapeutics, cell therapies and gene therapies, for new indications with better efficacy and safety profiles. Moreover, the development of combination therapies is expected to expand access to unapproved indications.

- **Expanded usage and long-term maintenance usage:** Usage of drugs is expanding to different stages of cancer treatments, including neoadjuvant and adjuvant treatments. In addition, formulations with improved safety and convenience enable long-term maintenance usage by oncology patients.

- **Growing clinical demands driven by increasing incidence of cancer:** The trend of an aging population is expected to continue in the coming decades. Cancer and its associated sequelae disproportionately affect elderly adults. Consequently, population aging contributes to a rising cancer incidence in a population.

RNAi therapeutics for oncology

RNAi therapeutics for oncology is still at an early stage, with no RNAi therapeutics yet approved for the treatment of any cancer. The main characteristics of RNAi therapeutics for oncology are high efficacy, high specificity, low rate of side effects, induction of silencing in advanced stages of growth, and low cost compared to other methods of gene therapy. According to RNA Interference-Based Therapy and Its Delivery Systems published in NCBI, the advantages of RNAi therapeutics in cancer therapy are effective suppression of the growth of advanced-stage tumors, relatively low cost, and high specificity. When multiple distinct

siRNAs are delivered simultaneously, RNAi therapeutics can inhibit multiple genes of various pathways simultaneously, which could be conducive to reducing drug resistance. For example, Guan et al. found that inhibition of SH3GL1 using siRNA could reverse MDR by decreasing P-glycoprotein expression via the EGFR/ERK/AP-1 pathway. With the development of more effective delivery systems, RNAi could also be used to develop personalized drugs for specific patients as adjuvants to chemotherapy. According to Nano-based delivery of RNAi in cancer therapy published by Springer, RNAi therapeutic is an economics therapy. siRNA and new nano-delivery systems, are expected to achieve low adverse reactions because of their high specificity to molecular targets and delivery strategies based on the article Insight Into the Prospects for RNAi Therapy of Cancer. RNAi therapeutics for oncology have two major advantages. First, some RNAi therapeutics are capable of targeting multiple genes in various cellular pathways involved in tumor progression. Simultaneous inhibition of multiple genes is an effective approach to treat cancer as well as leading to a reduction in the possibility of multiple drug resistance caused by continued use of chemical drugs. Second, RNAi therapeutics are able to specifically inhibit any of the large sets of cancer-associated genes without regard to the druggability of their protein products.

siRNAs face physiological and biological barriers that prevent their delivery to the active site when administered systemically as an oncology therapy. Hence, delivery systems can improve siRNA in terms of its stability and cancer cell-specificity, with optimization of delivery systems for cancer being critical. Delivery formulations as well as chemical modification of siRNA are required to overcome these challenges and facilitate siRNAs in reaching their target cells.

Current status of Oncology siRNA based drug worldwide, as of September 2021

Company	Drug	Target	Delivery platform	Indications	Clinical trial stage	Start date (location)	Trial Number
Sirnaomics	STP705	TGF-ß1, COX-2	PNP	NMSC(isSCC)	Phase II	5/2021(US)	NCT04844983
				NMSC(BCC)	Phase II	12/2020(US)	NCT04669808
				Liver Cancers	Phase I	3/2021(US)	NCT04676633
	STP707[(1)]	TGF-ß1, COX-2	PNP	Solid tumor	Phase I	11/2021(US)	NCT05037149
Silenseed	siG12D LODER	KRAS, G12D	LODER polymer matrix	Pancreatic Neoplasms	Phase IIb	3/2018(Global excluding China)	NCT01676259
Arrowhead	ARO-HIF2	HIF-2α	TRiM platform	Renal Cell Carcinoma	Phase I	8/2020(US)	NCT04169711
Nanocarrier	NC-6100 (PRDM14 siRNA)	PRDM14	PEG-poly cation	Breast cancer	Phase I	N.A.	N.A.
Nitto	NBF-006	Glutathione S-Transferase P	LNP	NSCLC Cancer, Pancreatic Cancer, Colorectal Cancer	Phase I	3/2019(US)	NCT03819387

Source: U.S. National Library of Medicine; FDA; the CIC report

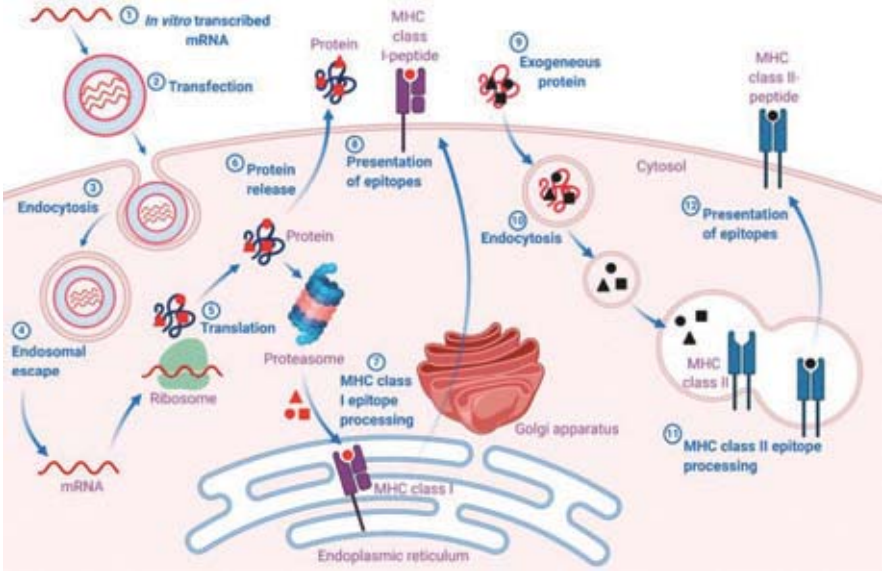
Note: Except for NC-6100 regulated by Ministry of Health in Japan, others are all regulated by FDA
1. STP 707 started phase I clinical trial in November

mRNA vaccine market

Messenger RNA is 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. Similar to DNA, mRNA is a type of nucleic acid that contains a specific sequence of nucleotides. After transcription of the mRNA from the corresponding gene in the DNA, the mRNA nucleotides are translated by ribosomes to assemble a polymer of amino acids, a protein. The mRNA plays a key role in the 'central dogma' of molecular biology, which deals with the transfer of sequence information from DNA to RNA to protein. Normal information transfer in most cells is that from DNA to RNA (transcription), DNA to be copied to DNA (replication), and mRNA causing the synthesis of protein (translation or protein synthesis).

Although the concept of mRNA vaccines has been scientifically prevalent since the early 21st century, it has not been massively applied and inoculated until the Moderna and BioNTech/Pfizer COVID-19 vaccine roll out. Previous vaccine platforms utilized similar mechanisms of vaccination by exposing a subject to a pathogen, or a specific aspect of a pathogen, such as a sugar or capsid protein. mRNA vaccines provide a novel and alternative approach to providing pathogen immunity by providing the genetic code of the pathogen's relevant antigen in mRNA form. This messenger RNA is then translated by the host cell to form the corresponding protein from the pathogen at issue. The vaccine thereby provides the cells with a blueprint to construct the protein. This process allows the host to mount an immune response against the constructed foreign protein.

Mechanism of action of mRNA vaccines



Source: the CIC Report; Wadhwa, et al. Pharmaceutics 2020, 12(2), 102.

The development and manufacture of mRNA for use as therapeutics and vaccines are comparatively simple and rapid. The large-scale GMP production of mRNA vaccine has proven to be feasible by several early clinical evaluations, and mRNA vaccines have a favorable safety profile. mRNA vaccines have advantages when vaccines based on other types of nucleic acids, which already demonstrate significant advantages over traditional vaccines in terms of safety, efficacy, induction of both B- and T-cell responses and specificity.

There are several advantages of mRNA vaccines over the other platforms.

- **Rapid process development.** The core principle of mRNA vaccines is to deliver a transcript that encodes a target antigen or immunogen. The RNA synthesis can immediately be carried out using existing technology as soon as the sequence encoding the immunogen is available and the process can be easily scalable and cell-free, requiring minimal platform change during mRNA formulation and manufacturing.

- **Simpler manufacturing.** The unique production process does not require cell culture, antigen extraction or purification processes, shortening the production time. It is relatively easy to achieve mass production, which improves the production capacity of vaccines.

- **Simplified quality control during the production process.** The mRNA vaccine is synthesized through the process of enzymatic in vitro transcription, which does not depend on the expansion of cells, simplifying the monitoring and quality control of all production processes.

- **High potency of immune response.** The mRNA vaccine may induce humoral immunity and cellular immunity at the same time, protecting the body through multiple mechanisms.

- **Favorable safety profiles.** mRNA vaccines show higer safety profiles compared with DNA-based vaccines. mRNA vaccines express target proteins (antigens) via translation from the mRNA rapidly after transfection of the mRNA into the target cell. mRNA vaccines possess much higher biosafety than DNA-based vaccines as the translation of the antigens takes place in the cytoplasm and the mRNA does not enter the nucleus, thus materially decreasing the risk of mRNA integrating into the genome compared to a DNA-based vaccine. mRNA is also a safer vector than DNA since mRNA primarily carries a short sequence to be translated, is a quickly degraded and transient molecule in the host cell, and does not interact with the host genome.

The application of mRNA vaccines requires solutions to the problem of poor stability, easy degradation and difficulty of cellular delivery of mRNA. Lipid nanoparticles (LNP), which are the most commonly utilized system for in vivo RNA delivery, shelter mRNA from

degradation, and mediate endocytosis and endosomal escape. Positively charged lipid nanoparticles help bring mRNA to the negatively charged cell membranes, and facilitate subsequent cytoplasmic endocytosis. Ionizable amino lipids are the major LNP component influencing the efficacy and tolerability of LNP-mRNA therapies. However, this lipid is known to have a long half-life in the organism, leading to mild-to-moderate adverse effects in clinical trials, thus being suboptimal for repeated dosing applications. Therefore, some novel mRNA delivery platforms, like the polypeptide-lipid nanoparticles (PLNP) platform, were developed to potentially improve the delivery efficacy and safety.

In the case of mRNA vaccines for COVID-19, the mRNA provides the genetic blueprint for the spike protein of SARS-CoV-2, the virus that causes the COVID-19 disease. Specifically, the vaccine is a lipid nanoparticle-encapsulated mRNA vaccine that encodes a perfusion stabilized full-length spike protein. Lipid nanoparticles – which are the most commonly utilized vectors for in vivo RNA delivery – protect mRNA from degradation, and mediate endocytosis and endosomal escape. Positively charged lipid nanoparticles help bring mRNA to the negatively charged cell membranes, facilitating subsequent cytoplasmic endocytosis. For the mRNA to be transcribed, it must escape both the lipid nanoparticle as well as the endosome. Once the spike protein is transcribed, immune cells display the spike protein on their surface while the mRNA gets degraded in the cell by normal cellular processes. The immune system recognizes the spike protein as foreign and causes the development of antibodies against the spike protein, which will be capable of also recognizing the SARS-CoV-2 virus. This mechanism provides the immune system with protection against subsequent infection by the SARS-CoV-2 virus while bypassing the risks associated with injecting the actual viral pathogen into the body, whether live or attenuated.

In December 2020, each of Moderna and Pfizer-BioNTech received approval for emergency use of their COVID-19 vaccines, Spikevax and Comirnaty, respectively. Pfizer-BioNTech received full approval for Comirnaty on August 23, 2021. Sales of Spikevax were US$11.3 billion for the nine months ended September 30, 2021, while Comirnaty generated US$24.3 billion global revenues during the same period. The size of the global addressable COVID-19 mRNA vaccine market is projected to reach approximately US$100 billion in 2021.

Global mRNA COVID-19 vaccine sales, 2021Q1-Q3

Company name	Product name	Emergency use authorization date / Full approval	Target	Global revenue 2021 Q1-Q3
Pfizer-BioNTech	Comirnaty	2020/12/02/ 2021/08/23	SARS-CoV-2 Spike protein	US$24.3 billion
Moderna	Spikevax	2020/12/18	SARS-CoV-2 Spike protein	US$11.3 billion

Source: Quarterly Reports of Pfizer and Moderna, the CIC Report

There are seven COVID-19 vaccines approved in China, including conditional and emergency approvals, five of which comprise inactivated virus, one is made by recombinant viral vector, and one is made by recombinant new virus. Most vaccines in the development in China are recombinant vaccines; only three mRNA vaccines entered clinical stage.

Existing products in China market, as of September 2021

Product name	Routes	Manufacturer	Approved time by NMPA	Price ranges
Covilo 眾愛可維	Inactivated	Beijing Institute of Biological Product 北京生物製品研究所	12/2020 (Conditional Approval)	~RMB200
CoronVac 克爾來福	Inactivated	Sinovac Biotech 科興控股生物技術	2/2021 (Conditional Approval)	~RMB200
Convidecia 克威莎	Recombinant viral vector	CanSino 康希諾生物	2/2021 (Conditional Approval)	~RMB200
Covilo 眾康可維	Inactivated	Wuhan Institute of Biological Product 武漢生物製品研究所	2/2021 (Conditional Approval)	~RMB200
CHO cells 智克威得	Recombinant New Coronavirus virus vaccine	Anhui Zhifei Longcom Biopharmaceutical 安徽智飛龍科馬生物製藥	3/2021 (Approval for urgent use)	~RMB200
Kconvac 可維克	Inactivated	BioKangtai 康泰生物	5/2021 (Approval for urgent use)	~RMB200
Keweifu 科維福	Inactivated	Institute of Medical Biology Chinese Academy of Medical Sciences 中國醫學科學院醫學生物學研究所	6/2021 (Approval for urgent use)	~RMB200

Source: WHO; Administration of Public Resources Trading Platforms; Official Website; the CIC report

Pipeline of mRNA COVID-19 vaccines in China, as of September 2021

Company	Product name	Phase	Type of developer	Start date[(1)]
Suzhou Abogen Bioscience/Walvax/ Academy of Military Science	SARS-CoV-2 Mrna Vaccine	Phase III	Domestic	7/2021

Company	Product name	Phase	Type of developer	Start date[1]
BioNTech SE	Comirnaty (BNT162b)	Phase II	International	11/2021
Liverna	LVRNA009	Phase I	Domestic	3/2021
Stemirna	COVID-19-mRNA vaccine	Phase I	Domestic	3/2021
RNAimmune (Sirnaomics)	RIM 730 (SARS-CoV-2 mRNA vaccine)	IND enabling	N.A.	N.A.

Source: ChiCTR; the CIC Report

Note: 1. For approved vaccines, the starting date is date of approval. For vaccine that have not been approved, the starting date is the "Study execute time" of the corresponding clinical trial posted on website of Chinese Clinical Trial Registry.

mRNA vaccines are a promising platform for cancer immunotherapy. Upon vaccination, mRNA vaccines efficiently cause expression of tumor antigens in antigen-presenting cells (APCs), facilitating APC activation and thus stimulation of innate/adaptive immunity against the tumor antigens. mRNA vaccines are capable of inducing both antibody/B cell mediated humoral responses and CD4+ T/ CD8+ cytotoxic T cell responses, which are beneficial for efficient clearance of malignant cells. mRNA cancer vaccines have the potential to surpass other conventional vaccine platforms due to high potency, safe administration, rapid development potentials, and cost-effective manufacturing. Cancer immunotherapies aim to activate the host anti-tumor immunity, modify the suppressive tumor microenvironment and ultimately result in tumor reduction and increased overall patients' survival rate. Cancer vaccines are an attractive alternative immunotherapeutic option with both prophylactic and therapeutic potentials.

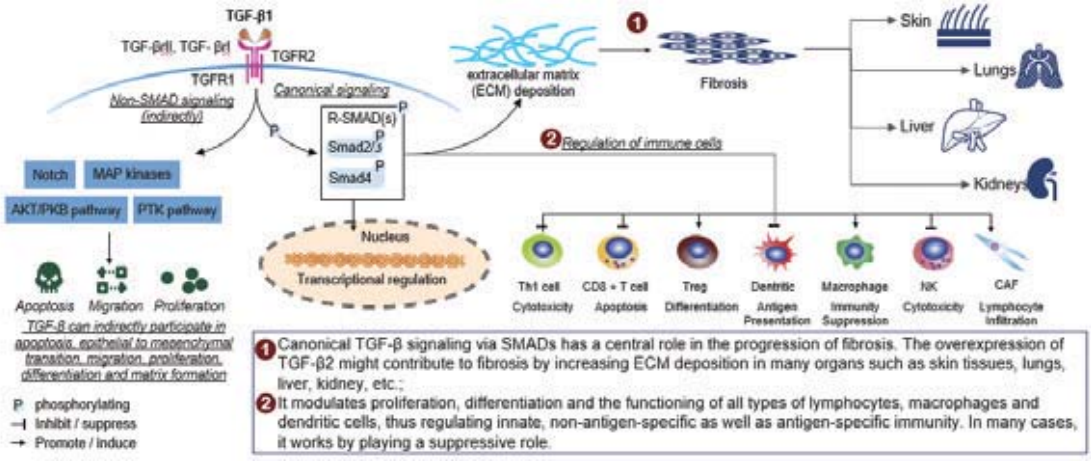
mRNA therapeutics are not only applicable to infectious disease and oncology vaccines, but also protein replacement therapy and gene editing. With the dozens of mRNA-based vaccine candidates currently in preclinical and clinical phases of development, it is evident that the mRNA-based technology is a promising tool for the development of novel therapeutic and prophylactic vaccines against infectious diseases.

TGF-ß1 and COX-2

The transforming growth factor-ß1 (TGF-ß1) family is a family of potent multifunctional cytokines that modulate a wide variety of cellular activities, including cell proliferation, recognition, differentiation, apoptosis, and specification of developmental fate, during embryogenesis as well as in mature tissues. In normal conditions, TGF-ß signaling maintains tissue homeostasis via the regulation of cell proliferation. TGF-ß switches its functioning to accelerate the progress and the development of diseases such as cancer and fibrosis in abnormal conditions. TGF-ß has been an innovation hot spot for oncology, with most trials focused on melanoma, lung, urothelial and colorectal cancer. In addition to oncology, active

trials in developing TGF-ß therapeutics have been observed for musculoskeletal, blood and respiratory diseases.

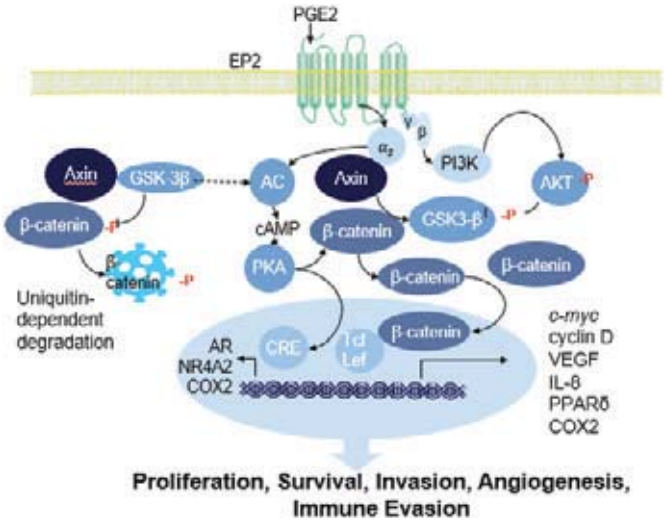
TGF-ß mechanisms of action



Source: Onco Targets and Therapy 2019:12 Bai et al., Yun, S., Kim, S. and Kim, E. (2019), the CIC Report

Cyclooxygenase (COX) is the rate-limiting enzyme in prostanoid synthesis. There are three isoforms of COX: COX-1, COX-2, and COX-3. COX-2 is a membrane-bound, short-lived, and rate-limiting enzyme that has long been known as a target for the relief of pain and treatment of inflammation. Over-expression of COX-2 has been observed in various chronic inflammatory diseases and malignant diseases, such as colon cancer and pancreatic cancer. PGE2, the principle metabolic product of COX-2 enzymatic activity, has been shown to up-regulate tissue inhibitors of metalloproteinases-2 in rats and lead to matrix accumulation. Expressions of COX-2 are parallel with PGE2, and the lack of PGE2 is speculated to contribute to disease pathogenesis like that of pulmonary fibrosis. COX-2 has been an innovation hot spot for musculoskeletal diseases, immune disorders, skin and connective tissue diseases, tumors, along with other diseases.

COX-2 mechanisms of action



Source: Nasser Hashemi Goradel et al. (2018), the CIC Report

Inhibition of TGF-ß1 and COX-2 can synergistically induce fibroblast apoptosis, leading to significant anti-fibrosis activity. Downregulation of TGF-ß1 and COX-2 expression also demonstrates potent anti-tumor activities, suppressing inflammation in the tumor microenvironment to inhibit pro-tumorigenic effects and invasiveness, removing resistance to apoptosis in cancer cells by downregulating anti-apoptotic factors and upregulating pro-apoptotic factors, and suppressing metastasis. Downregulation of TGF-ß1 and COX-2 modulate the TGF-ß signaling pathway to inhibit extracellular matrix synthesis, which is the heart of fibrogenesis. Inhibition of TGF-ß1 and COX-2 in the tumor microenvironment promote T-cell infiltration into the tumor.

Other Drug Targets

VEGFR2: The Vascular Endothelial-derived Growth Factor (VEGF) family is the primary regulator of angiogenesis, the formation of new blood vessels, in both normal physiology as well as pathological angiogenesis, such as cancer. VEGF acts on its endothelial cell target through binding with receptors. After binding to VEGFR2, VEGF triggers a series of signal transducing pathways stimulating endothelial cell proliferation, increased vascular permeability, endothelial cell migration and new blood vessel formation. VEGF overexpression is found in most cancers, and causes aberrant neo-angiogenesis within both the tumor and surrounding tissues to meet the nutrition demand for uncontrolled proliferation of tumors. Studies of VEGF functionality have led to therapeutic strategies specifically targeting the VEGF/VEGFR signaling pathway, including the monoclonal antibodies Avastin (Bevacizumab) and Cyramza (ramucirumab) as well as small molecule drugs such as Sutent (sunitinib), Nexavar (sorafenib), and Fotivda (tivozanib), which have been widely applied in many different cancer therapies. Preclinical studies have consistently shown additive or synergistic benefits from combinations of VEGF inhibitors with cytotoxic agents.

Factor XI: Factor XI is 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. High levels of Factor XI increase the risk of thrombosis, an abnormal clot within blood vessels that can lead to heart attacks and strokes. Individuals deficient in Factor XI have reduced risk of thrombosis-related events, but exhibit little increase in bleeding. Factor XI is an attractive target for the development of therapeutics to prevent thrombosis with limited risk for bleeding side effects. Current product candidates in clinical development that target Factor XI include an antisense-based candidate from Ionis Pharmaceuticals and Bayer and a small molecule from Exithera Pharmaceuticals.

PCSK9: Proprotein convertase subtilisin/kexin type 9, or PCSK9, is expressed in the liver and is involved in the regulation of LDL-C in the blood. PCSK9 binds to the LDL receptor on the surface of hepatocytes, preventing LDLR from binding LDL-C to remove LDL-C from circulation for breakdown in hepatocytes. Two FDA-approved monoclonal antibodies, Repatha (evolocumab) and Praluent (alirocumab), and Leqvio (inclisiran), an siRNA therapeutic, approved in Europe, target PCSK9. Additional products in development that target PCSK9 include small molecule PCSK9 inhibitors from Dogma Therapeutics/Astra Zeneca and Serometrix LLC/Esperion Therapeutics, Inc., as well as PCSK9 gene therapies from Precision BioSciences and Verve Therapeutics.

Non-Melanoma Skin Cancer, Liver Cancer and Non-Small Cell Lung Cancer Pharmaceutical Markets

Non-Melanoma Skin Cancers (NMSCs)

Non-melanoma skin cancers (NMSCs) are the most common forms of human neoplasia. NMSCs constitute a large group of skin cancers that are not melanoma, including squamous cell carcinoma (SCC), basal cell carcinoma (BCC), Extramammary Paget's Disease (EMPD), Merkel cell carcinoma (MCC), and skin adnexal carcinomas. Among these, BCC and SCC account for the majority of NMSCs with more than five million newly diagnosed cases estimated to occur in the U.S. every year. Most NMSCs are associated with exposure to ultraviolet radiation from the sun; other common risk factors include light-colored skin, older age, male gender, and a history of previous skin cancer.

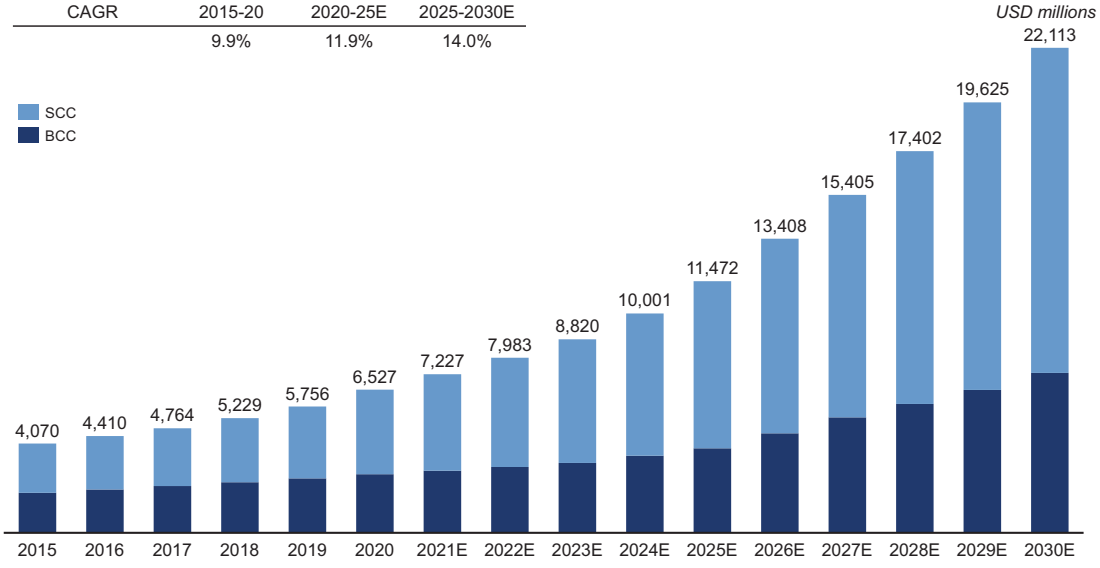
BCC and SCC usually do not spread to other parts of the body, therefore the vast majority of NMSCs are pre-metastatic. Metastatic NMSCs are relatively rare. Once metastasis occurs, the prognosis of NMSCs becomes extremely poor. The estimated metastasis rate of BCC ranges from 0.0029% to 0.55%, and common metastatic sites are regional lymph nodes, lungs, bones, skin, and liver. The biology of SCC can be more aggressive with a higher chance of local extension and/or metastasis. The risk for metastasis in cSCC (cutaneous SCC) is reported to be approximately 2% – 5%. The low risk NMSC is defined by NCCN guidelines as primary tumors located in trunk and extremities with size smaller than 2cm with well-defined borders. Squamous cell carcinoma in situ (isSCC), also called Bowen disease, is the earliest form of

squamous cell skin cancer (SCC). Along with basal cell carcinoma, SCC is one of two major subtypes of NMSC. isSCC has a 3%-5% risk to develop into invasive SCC. Therefore, although isSCC and low risk NMSC are different by definition, the majority of isSCC can be categorized into low-risk NMSC.

The number of new cases of BCC and SCC increased by 33% from 2015 to 2020 in the U.S., with 2.4 million and 3.2 million new patients respectively in 2020. In China, the number of new cases is relatively small, with 76 thousand patients diagnosed of BCC and 28 thousand patients diagnosed of SCC. These increases are associated with several factors, including raised awareness of NMSC, improved registration, aging population, and increased exposure to UV radiation. In the past many SCCs in situ may have been misdiagnosed as actinic keratosis and now "diagnostic drift" to isSCCs may be contributing to the increased incidence of SCC. Consequently, SCC is projected to increase at a faster rate in the future.

The market size of SCC and BCC treatment in the U.S. based on retail price from the patient side is US$6.5 billion in 2020 (the isSCC segment is US$1.5 billion, or over 20%) and is expected to reach US$11.5 billion and US$22.1 billion by 2025 and 2030, respectively, representing a CAGR of 11.94% from 2020 to 2025 and a CAGR of 14.03% from 2025 to 2030. The market size of SCC and BCC treatment in China based on retail price from the patient side is US$38 million in 2020 (the isSCC segment is US$4.3 million, or approximately 11%) and is expected to reach US$64 million and US$149 million by 2025 and 2030, respectively, representing a CAGR of 10.87% from 2020 to 2025 and a CAGR of 18.55% from 2025 to 2030.

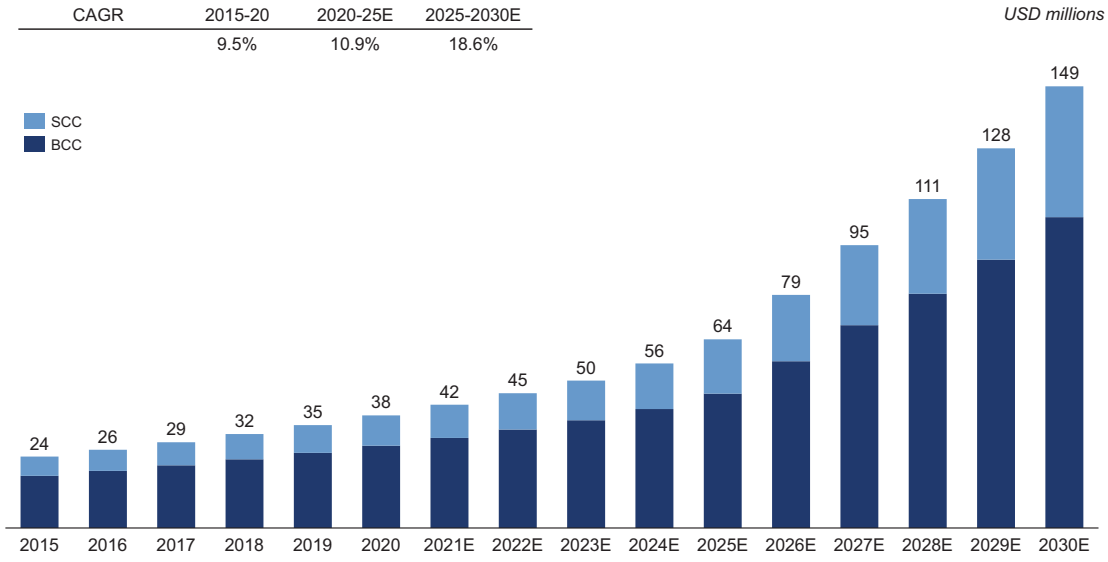
Market size of NMSC treatment in the U.S., 2015-2030E



Notes: The market size of NMSC only includes the market size of SCC and BCC treatment

Source: the CIC report

Market size of NMSC treatment in China, 2015-2030E



Source: the CIC report

US Market

For the U.S. market, the addressable market size of isSCC = Number of target patients * treatment rate of isSCC * average annual spending of available treatment options. According to *Incidence Estimate of Nonmelanoma Skin Cancer (Keratinocyte Carcinomas) in the US Population, 2012*, the number of new cases of isSCC in the U.S. is 1.3 million in 2020 and is projected to increase to 3.4 million in 2030. Based on *Incidence and Trends of Basal Cell Carcinoma and Cutaneous Squamous Cell Carcinoma: A Population-Based Study in Olmsted County, Minnesota, 2000 to 2010* published in *Cancer Research and Treatment*, there are four categories of patients with proportions listed in the table below.

isSCC patients distribution	**Proportion**
Patients applicable for surgery with tumor in head or neck	56%
Patients applicable for surgery with tumor in trunk or extremity	41%
Patients not applicable for surgery with tumor in head	1%
Patients not applicable for surgery with tumor in trunk or extremity	1%

The treatment rate of isSCC is assumed to be around 97%, according to *Prevalence and Costs of Skin Cancer Treatment in the U.S., 2002-2006 and 2007-2011*. The average annual spending of available treatment options ranged between US$1,100 and US$2,500 in 2020, as referenced by *Prevalence and Costs of Skin Cancer Treatment in the U.S., 2002-2006 and 2007-2011*. For the core product, STP705, the estimated demand solely with respect to isSCC in the U.S. is expected to be around US$43 million in the anticipated launch year of 2023.

The addressable market size of BCC = Number of target patients * treatment rate of BCC* average annual spending of available treatment options

In the U.S., according to *Incidence Estimate of Nonmelanoma Skin Cancer (Keratinocyte Carcinomas) in the US Population, 2012*, the number of new cases of BCC is 2.4 million in 2020 and is projected to increase to 4.2 million in 2030. Based on *Incidence and Trends of Basal Cell Carcinoma and Cutaneous Squamous Cell Carcinoma: A Population-Based Study in Olmsted County, Minnesota, 2000 to 2010* published in *Cancer Research and Treatment*, there are four categories of patients with proportions listed in the table below.

BCC patients' distribution	**Proportion**
Patients applicable for surgery with tumor in head or neck	61%
Patients applicable for surgery with tumor in trunk or extremity	33%
Patients not applicable for surgery with tumor in head	1%
Patients not applicable for surgery with tumor in trunk or extremity	1%

The treatment rate of BCC is assumed to be around 97%, according to *Prevalence and Costs of Skin Cancer Treatment in the U.S., 2002-2006 and 2007-2011*. The average annual spending of available treatment options ranged between US$1,100 and US$2,500 in 2020, as referenced by *Prevalence and Costs of Skin Cancer Treatment in the U.S., 2002-2006 and 2007-2011*.

China Market

For the China market, the addressable market size of isSCC = Number of target patients * treatment rate of isSCC * average annual spending of available treatment options

In China, according to *Chinese Society of Clinical Oncology*, the number of new cases of isSCC is 11 thousand in 2020 and is projected to increase to 26 thousand in 2030. Based on *Nationwide Trends in the Incidence of Melanoma and Non-melanoma Skin Cancers from 1999 to 2014 in South Korea*, there are four categories of patients with proportion listed in the table below.

isSCC patients distribution	**Proportion**
Patients applicable for surgery with tumor in head or neck	68%
Patients applicable for surgery with tumor in trunk or extremity	28%
Patients not applicable for surgery with tumor in head	1%
Patients not applicable for surgery with tumor in trunk or extremity	1%

The treatment rate of isSCC is assumed to be around 95%, according to *Prevalence and Costs of Skin Cancer Treatment in the U.S., 2002-2006 and 2007-2011* and physician interviews. The average annual spending of available treatment options ranged between US$350 and US$700 in 2020, according to physician interviews. For the core product, STP705, the estimated demand is expected to be around US$68 million in China with respect to multiple indications including isSCC, BCC, HTS and keloids in the anticipated launch year of 2024.

Addressable market size of BCC = Number of target patients * treatment rate of BCC* average annual spending of available treatment options

In China, according to *Special features of non-melanoma skin cancer in Hong Kong Chinese patients: 10-year retrospective study*, the number of new cases of BCC is 76 thousand in 2020 and is projected to increase to 178 thousand in 2030. Based on physician interviews, there are four categories of patients with proportion listed in the table below.

BCC patients distribution	**Proportion**
Patients applicable for surgery with tumor in head or neck	88%
Patients applicable for surgery with tumor in trunk or extremity	8%
Patients not applicable for surgery with tumor in head	2%
Patients not applicable for surgery with tumor in trunk or extremity	1%

The treatment rate of BCC is assumed to be around 95%, according to *Prevalence and Costs of Skin Cancer Treatment in the U.S., 2002-2006 and 2007-2011* and physician interviews. The average annual spending of available treatment options ranged between US$350 and US$700 in 2020, according to physician interviews.

NMSC treatment market is driven by the following factors:

- **Increasing incidence:** Due to changed lifestyle and increased outdoor activities, people have longer exposure times to UV radiation. The incidence of precancerous skin conditions such as actinic keratoses, moles and freckles, is likely to increase, owing to an aging population. Genetic susceptibility to diseases, for example, nevoid BCC syndrome, will also lead to increased incidence.

- **Emerging treatment and diagnosis:** Country-wide skin cancer screening was introduced and became more prevalent for residents older than 35 years of age with health insurance since 2008 in the U.S., leading to an increase in diagnosis rate. In the meantime, more therapeutic options available for NMSC provide more choices for patients, which can increase treatment rate consequently.

- **Clinical needs:** Cosmetic appearance remains one of the key needs for NMSC treatment and has a large influence on patient preferences, especially for those with lesions on the head or neck, yet current treatments are unable to satisfy this special need.

While a standard management strategy for treatment of metastatic NMSC has not been established, advances in our molecular biological understanding of NMSC and improvement of drug discovery techniques over the past several decades have facilitated the establishment of novel treatment strategies. While there were several targeted therapies for advanced NMSC approved by FDA in recent years, including molecular targeting agents and immune checkpoint inhibitors, these are restricted to metastatic disease.

Conventional and Standard Treatment Methods for BCC and isSCC, November 2021

Indication	Treatment methods
BCC & isSCC	Standard Surgical excision Mohs micrographic surgery
	5'-fluorouracil Imiquimod
	Cryosurgery Laser therapy Electrodesiccation Radiation therapy

Sources: The CIC Report; Expert consensus on Basal Cell Carcinoma, China, 2021; Bittner et al. Mohs micrographic surgery: a review of indications, technique, outcomes, and considerations. An Bras Dermatol. 2021 May-Jun;96(3):263-277; Lin, M. Innovations in Geriatrics: Nonmelanoma Skin Cancer Prevention, Diagnosis, and Treatment. Today's Geriatric Medicine. 2017; 10:30.

Currently, there are surgical and non-surgical treatment pathways for pre-metastatic BCC and SCC. Surgical treatment pathways include Mohs micrographic surgery and surgical excision. Mohs micrographic surgery is the standard of care, with the highest reported cure rate and the ability to intraoperatively analyze almost all the excision margin. An important alternative to Mohs micrographic surgery is surgical excision. The cosmetic appearance of surgical treatment, however, usually results in significant scarring due to invasive operation. Non-surgical treatment pathways include curettage and electrodesiccation, topical creams, radiation, photodynamic therapy and cryotherapy, although these non-surgical pathways are considered to be less effective compared to surgical pathways. 5'-fluorouracil and imiquimod are the only two drugs approved by US FDA for pre-metastatic BCC patients, both of which are used off-label for pre-metastatic SCC patients. Both are administered topically and can cause skin reactions in some patients.

Efficacy and Side Effects for Original Drug Products Approved for Pre-Metastatic BCC, as of September 2021

Company name	Drug name	Generic name	Approved markets	Indication	Efficacy	Side effects	Approval date	Price[1]
Teva Parenteral Medicines	Adrucil	5'-fluorouracil	US	BCC	With isolated, easily accessible basal cell carcinomas, the success rate with fluorouracil cream and solution is approximately 93%	Burning, crusting, allergic contact dermatitis	2/2000 (FDA)	~US$15
iNova	Aldara	Imiquimod	US	BCC	Superficial BCC imiquimod vs vehicle clearance rate is 75% vs 2%	Headache, back pain, burning	7/2004 (FDA)	~US$8

Source: FDA; U.S. FDA Drugs Database; U.S. National Library of Medicine; the CIC Report
Note: 1. retail price per unit

Liver Cancer

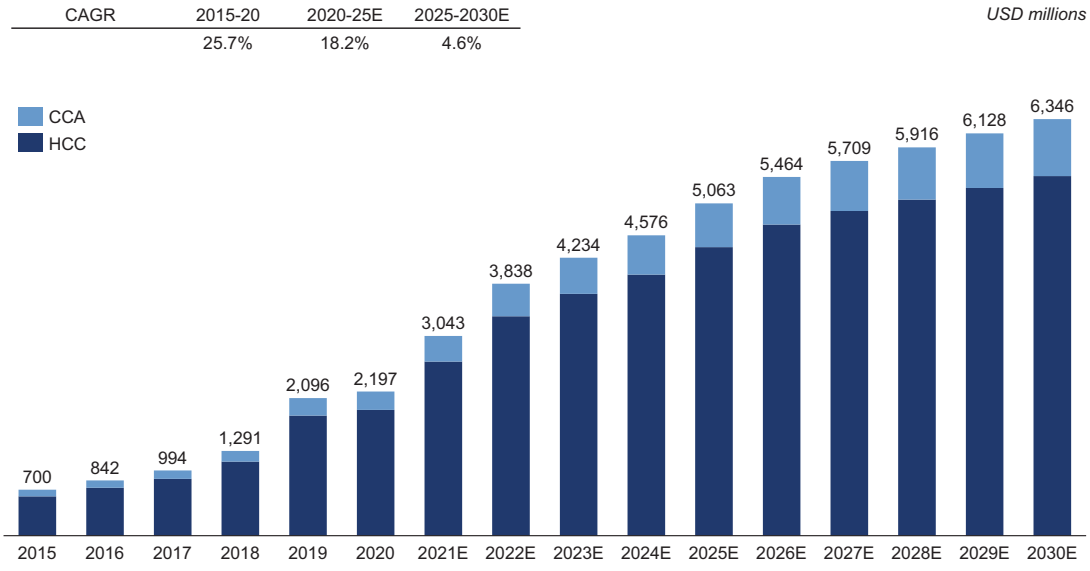
The leading cause of primary liver cancer is cirrhosis due to hepatitis B, hepatitis C, or excessive alcohol consumption. The signs and symptoms of liver cancer depend on the type of cancer present. Common symptoms include abdominal pain, jaundice and weight loss. The most common types are hepatocellular carcinoma (HCC), which makes up 80% of cases, as well as intrahepatic cholangiocarcinoma (CCA).

The number of new cases of liver cancer in China was 509.6 thousand in 2020, and is expected to increase to 570.3 thousand in 2025 and 630.3 thousand in 2030, representing a CAGR of 2.3% from 2020 to 2025 and a CAGR of 2.1% from 2025 to 2030, respectively. The number of new cases of liver cancer in the U.S. was 41.7 thousand in 2020, and is expected to increase to 45.2 thousand in 2025 and 48.5 thousand in 2030, representing a CAGR of 1.6% from 2020 to 2025 and a CAGR of 1.4% from 2025 to 2030, respectively.

The size of the HCC pharmaceutical market in the U.S. grew from US$1.9 billion in 2020 to US$4.4 billion and further to US$5.5 billion in 2030, with a CAGR of 18.1% from 2020 to 2025 and a CAGR of 4.5% from 2025 to 2030. The CCA pharmaceutical market is expected to reach over US$0.9 billion by 2030, accounting for approximately 13.7% of the overall liver cancer pharmaceutical market. Meanwhile, the size of the HCC pharmaceutical market in China is projected to grow from US$1.2 billion in 2020 to US$5.2 billion in 2025 and further to US$7.0 billion in 2030, with a CAGR of 33.9% from 2020 to 2025 and a CAGR of 6.2% from 2025 to 2030. The CCA pharmaceutical market in China is projected to grow from

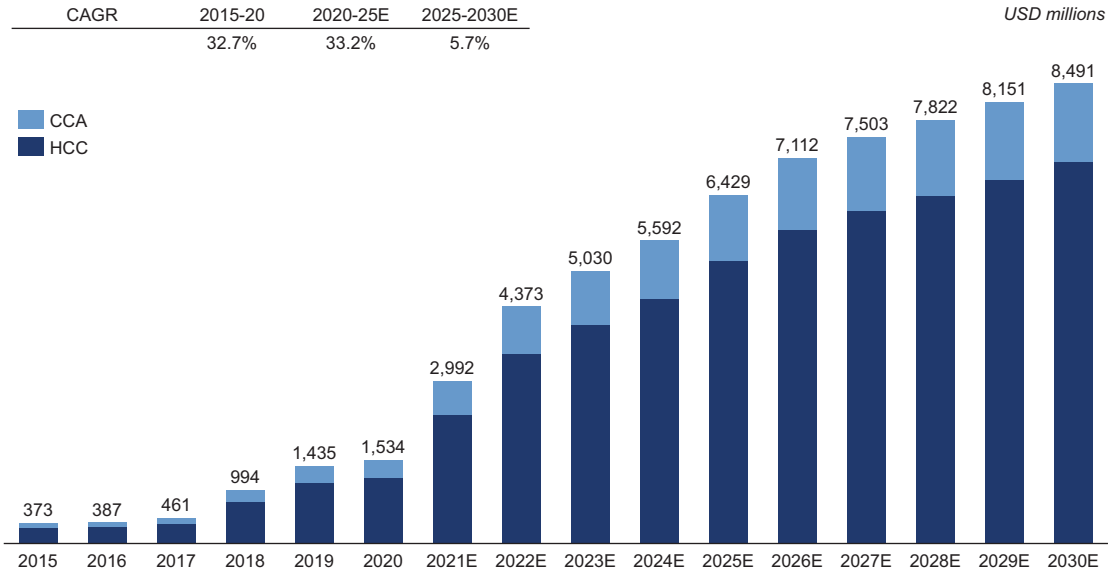
US$0.3 billion in 2020 to US$1.2 billion in 2025 and further to US$1.5 billion in 2030, with a CAGR of 30.5% from 2020 to 2025 and a CAGR of 3.6% from 2025 to 2030.

Market size of HCC and CCA pharmaceuticals in the U.S., 2015-2030E



Source: the CIC report

Market size of HCC and CCA pharmaceuticals in China, 2015-2030E



Source: the CIC report

The liver cancer pharmaceutical market is driven by the following factors:

- **Increasing incidence:** 85% of liver cancer cases in China are attributable to HBV infections, which remains an incurable disease. Other risk factors such as diabetes, NASH, and excessive alcohol consumption continue to increase in their prevalence.

- **Emerging diagnosis and treatment:** Improvements in liver cancer early screening and diagnosis, greater accessibility to therapeutics, and more liver cancer drugs covered by national health insurance scheme contribute to higher diagnosis and treatment rates.

- **Clinical needs:** Prognosis for liver cancer patients is generally bleak. Advanced HCC frontline therapeutic options all have limited efficacies, resulting in need for patients refractory to first and second line treatment. Similarly, targeted drugs for CCA are very limited resulting in need for systemic therapies for advanced CCA.

Conventional and Standard Treatment Methods for Liver Cancer (November 2021)

Indication	Treatments methods
Liver cancer	Surgery excision Liver transplant Ablation therapy Embolization therapy Targeted therapy Immunotherapy Radiation therapy

Sources: The CIC Report; Guidelines for Diagnosis and Treatment of Primary Liver, 2020, CSCO; Guidelines for Diagnosis and Treatment of Liver Cancer/Hepatobiliary Cancers, 2021, NCCN

There are two different treatment paths for HCC and CCA, both of which include early stage and advanced stage:

Early stage HCC is typically treated by surgery, such as radiofrequency ablation (RFA) or microwave ablation (MWA), while advanced HCC usually employs chemoembolization and radioembolization, targeted therapy and immunotherapy. The cornerstone treatment for early stage CCA includes surgery and radiation therapy, and advanced CCA is generally treated with chemotherapy, targeted therapy and immunotherapy.

Efficacy and Side Effects for Drug Products Approved for HCC and CCA, as of September 2021

Company name	Drug name	Generic name	Approved markets	Indication	Efficacy (experimental cohort, placebo or other cohorts)	Side effects (control: % of all grades, % of grades 3-4; placebo: % of all grades, % of grades 3-4)	Price	Approval date	Trial number
Roche	Tecentriq	Atezolizumab	US, China	HCC	Median OS (NE, 13.2; hazard ratio, 0.58) Median PFS (Tecentriq in combination with Bevacizumab: 6.8, 4.3; hazard ratio,0.59)	Hypertension (Tecentriq in combination with Bevacizumab:30%, 15%; Sorafenib: 24%, 12%) Fatigue/asthenia (Tecentriq in combination with Bevacizumab:26%, 2%; Sorafenib: 32%, 6%) Proteinuria (Tecentriq in combination with Bevacizumab:20%, 3%; Sorafenib: 7%, 0.6%)	~US$500/unit (US) ~RMB5800/5 mg (China)	5/2020 (US) 10/2020 (China)	NCT03434379
Roche	Avastin	Bevacizumab	US, China	HCC	Median OS (Avastin in combination with Atezolizumab: NE, Sorafenib: 13.2; hazard ratio, 0.58) Median PFS (Avastin in combination with Atezolizumab: 6.8, Sorafenib: 4.3; hazard ratio,0.59)	Hypertension (Avastin in combination with Atezolizumab:30%, 15%; Sorafenib: 24%, 12%) Fatigue/asthenia (Avastin in combination with Atezolizumab:26%, 2%; Sorafenib: 32%, 6%) Proteinuria (Avastin in combination with Atezolizumab:20%, 3%; Sorafenib: 7%, 0.6%)	~US$840/4ml (US) ~RMB2500/100 mg (China)	5/2020 (US) 10/2020 (China)	NCT03434379
Exelixis	Cabometyx	Cabozantinib-S-Malate	US	HCC	Median OS (10.2, 8.0; hazard ratio, 0.76)	Diarrhea (54%, 10%;19%, 2%) Fatigue (45%, 10%; 30%, 4%) Decreased appetite (48%, 6%; 18%, <1%)	~US$23000/ 30 tablets	1/2019 (US)	NCT01908426
Merck	KEYTRUDA	Pembrolizumab	US	HCC	Single arm, ORR 17%	Fatigue, Rash, vitiligo, arthralgia, ascites (8% Grades 3-4), immune-mediated hepatitis (2.9%)	~US$13000/ 100 mg	11/2018 (US)	NCT02702414
Eisai And Merck	Lenvima	Lenvatinib Mesylate	US, China	HCC	Median OS (Lenvima: 13.6, Sorafenib: 12.3; hazard ratio: 0.92)	SAE Total (Lenvima: 43.07%, Sorafenib: 30.32%) Hypertension (45%, 24%) Cardiac dysfunction (NA, 3%) Arterial thromboembolic (2%, NA)	~US$21000/ 30 tablets (US) ~RMB20000/ 30 tablets (China)	8/2018 (US) 9/2018 (China)	NCT01761266

Company name	Drug name	Generic name	Approved markets	Indication	Efficacy (experimental cohort, placebo or other cohorts)	Side effects (control: % of all grades, % of grades 3-4; placebo: % of all grades, % of grades 3-4)	Price	Approval date	Trial number
Bristol-Myers Squibb	Opdivo[1]	Nivolumab	US	HCC	Cohort 4 (in Combination with Ipilimumab), ORR 33%	Cohort 4 (in Combination with Ipilimumab): Rash (53%,8%); Pruritus (53%,4%); Musculoskeletal pain (41%,2%)	~US$300/ 1 ml	9/2017 (US)	NCT01658878
Incyte	Pemazyre	Pemigatinib	US	Cholangiocarcinoma	Single arm, ORR 36%	Hyperpfhosphatemia (60%, 0%) Alopecia (49%,0) Diarrhea (47%,2.7)	~US$18000/ 4.5 mg	4/2020 (US)	NCT02924376
Eli Lilly	Cyramza	Ramucirumab	US	HCC	Median OS (8.5, 7.3; hazard ratio 0.71) PFS (2.8, 1.6; hazard ratio 0.45)	Fatigue (36%, 5%; 20%,3%) Peripheral edema (25%,2%; 14%,0%), Decreased appetite (23%, 2%; 20%,1%)	~US$1300/ 10 ml	5/2019 (US)	NCT02435433
Bayer HealthCare	Stivarga	Regorafenib	US, China	HCC	Median OS (10.6, 7.8; hazard ratio 0.63) PFS (3.4,1.5, hazard ratio 0.43)	Skin and subcutaneous tissue disorders (51%,12%; 7%, <1%) Pain (55%,9%; 44%,8%) Asthienia/Fatigue (20%,0%; 7%,0%)	~US$20000/ 40 mg (US) ~RMB10000/40 mg (China)	4/2017 (US) 12/2017 (China)	NCT01774344
Bayer and Onyx Pharmaceuticals	Nexavar	Sorafenib Tosylate	US, China	HCC	Median OS (10.7,7.9; hazard ratio 0.69)	Gastrointestinal (98%, 45%; 96%,32%), Fatigue (46%,10%; 45%, 13%), Diarrhea（55%, <11%; 25%, 2%）	~US$22000/ 200 mg (US) ~RMB12000/ 200 mg (China)	11/2007 (US) 12/2017 (China)	NCT00105443
BridgeBio Pharma	Truseltiq	Infigratinib Phosphate	US	Cholangiocarcinoma	Single arm, ORR 23%	Nail toxicity (57%, 2%), Stomatitis（56%,15%), Dry Eye(44%,0)	~US$23000/ 42 capsules	5/2021 (US)	NCT02150967

Source: U.S. National Library of Medicine; the CIC report

NOTE: 1. On September 22, 2017, the FDA granted accelerated approval to nivolumab (OPDIVO, Bristol-Myers Squibb Co.) for the treatment of hepatocellular carcinoma (HCC) in patients who have been previously treated with sorafenib. However, the accelerated approval for OPDIVO has been removed in 2021.

The liver cancer market pipeline is highly innovative and diverse. The market offers tremendous opportunities to develop breakthrough first-in-class therapies due to needs. In recent years, innovative treatment approaches such as oncolytic viruses and RNA interference (RNAi) technology have gained significant traction in the market, although none have resulted in commercialized treatments.

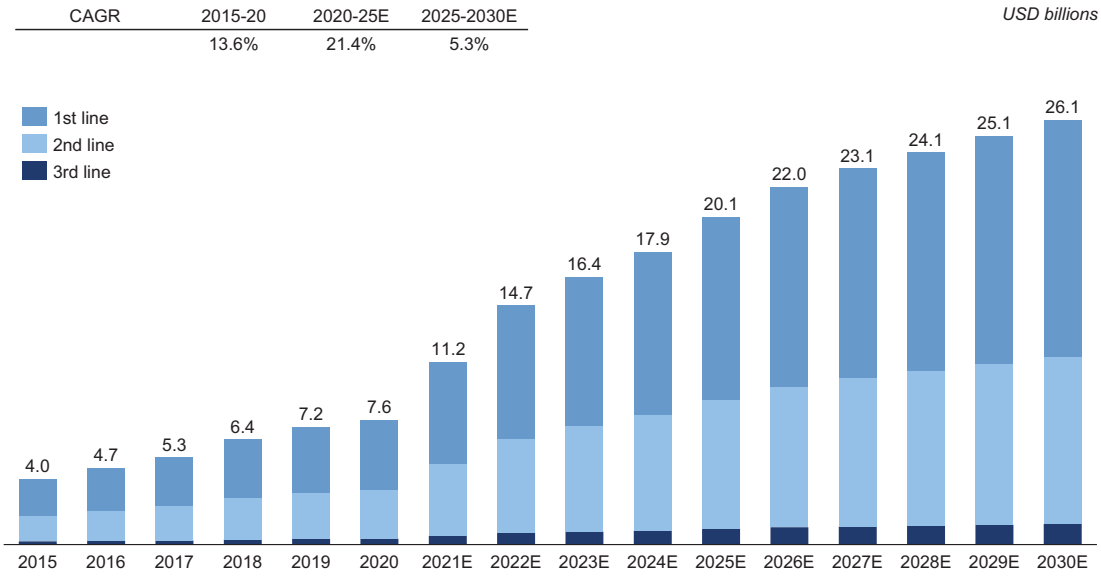
Non-small Cell Lung Cancer (NSCLC)

NSCLC is the most common type of lung cancer, accounting for the majority of total lung cancer cases. NSCLC is defined as any type of epithelial lung cancer other than SCLC, including adenocarcinoma, squamous cell carcinoma, large cell carcinoma, and NSCLC-NOS (not otherwise specified) / NSCLC undifferentiated. There were 176 thousand cases in the U.S.

and 757 thousand cases in China in 2020. Moreover, around 110 thousand people die from NSCLC in the U.S. annually as of 2020, while in China, the number has increased to 360 thousand in the latest figures.

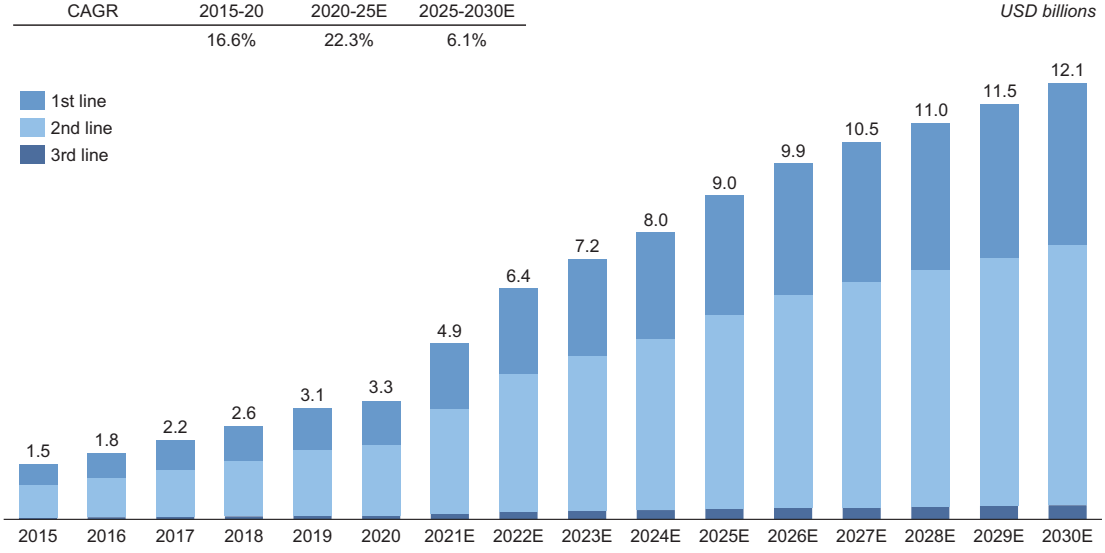
The market size of NSCLC pharmaceutical in the U.S. is expected to grow slower in the years ahead, rising from US$7.6 billion in 2020 to US$26.1 billion in 2030, with a CAGR of 13.1%. Meanwhile, the market size of NSCLC drugs in China are projected to rise from US$3.3 billion in 2020 to US$12.1 billion in 2030 with a CAGR of 13.9%.

Market size of NSCLC pharmaceuticals in the U.S., 2015-2030E



Source: the CIC report

Market size of NSCLC pharmaceuticals in China, 2015-2030E



Source: the CIC report

The NSCLC pharmaceutical market is driven by the following factors:

- **Increasing incidence:** An increasing incidence of NSCLC in the U.S. and China will drive growth.

- **Emerging treatments:** An increasing incorporation of premium-priced immune checkpoint inhibitor immunotherapies into the NSCLC treatment algorithm, particularly in the first-line setting, will be one major driver. Targeted therapies and RNAi therapeutics are also expected to contribute to the growth of the NSCLC market.

- **Clinical needs:** There is a significant lack of targeted therapy options in the second line once a patient develops resistance to immune-checkpoint inhibitors. In addition to effective therapy options post-ICIs, a personalized therapeutic approach requires further refinement for patients harboring actionable mutations. The five-year survival rate of NSCLC patients is still very low, meaning there is an urgent need to improve curative options and patient outcomes. Additionally, the probability of a cure in an advanced setting is rare.

Existing treatment pathways for different stages of NSCLC are relatively clear. Stage I and II patients usually adopt surgery with chemotherapy first before radiation therapy. Stage III patients usually adopt a combination of immunotherapy, radiation therapy and chemotherapy. Stage IV and metastatic patients usually adopt systemic therapy using chemotherapy, targeted therapy or immunotherapy.

There are two drugs targeting TGF-ß1 for anticancer therapy in NSCLC now entering into the late stage of clinical trials, which show a feasibility for TGF-ß1 target therapy in NSCLC. In vitro and ex vivo evidence support the value of siRNA in NSCLC.

Pipeline of RNA-based drugs in NSCLC, worldwide, as of September 2021

Company	Drug name	Phase	Modality	Indication	Target	Start date
Dynavax	DV-281	Ib	Oligonucleotide	Advanced NSCLC	TLR9	2017/09
Nitto Biopharma Inc	NBF-006	I	siRNA	NSCLC PC Colorectal Cancer	GSTP1	2019/03

Source: the CIC report, Clinical Trial

Fibrosis pharmaceutical market

Repair of damaged tissues is a fundamental biological process that allows the ordered replacement of dead or injured cells during an inflammatory response, a mechanism that is

crucial for survival. The repair process involves two distinct stages: regenerative, where injured cells are replaced by cells of the same type and fibroplasia or fibrosis, where connective tissue replaces normal parenchymal tissue. The healing process can become pathogenic if it continues unchecked, leading to considerable tissue remodeling and the formation of permanent scar tissue. In some cases, it might ultimately cause organ failure and death. Fibrotic scarring is often described as a wound-healing response gone awry.

Fibrosis diseases include major-organ fibrosis, fibroproliferative disorders, and scarring associated with trauma. Major-organ fibrosis includes interstitial lung disease (ILD), liver cirrhosis, kidney disease, untreated hypertensive diseases, heart disease, diseases of the eye. Fibroproliferative disorders include systemic and local scleroderma, keloids and HTS and atherosclerosis and restenosis. Scarring associated with trauma includes surgical complications, chemotherapeutic drug-induced fibrosis, radiation-induced fibrosis, accidental injury and burns.

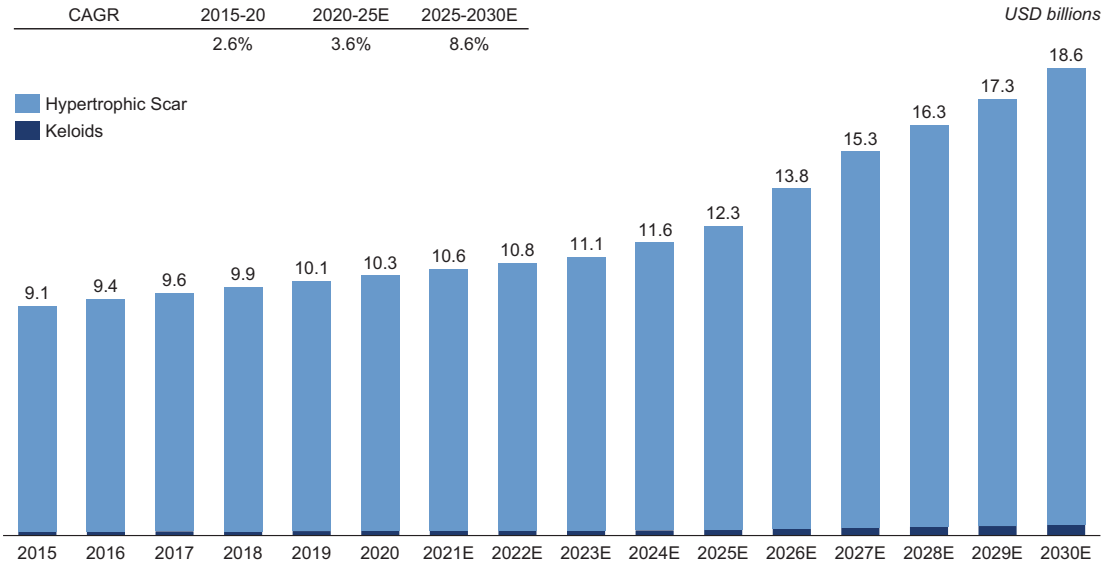
Studies and clinical data have shown that RNAi therapeutics as novel treatments for fibrosis disease are effective, have sustained siRNA release and good biocompatibility. For the treatment and prevention of certain fibrotic diseases, several studies and clinical data have shown that the application of siRNA-based therapies are effective, as the challenge of the safety, stability, and effective delivery of siRNA, including to the liver, was overcome. In addition, RNAi therapeutics are promising drug modalities and are especially ideal for respiratory diseases due to its potential for convenient topical airway administration and minimal systemic toxicity.

Hypertrophic scars (HTS) and Keloids

HTS refers to scars that become swollen, puffy and reddened, causing the scar to stand out from the surrounding skin, and are usually caused by burn injuries, traumatic injuries and surgical procedures. Keloids refers to raised lumps of collagen that form when scar tissue grows irregularly or otherwise more quickly than a wound heals. Keloids are usually caused by acne, burn injuries, traumatic injuries, and surgical procedures.

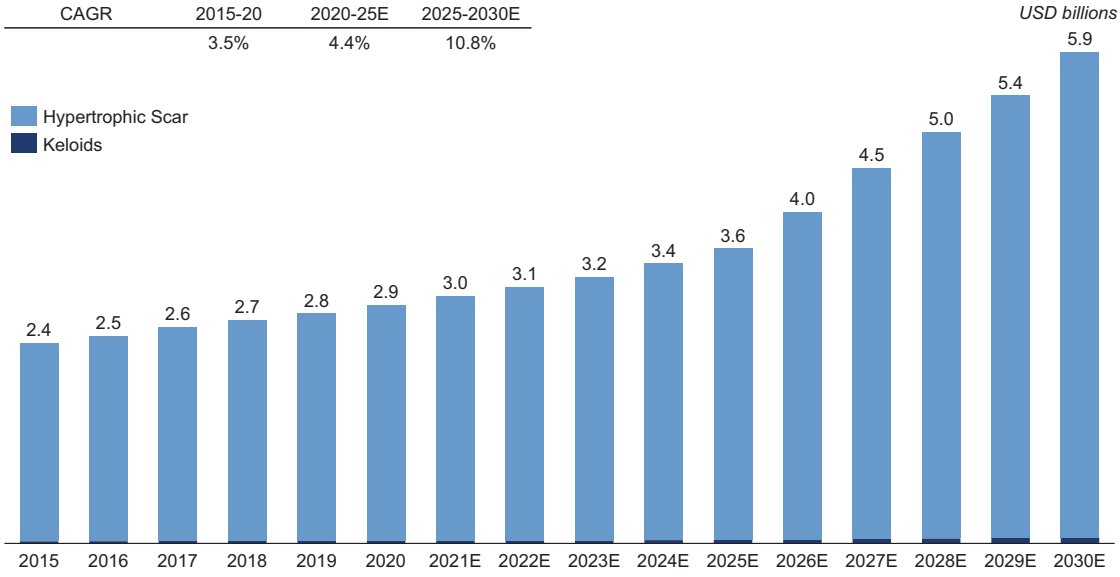
HTS and keloids are common dermatological conditions affecting more than 16 million patients in the U.S. and China annually, which can result in permanent functional loss and the stigma of disfigurement. The combined market size for HTS and keloids treatments in the U.S. is projected to grow faster in the years ahead, rising from US$10.3 billion in 2020 to US$12.3 billion in 2025 and further to US$18.6 billion in 2030, with a CAGR of 3.6% from 2020 to 2025 and a CAGR of 8.6% from 2025 to 2030. The market size for HTS and keloid treatments in China is also expected to grow faster, rising from US$2.9 billion in 2020 to US$3.6 billion in 2025 and further to US$5.9 billion in 2030, with a CAGR of 4.4% from 2020 to 2025 and a CAGR of 10.8% from 2025 to 2030.

Market sizes of HTS & Keloids treatments in the U.S., 2015-2030E



Source: the CIC report

Market sizes of HTS & Keloids treatments in China, 2015-2030E



Source: the CIC report

U.S. Market

In the U.S., the addressable market size of HTS and keloids = Number of target patients * treatment rate of HTS and keloids * average annual spending of available treatment options

In the U.S., according to *Formation of Hypertrophic Scars: Evolution and Susceptibility,* and *Estimate of Keloid Formation Incidence Based on Race in the U.S.,* the number of new

cases of HTS and keloids is 8.4 million in 2020 and is projected to increase to 10.1 million in 2030. Based on *A Prospective Study of Time to Healing and Hypertrophic Scarring in Paediatric Burns: Every Day Counts*, and *Formation of Hypertrophic Scars: Evolution and Susceptibility*, there are five categories of HTS patients and one type of keloids patients with proportions listed in the table below.

HTS and Keloids patients distribution	**Proportion**	**Treatment rate**
HTS — Burns	1%	50%
HTS — Cosmetic Procedures	7%	80%
HTS — Reconstructive Procedures	22%	80%
HTS — Skin Tumor Removal Procedures	0.4%	50%
HTS — Other surgery procedures	68%	50%
Keloids	2%	50%

Treatment rates are shown in the previous table, according to *Insights into Patient and Clinician Concerns About Scar Appearance: Semiquantitative Structured Surveys*. The average annual spending of available treatment options ranged between US$1,100 and US$2,500 in 2020, as referenced by *Medicare Unit Cost Increases Reported as of April 2020*.

China Market

In China, the addressable market size of HTS and keloids = Number of target patients * treatment rate of HTS and keloids * average annual spending of available treatment options

In China, according to *Formation of Hypertrophic Scars: Evolution and Susceptibility,* and *Keloid Incidence in Asian People and its Comorbidity with other Fibrosis-related Diseases: a Nationwide Population-based Study,* the number of new cases of HTS and keloids is 7.4 million in 2020 and is projected to increase to 10.6 million in 2030. Based on *Epidemiological Analysis of 9,779 Burn Patients in China: An Eight-year Retrospective Study at a Major Burn Center in Southwest China* and physician interviews, there are four categories of HTS patients and one type of keloids patients with proportions listed in the table below.

HTS and Keloids patients distribution	**Proportion**	**Treatment rate**
HTS — Burns	34%	100%
HTS — Cosmetic Procedures	2%	80%
HTS — Skin Tumor Removal Procedures	0.01%	80%
HTS — Other surgery procedures	63%	50%
Keloids	1%	50%

Treatment rates are shown in the previous table, according to *Insights into Patient and Clinician Concerns About Scar Appearance: Semiquantitative Structured Surveys*. Annual spending of treatment: The average annual spending of available treatment options ranged between US$350 and US$700 in 2020, according to physician interviews.

The HTS & keloids treatment market is driven by:

- **Increasing incidence:** Since the incidence of forming HTS is relatively high after a surgical procedure, a rising number of various surgical procedures will lead to the increasing incidence of HTS and keloids.

- **The availability of more therapeutic options:** Various therapeutic modalities have been described for keloid treatment. Nevertheless, no single effective therapeutic regimen has been hailed as the gold standard, mainly owing to the high recurrence rates of keloids and a dearth of extensive research evaluating available treatments. Recently, researchers have devised several promising anti-keloid therapies including anti-hypertensive pharmaceuticals, calcineurin inhibitors, electrical stimulation, mesenchymal stem cell therapy, microneedle physical contact and ribonucleic acid-based therapies. The emerging treatments will potentially drive the treatment market.

- **Clinical needs:** An increasing level of awareness regarding appearance in both women and men has also led to a higher demand for HTS reduction and keloid scarless treatments. Increasing awareness of post-op wound management, with patients becoming more concerned not only with the speed of recovery, but also cosmetic outcomes, is also leading to higher demand. In addition, as people accumulate financial resources, they spend proportionately more to achieve successful cosmetic outcomes.

There is no standard of treatment for HTS and keloids; the available treatment options are intralesional injection, cryotherapy, bleomycin, laser therapy and surgical excision.

Conventional and Standard Treatment Methods for HTS and Keloids (November 2021)

Indication	Treatments
HTS & Keloid	Intralesional injection Cryotherapy Bleomycin Laser therapy Surgical excision

Sources: The CIC Report; Lee et al. Minimal-Invasive Technologies for Treatment of HTS and Keloids: Corticosteroids. Textbook on Scar Management. 2020: 243-250; Gupta et al.. Standard guidelines of care: Keloids and hypertrophic scars. Indian J Dermatol Venereol Leprol. 2011;77(1):94-100.

RNAi therapeutics have attracted much attention for HTS and keloids treatment, with Sirnaomics leading the market.

Pipeline of RNA-based drugs in Hypertrophic scar & Keloids, worldwide, as of September 2021

Company	Pipeline products	Indication	Current phase	Start date	Competent authorities	Trial number
Sirnaomics	STP705	Hypertrophic scars, Keloids	Phase II	1/2017	FDA	NCT02956317
miRagen Therapeutics	Remlarsen	Keloids	Phase II	6/2018	FDA	NCT03601052
Lemonex	LEM-S401	Hypertrophic scars, Keloids	Phase I	2/2022(Estimated)	FDA	NCT04707131

Source: U.S. National Library of Medicine; FDA; the CIC Report

Primary Sclerosing Cholangitis (PSC)

Primary sclerosing cholangitis (PSC) is a long-term progressive fibrotic disease of the liver that advances very slowly. It is characterized by inflammation and scarring of the bile ducts that normally allow bile to drain from the gallbladder and with time leading to cirrhosis, repeated infections and eventually leading to liver failure. Patients with PSC bear a significant risk of cholangiocarcinoma and colorectal cancer. The prevalence of PSC in the U.S. was 45 thousand in 2020 and in China 194 thousand in 2020.

At present there are no effective medical treatment options for PSC. Ursodeoxycholic acid is used off-label to treat PSC as the current mainstay of medical treatment even though there is no evidence that it alters long-term outcomes. Over the past two decades many clinical trials of medical therapies for PSC have been conducted; however, none have demonstrated real improvements in hard clinical endpoints.

To date, no medical therapy for PSC has proven to have significant impact on clinical outcomes and most patients ultimately need liver transplantation. Because of the complications and co-morbidities, although rare, PSC represents a significant burden for patients as well as for specialized health services. Critical needs include lack of effective medical therapy and tools for early detection. Advances in understanding of PSC pathogenesis and biliary physiology over recent years has, however, led to a surge of clinical trials targeting various mechanistic compartments, including small molecule chemotherapy, and other novel therapeutics like antibodies and cell therapies, and currently raising hopes for imminent changes in patient management. The increasing number of clinical trials and rising research and development investment on the development of new drugs are projected to propel the PSC treatment market. Annual screening for PSC by hepatobiliary imaging and full ileocolonoscopy have been recommended by international guidelines. The emerging treatment and diagnosis pathways will boost PSC treatment market.

Further therapeutic areas

The scope for expansion of therapeutic treatment options using RNAi-based or mRNA-based therapeutics and vaccines is ever-widening. Further therapeutic areas suited for RNAi or mRNA therapies and vaccines include:

Cardiometabolic diseases

Cardiometabolic diseases (CMDs) are the leading cause of death globally. CMDs describe a spectrum of conditions beginning with insulin resistance, progressing to metabolic syndrome, pre-diabetes, and finally to more severe conditions including cardiovascular disease (CVD) and type 2 diabetes mellitus (T2DM). These conditions are grouped under the umbrella term "cardiometabolic disease" as they are related or share risk factors, such as increased body mass index (BMI) and obesity, dyslipidemia, and high blood pressure.

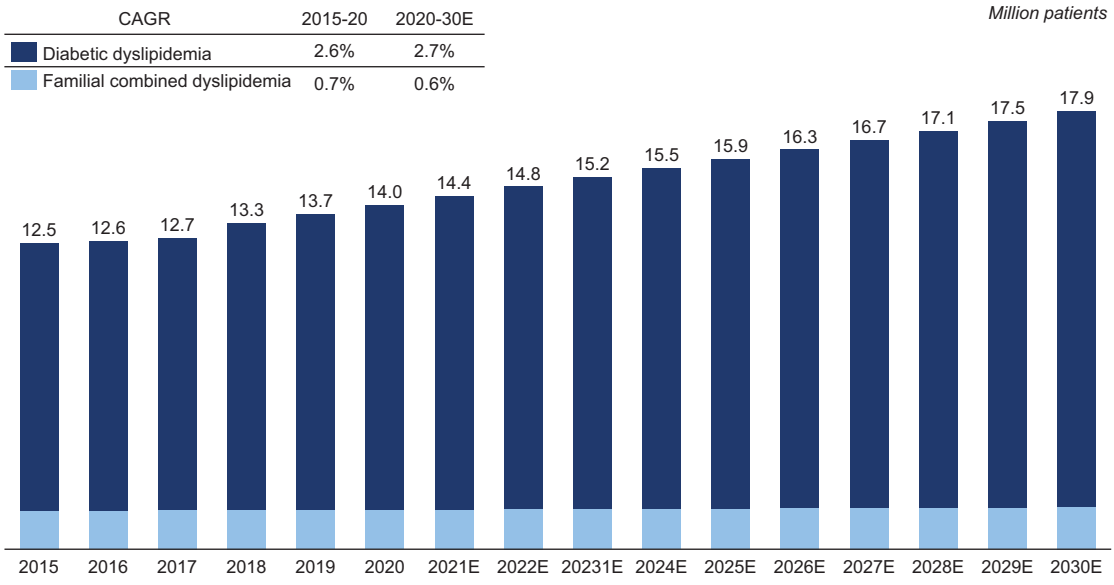
Dyslipidemia is defined as the presence of abnormal blood concentrations of one or more of the following: total cholesterol, low density lipoprotein (LDL) cholesterol, high density lipoprotein (HDL) cholesterol and triglycerides. The classification of dyslipidemia defines the lipid phenotype as hypercholesterolemia, hypertriglyceridemia, or mixed hyperlipidemia (MHL). Dyslipidemias can be genetically determined (primary or familial dyslipidemias) or secondary to other conditions, such as diabetes mellitus, obesity or an unhealthy lifestyle. Dyslipidemia is a leading contributor to CVD and mortality globally. Dyslipidemias, particularly elevated plasma LDL-cholesterol levels, are major risk factors for cardiovascular disease, but some forms, such as hypertriglyceridemia, are associated with severe diseases in other organ systems, including non-alcoholic fatty liver disease and acute pancreatitis.

- **Diabetic dyslipidemia.** Dyslipidemia is a very common metabolic abnormality associated with diabetes. Diabetic dyslipidemia is a cluster of lipoprotein abnormalities characterized by increased triglyceride level, decreased high-density lipoprotein-cholesterol levels and increase in small dense LDL particles. Insulin resistance is believed to be the main trigger for diabetic dyslipidemia. In 2020, patients diagnosed with diabetic dyslipidemia represented a large patient population, 12.4 million in the U.S. and 89.6 million in China. Lifestyle and pharmacological interventions are the most important treatment strategies for diabetic dyslipidemia. Diabetic patients are prescribed generic statins as first-line therapy to manage their dyslipidemia. Utilization of second-line therapies has largely been limited to statin-intolerant patients due to the limited high-cost second-line therapies, despite positive real-world data.

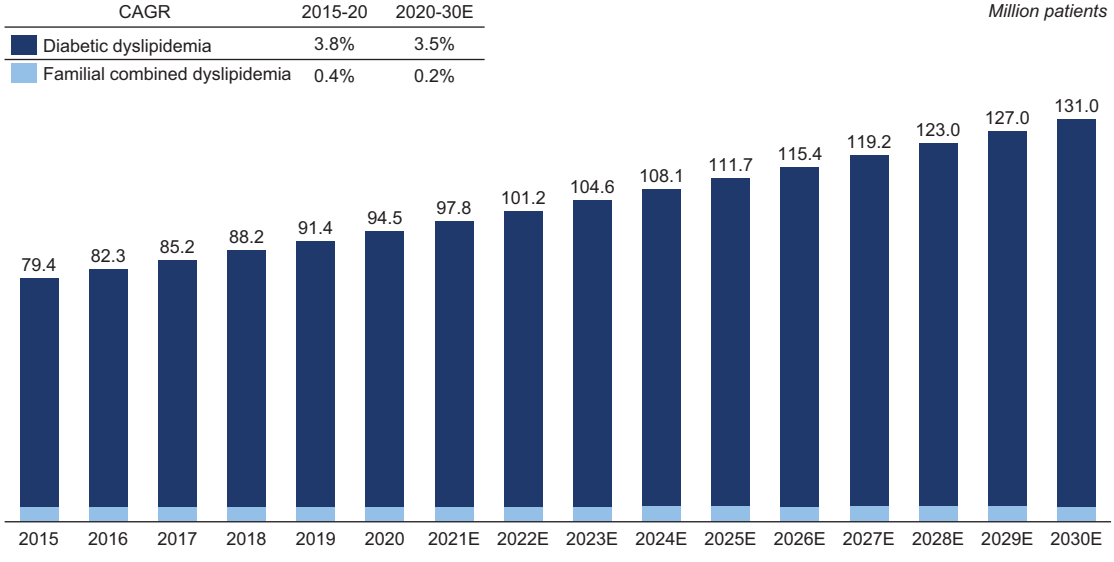
- **Familial combined dyslipidemia.** Familial combined hyperlipidemia (FCH) is a common metabolic disorder characterized by increase in cholesterolemia and/or triglyceridemia in at least two members of the same family, intra-individual or intrafamilial variability of the lipid phenotype and increased risk of premature

coronary heart disease. In 2020, patients diagnosed with FCH comprised around 6.6 million in the U.S. and China. There is a huge demand on additional non-statin therapies, such as PCSK9 inhibitors, for patients diagnosed with FCH. Recently approved U.S. FDA treatments, such as omega-3 fatty acid-based drugs, and currently underway clinical trials will continue to drive the second-line treatments.

Prevalence of diabetic dyslipidemia and familial combined dyslipidemia in the U.S., 2015—2030E



Prevalence of diabetic dyslipidemia and familial combined dyslipidemia in China, 2015—2030E

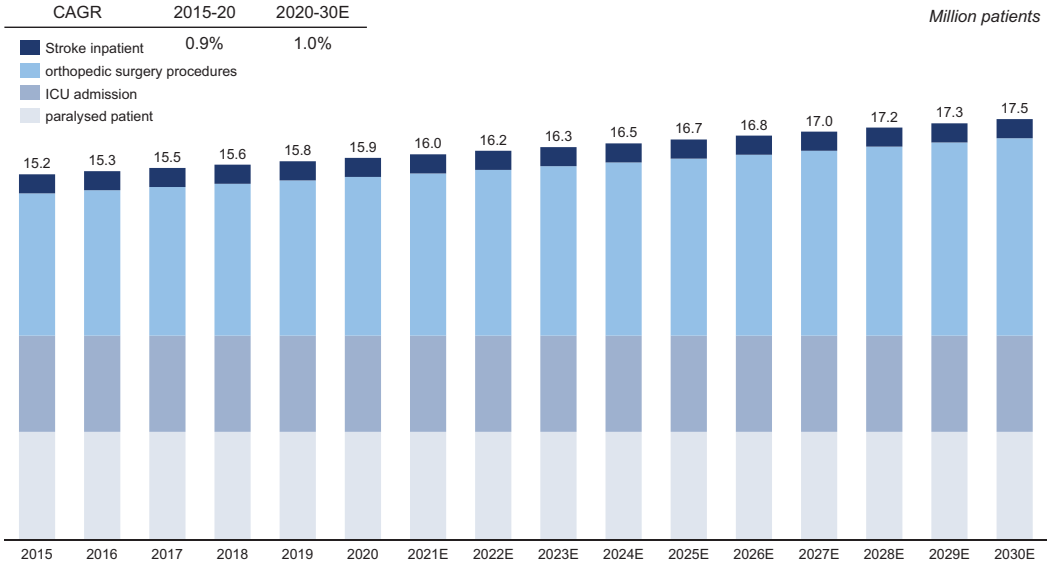


Source: the CIC report

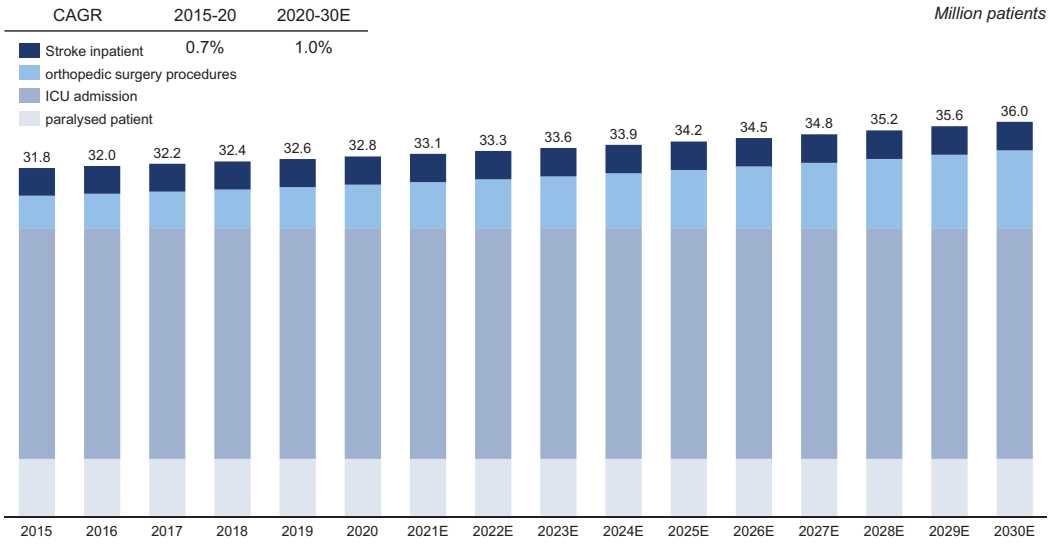
Anticoagulant therapy

There are a variety of patients in need of anticoagulant therapies, including patients with deep venous thrombosis (DVT) and pulmonary embolism (PE). Anticoagulant therapies can prevent DVT and PE in patients who have been previously treated and who have undergone surgery and also reduce the risk of stroke and systemic embolism in patients with non-valvular atrial fibrillation (AF). The target patient population for anticoagulant therapy is a very large group including stroke patients, orthopedic surgery patients, ICU admissions and paralyzed patients, and is forecasted to reach approximately 53.5 million patients in China and the U.S. in 2030.

Anticoagulant therapy target patient population in the U.S., 2015-2030E



Anticoagulant therapy target patient population in China, 2015-2030E



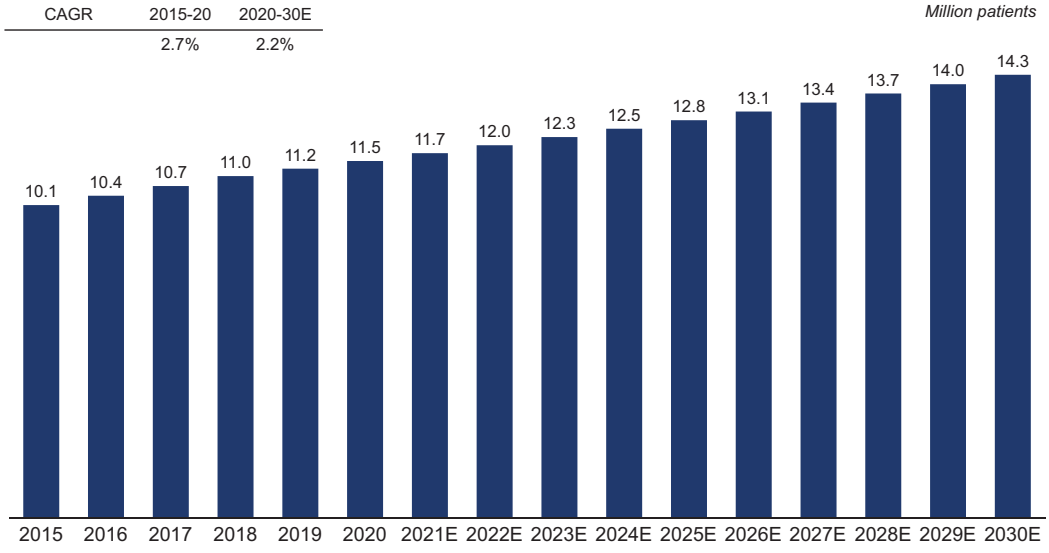
Source: the CIC report

Complement-mediated disease

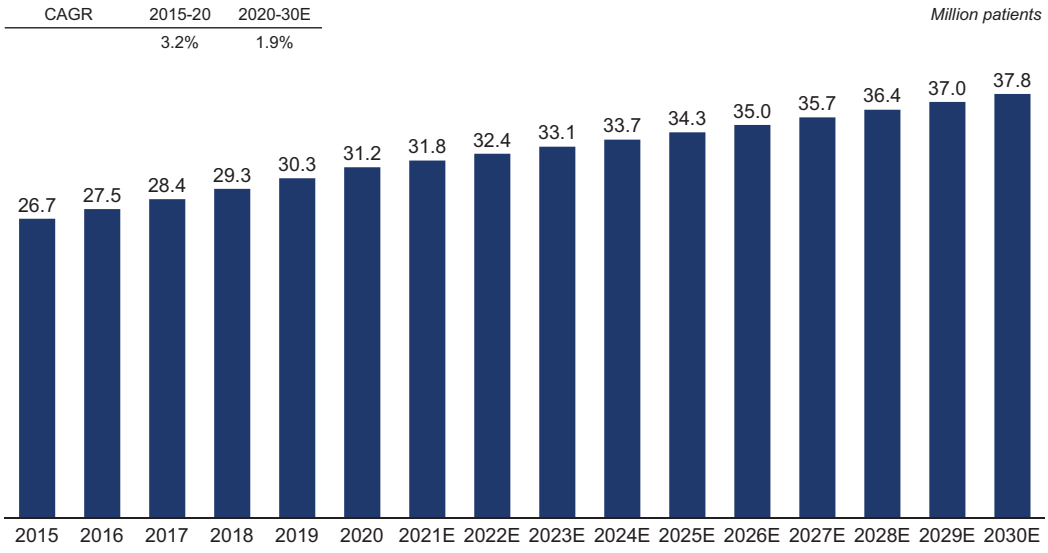
The complement system is so called because it complements (or enhances) the body's ability to fight disease. It is like an amplifier for the immune system, helping to remove any foreign microorganisms or damaged cells. Activation of the complement system is, however, also involved in the pathogenesis of a wide range of diseases such as cancer, rheumatic diseases, Alzheimer's disease, autoimmune diseases, age-related macular degeneration (AMD) and schizophrenia. Many complement-mediated diseases have a devastating impact on people's lives and can even be fatal; however, there are limited treatment options for this complex set of diseases.

- **Age-related macular degeneration (AMD).** AMD is a type of complement-mediated disease caused by degeneration of retinal pigment epithelial cells and decreased macular function, and is the primary cause of vision loss in the elderly. In addition to a strong correlation with age, it may also result from multiple factors of genes and environment. There are two types of AMD: Dry AMD, which usually progresses very slowly over several years, while wet AMD is a less common type of AMD that usually causes faster vision loss. There are treatment options available for wet AMD, such as regular anti-VEGF medicines administrated by eye injections and a light treatment called photodynamic therapy (PDT), but no treatment for the late-stage Dry AMD. Taking into consideration the rapidly aging population throughout the world, the morbidity resulting from AMD becomes increasingly significant and dry AMD remains a large clinical need. There are now approximately 11.5 million and 31.2 million individuals with AMD in United States and China, and are projected to be 14.3 million and 37.8 million by 2030 in United States and China.

Prevalence of AMD in the U.S., 2015-2030E



Prevalence of AMD in China, 2015-2030E



Source: the CIC report

Viral diseases

Viral diseases are one of the major threats to human health. Common human viral infections include influenza, AIDS, respiratory virus infection, hepatitis, herpes, chickenpox, and cervical cancer. These diseases caused by viral infection have different degrees of epidemic trend in the world. Although some diseases caused by viral infection are mild and can be self-limited to cure in a short period of time, serious infections can lead to lifelong diseases and may even affect other systems of the body, causing opportunistic infection and tumors. Unfortunately, some common viral diseases still lack effective vaccines or antiviral drugs.

- **COVID-19.** COVID-19 is a highly contagious respiratory disease caused by the SARS-CoV-2 virus. There are hundreds of coronaviruses, but only seven are known to affect people. Four human coronaviruses only cause mild cold- or flu-like symptoms. Three other coronaviruses pose more serious risks. Coronaviruses that infect animals can evolve to infect and cause illness in humans and thus become a new human coronavirus. Three recent examples of this are SARS-CoV-2, SARS-CoV, and MERS-CoV. Respiratory tract droplets and close contact transmission are the main route of transmission of novel coronaviruses, although contact with virus contaminated items may also cause infection. There are treatment options available for COVID-19, such as the antiviral drug Remdesivir, anticoagulation drugs, dexamethasone, which are able to speed up recovery time. However, safe and effective vaccines are critical to ending the COVID-19 pandemic. The number of persons in the PRC vaccinated against COVID-19 is estimated to increase from 1,150 million in 2021 to 1,300 million in 2025, and will remain stable

at approximately 1.4 billion per year from 2026 to 2030, creating a market that is worth hundreds of billions every year from 2021 to 2030. With a massive population requiring vaccination, demand for COVID-19 vaccines is expected to far outstrip supply in the future. In addition, due to the limited supply capacity of and uneven access to COVID-19 vaccines on the global market, there is an increasing global shortage, presenting a significant opportunity to PRC vaccine manufacturers.

- **Hepatitis B virus (HBV).** Hepatitis B is a viral infection that attacks the liver and can cause both acute and chronic disease. The virus is commonly transmitted from mother to child during birth and delivery, as well as through contact with blood or other body fluids. HBV is a rapid evolving DNA virus and has four regular subtypes, which are distinguishable by the antigenicity of HBsAg. Chronic hepatitis B infection can be treated with medicines, including oral antiviral agents, such as tenofovir and entecavir. Treatment can suppress hepatitis B virus, slow the progression of cirrhosis, reduce incidence of liver cancer and improve long term survival. Yet, Hepatitis B cannot be completely cured and most patients with HBV require long-term medication and treatment. There are currently around 31.1 million individuals with HBV in China, and 0.8 million individuals with HBV in the U.S. Huge numbers of patients with HBV and their clinical need make this disease a serious public health issue. Furthermore, the current treatment is extremely expensive, which further boosts the HBV treatment market.

- **Human papillomavirus (HPV).** Human papillomaviruses (HPV) are common DNA viruses. HPVs are a large and diverse group of viruses with 100+ characterized types. HPVs can be grouped to high-risk and low-risk HPV types. Types 16 and HPV 18 are commonly associated with development of cancer, together accounting for a majority of invasive cervical cancers. There are medical and surgical treatment options available for HPV infection, such as imiquimod, which enhances the immune system's ability to fight HPV, and cryotherapy with liquid nitrogen, but these options do not provide a complete cure for the virus, so they may reappear in the same place or other places. Even though the HPV vaccine is safe and effective in preventing cervical cancer, genital warts, and other cancers that affect both women and men, vaccination rates in both the U.S. and China remain surprisingly low among adolescents and young adults. HPV infection has needs and remains a key area of focus for pharmaceutical development. In 2020, the number of HPV infected individuals in the U.S. and China were 39.6 million and 257.8 million, respectively.

- **Influenza,** also called flu or grippe, is an acute viral infection of the upper or lower respiratory tract that is marked by fever, chills, and a generalized feeling of weakness and pain in the muscles, together with varying degrees of soreness in the head and abdomen. There are four types of influenza viruses: A, B, C and D. The most common types of human influenza A and B viruses cause seasonal epidemics of disease almost every winter. Influenza A viruses are the only influenza viruses

known to cause flu pandemics, i.e., global epidemics of flu disease. A pandemic can occur when a new and very different influenza A virus emerges that both infects people and has the ability to spread efficiently between people. Influenza B viruses generally change more slowly in terms of their genetic and antigenic properties than influenza A viruses. Antiviral drug are utilized in influenza treatment. These drugs can include oseltamivir (Tamiflu), zanamivir (Relenza), peramivir (Rapivab) or baloxavir (Xofluza), and may shorten the illness by a day or so and help prevent serious complications. Influenza has resulted in between nine million and 45 million illnesses each year since 2010 in the U.S., and approximately 81.6 out of 100,000 people in China were infected with the influenza virus. Currently, the overall influenza vaccination rate is extremely low, creating a massive need and tremendous potential for the influenza vaccine market.

Submental fat treatment

Submental fat is defined as a fold of fatty flesh beneath the chin, which may make the patient appear overweight or older. As a result, these patients seek treatment to address their displeasing submental fat. According to *Addressing the Double Chin: Trends in Submental Countouring*, published by *Journal of Dermatology & Cosmetology*, a survey showed that 77% of patients presenting to their dermatologist or plastic surgeon were concerned about submental fat, and 61% of patients desired it reduced. Treatments of submental fat have been limited to invasive, surgical procedures such as liposuction or fat excision and even complete neck reconstruction. Because surgery is associated with the risks of anesthesia, infection, bleeding, bruising, and scarring, as well as the possibility of poor outcome, discomfort, and the prolonged "downtime" for the patient, there is a large demand for nonsurgical alternatives. Kybella and CoolSculpting are the two FDA-approved nonsurgical treatment for submental fat. The fat reduction is processed through natural metabolic mechanisms by Kybella, while CoolSculpting uses cooling to damage the fat cells by crystallization without affecting the surrounding tissue. The drug sales possess great potential for the submental fat market. For instance, the sales of Kybella increased from US$3 million in 2015 to US$31 million in 2019 with a CAGR of 76.0%. However, these two treatments have limitations such as risk of tissue necrosis, and risk of allergic reaction for Kybella, narrow addressable patients and slower effects for CoolSculpting. Considering the limitations and huge number of targeted people, new innovative drugs with better clinical results have huge potential for the submental fat market.

OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

LAWS AND REGULATIONS IN RELATION TO NEW DRUG

U.S. Government Regulation of Drug and Biological Products

In the United States, the Food and Drug Administration ("FDA") regulates drugs under the Food, Drug, and Cosmetic Act ("FDCA") and its implementing regulations, and the FDA regulates biologics under the FDCA and the Public Health Service Act (the "PHSA") and their implementing respective implementing regulations. Both drugs and biologics also are subject to other federal, state, and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals to manufacture or market drugs and biologics in the United States and the subsequent compliance with appropriate federal, state, local, and non-U.S. applicable statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions, government prosecution, judicial sanctions or any combination of them in the U.S. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, financial condition and results of operations as well as the market's acceptance of our products and our reputation. Outside the United States, drugs and biologics are regulated under other statutory and regulatory systems with which we would need to comply if we were to manufacture or market drugs or biologics outside the United States, and failure to comply there could also subject us to administrative actions, government prosecution or judicial sanctions (or any combination of them) there.

Once a product candidate is identified for development, it enters preclinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Preclinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations and other applicable federal and state laws and regulations. A sponsor of an Investigational New Drug Application ("IND") must submit the results of the preclinical tests (such as animal tests), manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance. Although information a sponsor submits in an IND is confidential information, general clinical trial information such as the number of patients involved and the

type of adverse events studied can be made public information and can be available for public review through publication on government websites such as www.clinicaltrials.gov.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice and human subject research regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board ("IRB") often arranged through a university or other independent organization must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or federal regulations governing human subject research, or if the product has been associated with unexpected serious harm to subjects such that the IRB determines patients are at risk.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetics (PK) and pharmacodynamic (PD) information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in that use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA before marketing approval is received. Safety reports must be submitted to the FDA and the clinical trial investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in

no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at **www.clinicaltrials.gov**.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with the FDA's current good manufacturing practices ("cGMP") requirements.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of a New Drug Application ("NDA") or Biologics License Application ("BLA"). Unless deferred or waived, NDAs or BLAs, or supplements must contain data adequate to assess the safety and efficacy of the product for the claimed indications including in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of an NDA or a BLA is subject to the payment of a user fee, a manufacturing fee and an annual prescription drug product program fee to FDA in addition to NDA or BLA submission fees.

Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a "Complete Response Letter" describing all of the specific deficiencies that the FDA identified in the NDA/BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the "Complete Response Letter" may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the NDA/BLA, addressing all of the deficiencies identified in the letter, withdraw the application, request an opportunity for a hearing, and, in appropriate cases, request an opportunity for further communication and with action with FDA staff.

The regulatory approval may be limited to specific diseases, dosages populations, and ages, or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling among other mandatory labeling requirements. In addition, the FDA may require post-approval studies, including Phase IV clinical trials, to further assess a product's safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

In the United States, products composed of components (e.g., drugs and medical devices) that would normally be regulated by different centers at the FDA are known as combination products. Typically, the FDA's Office of Combination Products assigns a combination product to a specific Agency Center as the lead reviewer. The FDA determines which Center will lead a product's review based upon the product's primary mode of action. Depending on the type of combination product, its approval, clearance or licensure is usually obtained through the submission of a single marketing application. However, the FDA sometimes will require separate marketing applications for individual constituent parts of the combination product which may require additional time, effort, and information. Even when a single marketing application is required for a combination product, the relevant Centers may participate in the review. An applicant will also need to discuss with the Agency how to apply certain premarket requirements and post-marketing regulatory requirements, including conduct of clinical trials, adverse event reporting and good manufacturing practices, to their combination product.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstance. An orphan designation also could provide the sponsor (1) a tax credit of 50 percent of the cost of conducting human clinical trials, and (2) federal research grants for clinical testing of new therapies to treat and/or diagnose rare diseases.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse events ("AE"), complying with labeling, promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The

FDA and other agencies, such as the Department of Justice actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities as well as potential tort liability. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication.

Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials. The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy ("REMS"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS. The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities, according to approved manufacturing processes and in accordance with cGMP regulations. We rely on third parties for the production of clinical quantities of our drug candidates in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP. The manufacturer is ultimately responsible for its products and the manufacturing practices of its contract manufactures, therefore the manufacturer must take responsibility for the failure for the contract manufacturers to manufacture according to cGMPs.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA/BLA, including recall.

Once an approval is granted, if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market, the FDA may take enforcement actions such as issuing Warning Letters or Untitled Letters, ordering

removal of the product from the market until deficiencies are remedied, withdrawing the approval of the product, or imposing civil and criminal penalties. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;

- fines, warning letters or holds on post-approval clinical trials;

- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or

- injunctions or the imposition of civil or criminal penalties.

Recent FDA Regulatory Activity Concerning mRNA

Recently, the FDA took several regulatory steps related to mRNA-based COVID-19 vaccines. Specifically, in October, 2021, FDA authorized the emergency use of the Pfizer-BioNTech COVID-19 Vaccine for the prevention of COVID-19 to include children 5 through 11 years of age. The authorization was based on safety and efficacy data provided to the FDA. The Pfizer-BioNTech COVID-19 Vaccine was approved by FDA in August, 2021 for the prevention of COVID-19 disease in individuals 16 years of age and older, and the FDA had granted emergency authorization for the Pfizer-BioNTech COVID-19 Vaccine for those individuals 12-15 and up in May, 2021. Subsequently, in September, 2021, after Pfizer-BioNTech submitted a supplement to their application, FDA amended the emergency use authorization of the Pfizer-BioNTech COVID-19 Vaccine to allow for the use of a single booster dose in certain populations, including those 65 years of age and older, those at high risk of severe COVID-19, and those whose frequent institutional or occupational exposure to SARS-CoV-2 puts them at high risk of serious complications of COVID-19. In October, 2021, FDA took additional action and amended the emergency use authorizations (EUA) for all COVID-19 vaccines (Moderna, Pfizer-BioNTech, and Jansen) to allow for the use of each of the available COVID-19 vaccines as a heterologous or "mix and match" booster dose in eligible individuals following completion of primary vaccination. Those eligible include individuals who received the Moderna or Pfizer-BioNTech COVID-19 vaccines who are 65 years of age in older, are at high risk of severe COVID-19, and whose frequent institutional or occupational exposure to SARS-CoV-2 puts them at high risk of serious complications of

COVID-19, and those who received Jansen and are over the age of 18. In November of 2021, FDA in coordination with the Centers for Disease Control issued emergency use instructions to provide information about the use of the vaccine as an additional primary series dose or as a booster dose in individuals who completed vaccination with certain non-FDA-authorized or -approved COVID-19 vaccines. Shortly thereafter, FDA amended the emergency use authorizations (EUA) for both the Moderna and Pfizer-BioNTech COVID-19 mRNA vaccines authorizing use of a single booster dose for all individuals 18 years of age and older after completion of primary vaccination with any FDA-authorized or approved COVID-19 vaccine.

Expedited Development and Review Programs

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("IMM"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA. Even if accelerated approval proves unavailable, the candidate can proceed through the customary FDA approval process in the regular course.

Breakthrough Designation

Another program potentially available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather preclinical and clinical data is as efficient as practicable. Even if breakthrough designation proves unavailable, the candidate can proceed through the customary FDA approval process in the regular course.

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively the "ACA") became law in the United States in March, 2010, and it has driven healthcare reform in the United States by extending health insurance coverage and substantially changing the way healthcare is financed by both governmental and private insurers in the United States. With regard to pharmaceutical products specifically, the ACA, among other things, expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit. Among other things, the ACA contains provisions that may reduce the profitability of drug products through expansion of the Medicaid program and mandatory increased rebates for both generic and brand drugs reimbursed by Medicaid programs, the exclusion of certain manufacturer discounts from the average manufacturer price (AMP), extended eligibility for Medicaid rebates provided through Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and new federal taxes in the form of an annual fee based on pharmaceutical companies' share of sales to federal health care programs. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and there may be additional challenges and amendments to the ACA in the future. Since January 2017, President Trump has signed Executive Orders (EOs) and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Several of the EOs now remain on hold pending review by the Biden Administration.

In addition, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed, for example, the Tax Cut and Jobs Act (TCJA) enacted by the Congress in 2017, which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the 2020 federal spending package permanently repealed, effective January 1, 2020, the ACA- mandated "Cadillac" tax on high-cost employer-sponsored health coverage and the medical device tax, effective January 1, 2021, the health insurance tax was repealed. There may be other efforts to challenge, repeal or replace the ACA. Notably, the U.S. Supreme Court, on June 17, 2021, ruled 7-2 that Republican states, led by Texas, lacked standing to challenge the individual mandate. It's the third time the Supreme Court has upheld the law. Although there are no similar existential threats to the ACA at this time, the Supreme Court is expected to continue to hear ACA-related litigation including, but not limited to, litigation concerning the health insurance tax and hospital reimbursement policies.

Patent Term Restoration and Marketing Exclusivity

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product

development and FDA review of an NDA or a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and NDA/BLA submission, and all of the review phase, which is the time between NDA/BLA submission and approval, collectively and in the aggregate for both up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for extension, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for extension no later than 60 days after approval. The USPTO, in consultation with the FDA, reviews and approves the application for patent term extension. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year, and it may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which an NDA or a BLA has not been submitted.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

REGULATORY REGIME

In the PRC, the primary regulatory agency for pharmaceutical products and businesses was the China Food and Drug Administration, or CFDA. Upon the government reorganization in March 2018, the competent authority of this industry has been changed to re-established National Health Commission, or NHC, the SAMR, National Healthcare Security Administration, or NHSA, and NMPA, etc. The NMPA is the primary regulatory agency for pharmaceutical products and businesses, like CFDA, and implements the same laws, regulations, rules, and guidelines as the CFDA, and it regulates almost all the key stages of the life-cycle of pharmaceutical products, including nonclinical studies, clinical trials, marketing approvals, manufacturing, advertising and promotion, distribution, and pharmacovigilance (i.e., post-marketing safety reporting obligations). The Center for Drug Evaluation, or CDE, which remains under the NMPA, conducts the technical evaluation of each drug and biologic application to assess safety and efficacy.

The NHC (formerly known by the names: the Ministry of Health and National Health and Family Planning Commission), is China's primary healthcare regulatory agency. It is

responsible for overseeing the operation of medical institutions, some of which also serve as clinical trial sites. NHC plays a significant role in drug reimbursement.

The Ministry of Human Resources and Social Security, or MHRSS is China's primary regulatory agency for medical insurance. It draws up the policies, plans and standards of medical insurance and maternity insurance; organizes to draw up the management and settlement methods of medical insurance service and maternity insurance service of designated medical organizations and pharmacies, as well as the scope of payment; and prepares the *National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance* (《國家基本醫療保險、工傷保險和生育保險藥品目錄》).

LAWS AND REGULATIONS RELATING TO DRUGS

The National People's Congress, or the NPC and the National Medical Products Administration, or the NMPA has been revising the fundamental laws, regulations and rules regulating pharmaceutical products and the industry, which include the framework law known as the *PRC Drug Administration Law* (《中華人民共和國藥品管理法》), or DAL. The DAL was promulgated by the Standing Committee of the NPC on September 20, 1984, and which was subsequently amended and implemented in 2001, 2013, 2015 and the latest amendment took effect as of December 1, 2019. The DAL is implemented by a high-level regulation issued by the State Council referred to as the DAL Implementing Regulation (《中華人民共和國藥品管理法實施條例》). The NMPA has its own set of regulations further implementing the DAL; the primary one governing clinical trial applications, or CTAs, marketing approval, and post-approval amendment and renewal is known as the *Drug Registration Regulation* (《藥品注冊管理辦法》), or DRR. The DRR was promulgated by the State Drug Administration on October 30, 2002 and the latest amended DRR, by the State Administration for Market Regulation, or SAMR, took effect from July 1, 2020.

Regulations on Drug Research and Development

Pursuant to the DAL, the dossier on a new pharmaceutical research and development, including the manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, documents and the samples, shall, in accordance with the regulations of NMPA be truthfully submitted to the said department for approval before clinical trial is conducted. The medical products administration under the State Council shall, within 60 working days from the date on which the application for such clinical trial is accepted, decide on whether to approve it and then notify the clinical trial applicant. In the case of failure to notify the applicant within the prescribed time limit, it shall be deemed as approved. When a new pharmaceutical has gone through the clinical trial and passed the evaluation, a pharmaceutical registration certificate shall be issued upon approval by the NMPA.

Non-Clinical Studies and Animal Testing

The NMPA requires preclinical data to support registration applications for imported and domestic drugs. According to the DRR, non-clinical safety studies shall comply with the *Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory Studies of Drugs* (《藥物非臨床研究質量管理規範》), or the GLP. On August 6, 2003, the State Food and Drug Administration, or SFDA promulgated the GLP, which was latest revised on July 27, 2017, to improve the quality of non-clinical research, and began to conduct the Good Laboratories Practice. Pursuant to the *Circular on Administrative Measures for Certification of Good Laboratory Practice for Non-clinical Laboratory* (《關于印發藥物非臨床研究質量管理規範認證管理辦法的通知》) issued by the CFDA on April 16, 2007, the NMPA is responsible for the certification of non-clinical research institutions nationwide and local provincial medical products administrative authorities is in charge of the daily supervision of non-clinical research institution. The NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research by evaluating such institution's organizational administration, its research personnel, its equipment and facilities, and its operation and management of non-clinical pharmaceutical projects, etc. A GLP Certification will be issued by the NMPA if all the relevant requirements are satisfied, which will also be published on the NMPA's website. Any entity without such certification must engage a qualified third party to conduct such non-clinical activities regulated under relevant laws and regulations.

Pursuant to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission on November 14, 1988 and latest amended on March 1, 2017, by the State Council, the Administrative Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision on December 11, 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology and other regulatory authorities on December 5, 2001, using and breeding experimental animals shall be subject to rules and performing experimentation on animals requires a Certificate for Use of Laboratory Animals. Any entity without such certification must engage a qualified third party to conduct such non-clinical activities regulated under relevant laws and regulations.

Clinical Trials Approval

Upon completion of preclinical studies, a sponsor typically needs to conduct clinical trials in the PRC prior to registering a new drug. The NMPA has taken a number of steps to increase efficiency for approving CTAs, and it has also significantly increased monitoring and enforcement of the *Administrative Regulations of Quality of Drug Clinical Practice* (《藥物臨床試驗質量管理規範》), or the PRC's GCP, to ensure data integrity. The PRC's GCP was promulgated by SFDA on August 6, 2003 and the latest amended PRC's GCP took effect from July 1, 2020.

Clinical trials could not proceed until being approved by the NMPA previously; according to the latest amended DRR, the NMPA now has adopted a system for clinical trials of new drugs where trials can proceed if the applicant has not received any objections from the CDE within 60 days thereafter. After the issuance of the *Announcement of the China Food and Drug Administration on Several Policies on the Appraisal and Approval of Drug Registration* (《國家食品藥品監督管理總局關于藥品注冊審評審批若干政策的公告》) on November 11, 2015, as for clinical trial applications for new drugs, the one-time approval is implemented and the declaration, appraisal and approval at different levels are replaced. The one-time approval mechanism was restated in the *Announcement of the National Medical Products Administration on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs* (《國家藥品監督管理局關于調整藥物臨床試驗審評審批程序的公告》), or the Announcement on Adjusting Evaluation and Approval Procedures, which was issued on July 24, 2018 by NMPA. When the clinical trial has been approved and such clinical trial is divided into several phases, prior to conducting subsequent phases, the applicant of such clinical trial shall submit the corresponding drug clinical trial scheme and supporting materials for NMPA's review and consult with the NMPA before initiation of the subsequent phase clinical trial. Once the NMPA reviews the relevant materials and has no objection to the clinical trial protocol for the subsequent phase clinical trial, which is amended as appropriate based on the clinical trial data and consultation with the NMPA, the applicant is permitted to proceed with the subsequent phase clinical trial.

The NMPA promulgated the *Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs* (《藥物研發與技術審評溝通交流管理辦法》) in December 2020, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development periods of drugs, mainly including meetings before the IND application, meetings upon the completion of Phase II trials and before the commencement of Phase III trials, meetings before submitting a marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to meetings not classified as Type I or Type II.

Pursuant to the DRR, where a clinical trial is approved, the sponsor shall, prior to conducting subsequent phases of the clinical trial, formulate the clinical trial protocol, carry out the trial upon obtaining approval by the ethics committee, and submit the clinical trial protocol and supporting materials on the CDE website. On September 6, 2013, the CFDA released the *Announcement on Drug Clinical Trial Information Platform* (《關于藥物臨床試驗信息平台的公告》), providing that all clinical trials approved by the CFDA and conducted in China shall be registered on and trial information shall be published through the Drug Clinical Trial Information Platform under management of the CDE. The applicant shall complete trial preregistration within one month after obtaining the clinical trial approval to obtain the trial's

unique registration number and shall complete registration of certain follow-up information before the first subject's enrollment in the trial and submit it for publicity. If submission for publicity of the foregoing pre-registration and registration is not completed within one year after obtaining the clinical trial approval, the applicant shall submit an explanation, and if the procedure is not completed within three years, the clinical trial approval shall automatically be annulled.

According to the *Technical Guiding Principles for Clinical Trials of Anti-tumor Drugs* (《抗腫瘤藥物臨床試驗技術指導原則》) issued by the SFDA in May 2012, the clinical study staging of anti tumor drugs is not a fixed developmental sequence. The rapid development of anti-tumor drug research theories and technologies is likely to have an impact on future anti-cancer drug development models. Therefore, applicants can actively explore more scientific and rational research methods and promptly seek advice from the drug registration department under the SFDA.

On November 15, 2021, the CDE issued the *Clinical Value-Oriented Anti-tumor Drug Clinical Research and Development Guidelines*《以臨床價值為導向的抗腫瘤藥物臨床研發指導原則》), or the Anti-Tumor Guidelines. The Anti-Tumor Guidelines states that the fundamental purpose of the drug market is to address the needs of patients, and emphasizes that drug research and development should be based on patient needs and clinical value. With respect to clinical development, especially for early-stage clinical trial design and key clinical trial design, the Anti-Tumor Guidelines encourage (i) the use of scientific tools such as establishing models to guide drug development, and (ii) the use of efficient clinical trial design, setting decision-making metrics and carrying out necessary interim analysis to reduce the invalid exposure of patients, protect the curative effect and interests of patients while improving the efficiency of research and development. The Anti-Tumor Guidelines also emphasize that attention should be paid to the representativeness of the patient population and the development of drugs for special patient populations so as to meet the demand for drugs by different types of populations in a safe manner to the maximum extent in clinical practice.

On November 18, 2021, the CDE issued *a Notice for Soliciting Opinions on the Statistical Guidelines for Clinical Studies of Drugs for Rare Diseases* (關於公開徵求《罕見疾病藥物臨床研究統計學指導原則（徵求意見稿）》意見的通知), or the Draft Statistical Guidelines, which is currently at a stage of seeking public comments and has not yet officially taken effect. The Draft Statistical Guidelines introduce clinical study design and analysis of drugs for rare diseases, also review the problems and considerations in clinical trials for rare diseases, including the selection of study center, patient compliance, study period, enrollment criteria, data quality and follow-up, etc. In view of the characteristics of rare diseases, the evaluation of evidence on drugs for rare diseases shall include the evaluation of evidence on effectiveness and safety as well as benefit risk evaluation. The Draft Statistical Guidelines encourage sponsors to communicate with regulatory authorities in a timely manner on key statistical issues in the design of the program.

International Multi-Center Clinical Trials

According to the International *Multi-Center Clinical Trial Guidelines (Trial)* (《國際多中心藥物臨床試驗指南(試行)》, the "Multi-Center Clinical Trial Guidelines"), promulgated by the SFDA on January 30, 2015 and effective from March 1, 2015, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicants plan to implement the international multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the Revised Drug Administration Law of the PRC, the Implementing Regulations of the Drug Administration Law of the PRC and the Measures for the Administration of Drug Registration, execute the PRC's GCP, make reference to universal international principles such as the ICH-GCP, and comply with the laws and regulations of the countries involved in the international multi-center clinical trials. Where the applicants plan to use the data derived from the international multi-center clinical trials for approval of a drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and Measures for the Administration of Drug Registration and other related laws and regulations.

Human Genetic Resources Approval

According to the *Interim Measures for the Administration of Human Genetic Resources*(《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology and the MOH jointly on June 10, 1998, an additional approval is required for any foreign companies or foreign affiliates that conduct trials in China. Prior to a clinical trial, the foreign applicant and the Chinese clinical trial site are required to obtain approval from the Human Genetic Resources Administration of China, or HGRAC, which is an agency under the Ministry of Science and Technology, to collect any biological samples that contain the genetic material of Chinese human subjects, and to conduct any cross-border transfer of the samples or associated data. Furthermore, one of the key review points for the HGRAC review and approval process is the intellectual property sharing arrangement between Chinese and foreign parties. The parties are required to share patent rights to inventions arising from the human genetic resources. Conducting a clinical trial in the PRC without obtaining the relevant HGRAC approval will subject the sponsor and trial sites to administrative liability, including confiscation of human genetic resources and associated data, and administrative fines.

On July 2, 2015, the Ministry of Science and Technology issued the Service Guide for Administrative Licensing Items concerning *Examination and Approval of Sampling, Collecting, Trading, Exporting Human Genetic Resources, or Taking Such Resources out of the PRC* (《人類遺傳資源采集、收集、買賣、出口、出境審批行政許可事項服務指南》), which provides that foreign-invested sponsors that sample and collect human genetic resources in clinical trials shall be required to file with the HGRAC through its online system. On October 26, 2017, the Ministry of Science and Technology issued the *Circular on Optimizing*

the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》), which simplified the approval for sampling and collecting human genetic resources for the purpose of commercializing a drug in the PRC. On October 19, 2020, HGRAC issued the *Circular on Further Optimizing the Administrative Examination and Approval of Human Genetic Resources* (《關於進一步優化人類遺傳資源行政審批流程的通知》) to further simplify and streamline the approval procedure for sampling and collecting human genetic resources and the international cooperation in scientific research. On May 28, 2019, the State Council of PRC issued the *Administration Regulations on Human Genetic Resources* (《人類遺傳資源管理條例》), which became effective on July 1, 2019. The Administration Regulations on Human Genetic Resources formalized the approval requirements pertinent to research collaborations between Chinese and foreign-owned entities. Pursuant to the new rule, a new filing system (as opposed to the advance approval approach originally in place) is put in place for clinical trials using China's human genetic resources at clinical institutions without involving the export of human genetic resources outside of China.

On October 17, 2020, Standing Committee of the NPC promulgated *Biosecurity Law of the PRC* (《中華人民共和國生物安全法》), taking effect from April 15, 2021. This Biosecurity Law establishes a comprehensive legislative framework for the pre-existing regulations in such areas as epidemic control of infectious diseases for humans, animals and plants; research, development, and application of biology technology; biosecurity management of pathogenic microbials laboratories; security management of human genetic resources and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons. As per this Biosecurity Law, the research and development activities of high-risk and medium-risk biotechnology shall be carried out by a legal person organization established within the territory of China, upon obtaining the approval or record-filing; the establishment of a pathogenic microorganism laboratory shall be subject to approval or record-filing requirements in accordance with the law; (i) collecting human genetic resources of important genetic families or specific areas in China, or collecting human genetic resources of which the types and quantities are subject to provisions of the competent department of science and technology under the State Council, (ii) preserving China's human genetic resources, (iii) using China's human genetic resources to carry out international scientific research cooperation, or (iv) transporting, mailing, and carrying China's human genetic resource materials out of the country shall subject to approval of the competent department of science and technology.

Acceptance of Foreign Data

The NMPA may reduce requirements for clinical trials and data, depending on the drug and the existing data. The NMPA has granted waivers for all or part of trials and has stated that it will accept data generated abroad (even if not part of a global study), including early phase data, that meets its requirements. On July 6, 2018, the NMPA issued the *Technical Guidance Principles on Accepting Foreign Drug Clinical Trial Data* (《關于發布接受藥品境外臨床試驗數據的技術指導原則的通告》), or the Guidance Principles. According to the Guidance

Principles, the data of foreign clinical trials shall meet the authenticity, completeness, accuracy and traceability requirements and such data shall be obtained in consistent with the relevant requirements under the GCP of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, or ICH. Sponsors must be attentive to potentially meaningful ethnic differences in the subject population.

Clinical Trial Process and Good Clinical Practices

Typically, drug clinical trials in the PRC have four phases. Phase I refers to the initial clinical pharmacology and human safety evaluation studies. Phase II refers to the preliminary evaluation of a drug candidate's therapeutic efficacy and safety for target indication(s) in patients. Phase III (often the registrational study) refers to clinical trials to further verify the drug candidate's therapeutic efficacy and safety in patients with target indication(s) and ultimately provide sufficient evidence for the review of a drug registration application. Phase IV refers to a new drug's post-marketing study to assess therapeutic effectiveness and adverse reactions when the drug is widely used to evaluate overall benefit-risk relationships of the drug when used among the general population or specific groups and to adjust the administration dose, etc. The NMPA requires that the different phases of clinical trials in China receive ethics committee approval and comply with the PRC's GCP. The NMPA conducts inspections to assess the PRC's GCP compliance and will cancel the CTA if it finds substantial issues.

On August 6, 2003, the SFDA promulgated the PRC's GCP to improve the quality of clinical trials. According to the latest PRC's GCP, the sponsor shall provide investigators and the clinical trial institution with legal and economic insurance or guarantee relating to the clinical trial, and ensure that such insurance or guarantee is appropriate to the nature and degree of risks of the clinical trial. But the damages caused by the negligence of investigators or the clinical trial institution are not included. Pursuant to the newly amended DAL, and *the Regulations on the Administration of Drug Clinical Trial Institution* (《藥物臨床試驗機構管理規定》) jointly promulgated by NMPA and NHC on November 29, 2019 and effective from December 1, 2019, drug clinical trial institutions shall be under filing administration. Entities that only conduct analysis of biological samples related to clinical trials of drugs do not need to be filed.

New Drug Application (NDA) and Approval

Upon completion of clinical trials, a sponsor may submit clinical trial data to support marketing approval for the drug.

The Registration *Category of Biological Products and the Data Requirements for Declaration* (《生物製品註冊分類及申報資料要求》), issued by NMPA on June 29, 2020, and took effect from July 1, 2020, which replaced the former category of therapeutic biological products and stipulated that the therapeutic biological products should be classified into three

Categories, and Category I refers to therapeutic biological products that have not been marketed anywhere in the world. Category II refers to improved therapeutic biological products and Category III refers to therapeutic biological products that have been marketed in China or abroad.

NDA sponsors must submit data derived from domestically manufactured drugs in support of a drug approval. According to the DRR, the applicant may apply for drug marketing registration to CDE upon completion of relevant search on pharmacy, pharmacology, toxicology and drug clinical trials, determination of the quality standards of the drug, validation of commercial-scale production processes and preparation for acceptance of verification and inspection conducted by professional technical institution designated by competent NMPA. The CDE will organize pharmaceutical, medial, and other technicians to conduct comprehensive review of the safety, efficacy, and quality controllability, among others, of the drug according to the application materials submitted by the applicant, the results of the verification and inspection conducted by professional technical institutions, etc. If the comprehensive review conclusion is affirmative, the drug shall be approved for marketing and a drug registration certification will be issued containing the information of the drug approval number, the marketing authorization holder and the manufacturer, which is effectively the marketing approval allowing the holder to market/commercialize the drug in China.

On September 29, 2021, the NMPA released the *Announcement on the Implementation of the Application for Electronic Common Technical Documents for Drugs* (《國家藥監局關於實施藥品電子通用技術文檔申報的公告》), stipulating that from December 29, 2021, applications for marketing authorization of Class 1 and Class 5.1 of the registration classification of chemical drugs, Class 1 biological products for therapeutic use and Class 1 biological products for preventive use may be filed in accordance with eCTD.

Other Related Regulations in the PRC Pharmaceutical Industry

Price Controls

In China, governmental pricing controls on drugs (other than narcotic and certain psychiatric drugs) have been lifted since May 2015 when the *Opinions on Advancing Drug Price Reform* (《推進藥品價格改革意見》) came into effect. Instead of direct governmental controls, the government exercises control over the drugs through establishing a centralized tender process or centralized procurement mechanism, revising the National Reimbursement Drug List or provincial medical insurance drug catalogues and strengthening regulation of medical and pricing practices. Also, according to the *Opinions on the Reform of Review and Approval System for Drugs and Medical Devices* (《關於改革藥品醫療器械審評審批制度的意見》) promulgated by the State Council in August 2015, enterprises which apply for the registration of new drugs should promise that the prices of their products on the PRC market should not be higher than the comparable market prices in original countries or the surrounding area of the PRC.

Drug Centralized Procurement

On November 15, 2018, the Joint Procurement Office published the *Papers on Drug Centralized Procurement in "4+7 Cities"* (《4+7城市藥品集中採購文件》, the "Paper"), which launched the national pilot scheme for drugs centralized tendering with minimum procurement quantities. The pilot scheme will be carried out in 11 cities, including Beijing, Tianjin, Shanghai, Chongqing, Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xian (the "4+7 cities").

On January 1, 2019, the General Office of the State Council also published the *Notice of Issuing Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State* (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》), which provides the detailed measures in the implementation of the national pilot scheme for drugs centralized tendering with minimum procurement quantities in the 4+7 cities. According to the *Implementing Opinions on Expanding the Pilot Program for Conducting Centralized Procurement and Use of Drugs by the State to Wider Area*s (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》) promulgated and came into effect September, 25, 2019, together with the *Documents on National Centralized Drug Procurement (GY-YD2021-1)* (《全國藥品集中採購文件》) issued by the Joint Procurement Office on January 15, 2021, the model of centralized procurement with target quantity in the pilot program for conducting centralized procurement and use of drugs by the State will be promoted nationwide and all manufacturers of drugs within the scope of centralized procurement marketed in Mainland China, with the approval of the medical products administration, may participate in the pilot program.

National Reimbursement Drug List

The National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), or the National Reimbursement Drug List, or the NRDL, sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. Medicines listed in the NRDL are divided into two parts, List A and List B. List A drugs are widely used clinical treatments with good efficacy and lower prices compared to similar drugs, while List B drugs are clinical treatments with good efficacy and slightly higher prices compared to List A drugs. The NRDL must be adjusted every two years in principle, and the Provincial Reimbursement Drug List, or the PRDL must be adjusted based on the adjustment of the NRDL. The NRDL is permitted to be expanded for new drugs once every year, while provincial governments are not permitted to expand the PRDL for new drugs.

Drug Advertisements

Insert Sheet, Labels and Packaging of Pharmaceutical Products

Pursuant to the Measures for the Administration of the *Insert Sheets and Labels of Drugs* (《藥品說明書和標籤管理規定》) which came effective on June 1, 2006, the insert sheets and

labels of drugs should be reviewed and approved by the CFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and drug manufacturer.

Pursuant to the *Measures for the Administration of Pharmaceutical Packaging* (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its standards and put into implementation after obtaining the approval of the drug regulatory authorities or bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs without packing standards must not be sold or traded (except for drugs for the military).

Pursuant to the *PRC Physicians Law* (《中華人民共和國醫師法》) promulgated by the Standing Committee of the National People's Congress on August 20, 2021 and will come into effect from March 1, 2022, physicians shall adhere to the principle of using medicine in a safe, effective, economical and reasonable manner, follow the drug clinical application guidelines, clinical diagnosis and treatment guide and drug instructions in the use of drugs in an appropriate manner. Under special circumstances where no effective or better treatment is available, the physicians may, upon obtaining the explicit and informed consent of the patients, adopt the drug usage that is not specified in the insert sheets and labels but backed by medical evidence.

LAWS AND REGULATIONS RELATING TO INTELLECTUALPROPERTY PROTECTIONS

Patents

Pursuant to the *PRC Patent Law* (《中華人民共和國專利法》), most recently amended in October 17, 2020 and taking effect from June 1, 2021, and its implementation rules, most recently amended in January 2010, patents in China fall into three categories: invention, utility model and design. Under the currently effective PRC Patent Law, the term of patent protection starts from the date of application. Patents relating to invention are effective for twenty years, and utility model and design patents are effective for ten years from the date of application. The PRC Patent Law adopts the principle of "first-to-file" system, which provides that where more than one person files a patent application for the same invention, a patent will be granted to the person who first files the application.

The newly amended PRC Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, and stipulates that the Patent Administration Department under the

State Council shall, upon request of the patentee, extend the patent term of relevant invention patents of the new drug that is approved to be listed on the market in China, to compensate for the time spent for the review and examination and approval of the listing of a new drug on the market. The compensated extension shall not exceed five years, and the total valid patent term after the new drug is approved for the market shall not exceed 14 years. Such newly adopted patent term extension rule benefits the Company through providing longer protection terms of patents applied or registered in the PRC and related to our product candidates. This rule needs to be further elaborated by the competent authority, and the benefits we could enjoy are subject to the relevant clarifications and explanations.

Moreover, the NMPA and the China National Intellectual Property Administration issued and put into effect the *Implementation Measures for Early Resolution Mechanism of Pharmaceutical Patent Disputes (Trial)* (《藥品專利糾紛早期解決機制實施辦法(試行)》) on July 4, 2021, which sets forth details of how such patent linkage system would be implemented. The system aims to link the marketing approval procedure for generic drugs to the patent protection of brand name drugs to offer relevant parties a way to resolve patent disputes during the marketing review and approval of related drugs. The Measures make provisions on patent information platform construction and information disclosure system, patent right registration system, generic drug patent declaration system, judicial linkage and administrative linkage system, approval waiting period system, drug review and approval classification system and market exclusivity period system for first generic chemical drug, etc.

Trade Secrets

According to the *PRC Anti-Unfair Competition Law* (《中華人民共和國反不正當競爭法》), the term "trade secrets" refers to technical and business information that is unknown to the public, has utility and may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Trade secret requirements under the current framework in China is still under development and not robust.

Under the PRC Anti-Unfair Competition Law, which was promulgated on September 2, 1993 and was latest amended on April 23, 2019, business persons are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting, or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known that an employee or former employee of the right owner of trade secrets or any other entity or individual conducts any of the illegal acts listed above, but still

accepts, publishes, uses or allows any other to use such secrets, this practice will be deemed as an infringement of trade secrets. A party whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties in the amount of RMB100,000 to RMB1,000,000, and where the circumstance is serious, the fine will be RMB500,000 to RMB5,000,000. Alternatively, persons whose trade secrets are being misappropriated may file lawsuits in a Chinese court for loss and damages incurred due to the misappropriation.

The measures to protect trade secrets include oral or written non-disclosure agreements or other reasonable measures to require the employees of, or persons in business contact with, legal owners or holders to keep trade secrets confidential. Once the legal owners or holders have asked others to keep trade secrets confidential and have adopted reasonable protection measures, the requested persons bear the responsibility for keeping the trade secrets confidential.

Trademarks

Pursuant to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC on August 23, 1982 and latest amended on April 23, 2019 and became effective from November 1, 2019, the period of validity for a registered trademark is ten years, commencing from the date of registration. The registrant shall go through the formalities for renewal within twelve months prior to the expiry date of the trademark if continued use is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten years commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to the law.

Domain names

Domain names are regulated under the *Administrative Measures on the Internet Domain Names* (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology, or the MIIT, on August 24, 2017 and effective from November 1, 2017. The MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the *Guidance Catalog of Industries for Foreign Investment* (《外商投資產業指導目錄》), or the Catalog, which was promulgated and is amended from time to time by the Ministry of Commerce, or the MOFCOM and National Development and Reform Commission, or the NDRC. Pursuant to the *Catalog of Industries for Encouraging Foreign Investment (2020)* (《鼓勵外商投資產業目錄(2020年版)》), or the 2020 Catalog, which came to effect from January 27, 2021, *Special Administrative Measures (Negative List) for the Access of Foreign Investment in Pilot Free Trade Zones (2020)* (《自由貿易試驗區外商投資准入特別管理措施(負面清單) (2020年版)》), or the *Negative List in Pilot Free Trade Zones and Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020)* (《外商投資准入特別管理措施(負面清單) (2020年版)》), or the Negative List (2020), all of which shall come into effect on July 23, 2020, industries are divided into two categories: encouraged industries and the industries within the Negative List. The Negative List is further divided into two sub-categories: restricted industries and prohibited industries. Foreign investors are not allowed to invest in industries in the prohibited categories. Investment in restricted fields of investment in the Negative List shall obtain foreign investment access permit. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalog and the Negative List are generally deemed as permitted for foreign investment.

On March 15, 2019, the NPC approved the *Foreign Investment Law of the PRC* (《外商投資法》), or the Foreign Investment Law, which became effective on January 1, 2020 and replaced the three old rules on foreign investment in China, namely, the *PRC Equity Joint Venture Law* (《中外合資經營企業法》), the PRC Cooperation Joint Venture Law (《中外合作經營企業法》) and the *Wholly Foreign-Owned Enterprise Law* (《外資企業法》), together with their implementation rules and ancillary regulations. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection, and administration of foreign investments in view of investment protection and fair competition.

On December 26, 2019, the State Council promulgated the *Implementation Rules to the Foreign Investment Law* (《外商投資法實施條例》), which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the *Measures for Information Reporting on Foreign Investment* (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign

Investment, where a foreign investor carries out investment activities in China, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department online.

M&A Rules

According to the *Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors* (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which was jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation of the PRC, or the SAT, the State Administration for Industry and Commerce (now known as the SAMR), China Securities Regulatory Commission, or the CSRC and State Administration of Foreign Exchange, or the SAFE, on August 8, 2006 and latest amended by the MOFCOM on June 22, 2009, application shall be made for examination and approval of the acquisition of any company in China affiliating to a domestic company, enterprise or natural person, which is made in the name of an oversea company established or controlled by such domestic company, enterprise or natural person.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The *PRC Foreign Exchange Administration Regulations* (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, which was latest amended on August 5, 2008, are the principal regulations governing foreign currency exchange in China. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. In contrast, approval from or registration with appropriate government authorities or designated banks is required when RMB is to be converted into a foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

Under current regulations, the capital of a foreign-invested enterprise and capital in RMB obtained by the foreign-invested enterprise from foreign exchange settlement must not be used for the following purposes: directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; directly or indirectly used for investment in securities, unless otherwise provided by relevant laws and regulations; extending loans to non-related parties, unless permitted by the scope of business; and/or paying the expenses related to the purchase of real estate that is not for self-use, except for the real estate enterprises.

In 2017, new regulations were adopted which, among other things, relax the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation and tighten genuineness and compliance verification of cross-border transactions and cross-border capital flows.

In 2019, SAFE promulgated *Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment* (《關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the "capital account—account for settled foreign exchange to be paid" to receive the corresponding funds according to relevant provisions.

SAFE Circular 37

In July 2014, SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through Special-Purpose Companies*《關于境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 37, which replaces the *Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies* (《關于境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our Shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Employee Stock Incentive Plan

On February 15, 2012, the SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies* (《國家外匯管理局關于境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the SAFE Circular 7. In accordance with the SAFE Circular 7 and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. In addition, the State Taxation Administration, or the STA has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax, or the IIT. The PRC subsidiaries of an overseas listed company have obligations to file documents

related to employee share options or restricted shares with relevant tax authorities and to withhold IIT of those employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their IIT according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT, SOCIAL SECURITY AND HOUSE FUNDS

Labor Protection

Pursuant to the *PRC Labor Law* (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994 and latest amended on December 29, 2018 and the *PRC Labor Contract Law* (《中華人民共和國勞動合同法》) promulgated by the Standing Committee of the NPC on June 29, 2007 and latest amended on December 28, 2012, employers shall execute written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

Social Insurance and Housing Provident Funds

In addition, according to the *PRC Social Insurance Law* (《中華人民共和國社會保險法 》) promulgated on October 28, 2010 by the Standing Committee of the NPC and latest amended on December 29, 2018, the *Interim Regulations on the Collection and Payment of Social Security Funds* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and latest amended on March 24, 2019, and the *Regulations on the Administration of Housing Provident Funds* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and latest amended on March 24, 2019, employers like our PRC subsidiaries in the PRC shall provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. These payments are made to local administrative authorities, and any employer who fails to contribute may be fined and ordered to pay the deficit amount within a stipulated time limit.

LAWS AND REGULATIONS RELATING TO PRC TAXATION

Enterprise Income Tax

Pursuant to the *PRC Enterprise Income Tax Law* (《中華人民共和國企業所得税法》) effective as of January 1, 2008 and latest amended on December 29, 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. As for enterprises qualified as "high and new technological enterprises", the applicable income tax rate shall be reduced to 15%. To clarify certain provisions in the PRC Enterprise Income Tax Law, the State Council promulgated the *Implementation Rules of the Enterprise Income Tax Law* (《中華人民共和國企業所得税法實施條例》) on December 6, 2007, it was later amended and the amendment became effective on April 23, 2019. Under the PRC Enterprise Income Tax Law and the Implementation Rules of the PRC Enterprise Income Tax Law, enterprises are classified as either "resident enterprises" or "non-resident enterprises." Aside from enterprises established within the PRC, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the PRC Enterprise Income Tax Law provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC.

According to the *Notice of the State Administration of Taxation on Delivering the Table of Negotiated Dividends and Interest Rates to Lower Levels* (《關於下發協定股息税率情況一覽表的通知》) issued on January 29, 2008, latest revised on February 29, 2008, and the *Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income* (《內地和香港特別行政區關于對所得避免雙重徵税和防止偷漏税的安排》), or Double Tax Avoidance Arrangement, the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (i) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. However, based on the *Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties* (《關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the *Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties* (《關於税收協定中"受益所有人"有關問題的公告》) issued by the SAT on February 3, 2018 and effective from April 1, 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a

"beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

According to the EIT Law, the enterprise income tax for key advanced and new technology enterprises supported by the State shall be at a reduced tax rate of 15%.

LAWS AND REGULATIONS RELATING TO ENVIRONMENT PROTECTION AND SAFETY SUPERVISION

Environmental Assessment and Acceptance of Environmental Protection Facilities

Pursuant to the Law of Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》) (Order No. 77 of the PRC President, effective on September 1, 2003 and amended on July 2, 2016, and December 29, 2018 respectively), *Regulations on Environmental Protection Management for Construction Projects* (《建設項目環境保護管理條例》) (Order No. 253 of the State Council, effective on November 29, 1998 and amended on July 16, 2017), where effects may be exerted on the environment after the completion of construction projects, the construction enterprise shall submit an environmental impact report (form) or environmental impact registration form to the relevant environmental protection department. The project that is required to prepare the environmental impact report (form) in accordance with the law shall obtain the approval from the relevant environmental protection department for its environmental impact assessment documents; otherwise it shall not start the construction. After the construction project is completed, the construction enterprise shall apply for environmental protection acceptance of the construction project and make acceptance report pursuant to the standard and formality set by the environmental protection authority.

Pollution Permit

Pursuant to the *Measures for Pollutant Discharge Permitting Administration (for Trial Implementation)*(《排污許可管理辦法(試行)》) (Order No. 48 of the Ministry of Environmental Protection, effective on January 10, 2018 and amended on August 22, 2019), enterprises, institutions and other producers and operators (the "pollutant discharge enterprises") that have been included in the *Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources*（《固定污染源排污許可分類管理名錄》）shall apply for and obtain a discharge permit in accordance with the prescribed time limit. The pollutant discharge enterprises that are not included in the Classification Management List do not need to apply for a pollutant discharge permit. The pollutant discharge enterprise shall hold a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the discharge permit. Pursuant to the *Notice of the General Office of the State Council on Issuing the Implementation Plan for the Permit System Controlling Pollutant Emission* (《國務院辦公廳關于印發控制污染物排放許可制實施方案的通知》) (No. 81 [2016] of the General Office of State Council, effective on November 10, 2016) and the *Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (2019 Version)* (《固定污染源排污許可分類管理名錄(2019年版)》) (Order No. 11 of the Ministry of Ecology and Environment,

effective on December 20, 2019), the state implements a focused management, a simplification management and a registration management of emission permits based on the pollutant-discharging enterprises and other manufacturing businesses' amount of pollutants, emissions and the extent of environmental damage.

Safety Management Supervision

Pursuant to the *Law on Work Safety of the PRC* (《中華人民共和國安全生產法》) (Order No. 70 of the PRC President, effective on November 1, 2002 and amended on August 27, 2009 and August 31, 2014 respectively), enterprises engaged in production activities must strengthen safety production management, establish and improve the responsibility system for safe production and ensure a safe production environment. The state establishes and implements a system for the accountability of production safety accidents. If the company fails to comply with the provisions of the Law on Work Safety, the supervisory authority on production safety may issue a rectification order, impose a fine, order the company to cease production and operation, or revoke the relevant permit.

Some chemical materials needed for new drug research and development, such as toluene and hydrochloric acid, are hazardous chemicals. Pursuant to the *Regulations on Safety Management of Hazardous Chemicals* (《危險化學品安全管理條例》) (Order No. 344 of the State Council, effective on March 15, 2002 and amended on March 2, 2011 and December 7, 2013, respectively), the production, storage, use, operation, and transportation of hazardous chemicals must be in accordance with the safety management regulations. The hazardous chemical units shall oblige to the safety conditions required by laws and administrative regulations and state and industry standards, establish and improve safety management rules and post safety responsibility systems, and provide safety education and legal education and occupation technical training for employees. Employees should accept such education and training, and may begin working only after qualifying the relevant assessment. Where it requires employees to have certain qualification to assume a post, an enterprise shall only designated employees having such qualification to assume the post.

Fire Protection

The *Fire Prevention Law of the PRC* (《中華人民共和國消防法》) (the "Fire Prevention Law"), effective in April 1998 and latest amended on April 29, 2021. The Fire Prevention Law provides that fire control design and construction of a construction project shall comply with the State's fire control technical standards for construction projects. Developers, designers, builders, project supervisors, etc shall be responsible for the quality of the fire control design and construction of the construction project pursuant to the law. The construction project fire protection design examination and acceptance system shall be implemented for construction projects which are required to have fire protection design in accordance with the national fire protection technical standards for project construction.

OVERVIEW

We are a RNA therapeutics biopharmaceutical company with product candidates in pre-clinical and clinical stages that focuses on the discovery and development of innovative drugs for indications with medical needs and large market opportunities. We are the first company to achieve positive Phase IIa clinical outcomes in oncology for an RNAi therapeutics for our core product, STP705, and the first clinical-stage RNA therapeutics company to have a strong presence in both China and the U.S.

Our history can be traced back to the establishment of US Sirnaomics on February 12, 2007 in Delaware, the U.S., by Dr. Lu, our founder, chairman of the Board, executive Director, president and chief executive officer. Dr. Lu has extensive experience and capabilities in discovering, developing and commercializing RNA therapeutics, and his experience and effort in commercialization focuses primarily on our business development (including our collaboration with Walvax and Guangzhou Xiangxue). Leveraging Dr. Lu's experience and capabilities, we are the first company to achieve positive Phase IIa clinical outcomes in oncology for an RNAi therapeutic. Please refer to the section headed "Directors and Senior Management" for further details of Dr. Lu's biography and industry experience.

KEY BUSINESS MILESTONES

The following is a summary of our key business development milestones:

Year	Event
2007	Established US Sirnaomics
2008	Established Suzhou Sirnaomics
2012	Established Guangzhou Sirnaomics
2016	Obtained IND clearance for STP705 for hypertrophic scar from FDA
2017	Completed Series B financing raising approximately US$10 million Achieved the first approval in China of an IND for a class 1.1 drug for an RNAi therapeutic for our IND for HTS
2019	Completed Series C financing raising approximately US$48 million
2020	Commencement of operation of RNAimmune Completed Series D financing raising approximately US$104.0 million Completed Phase I/II clinical trial for STP705 for isSCC in the U.S. Initiated Phase II clinical trial for STP705 for BCC in the U.S.

Year	Event
2021	Established collaboration with Walvax, including out-licensing of STP702 Completed Series E financing raising approximately US$106.7 million Initiated Phase IIb clinical trial for STP705 for isSCC in the U.S. Initiated Phase II clinical trial for STP705 for Keloid scarless healing in the U.S. Initiated Phase I clinical trial for STP705 for liver cancer in the U.S. Obtained acceptance for review for STP705 for isSCC from NMPA Obtained IND clearance for STP707 from FDA

Please refer to the section headed "Business – Awards and Recognitions" for further details.

OUR MAJOR SUBSIDIARIES

We conduct our business principally through the following subsidiaries which made a material contribution to our results of operations during the Track Record Period:

Name	Principal business activities	Date of establishment	Place of establishment
US Sirnaomics	Headquarters and global R&D and clinical trials center	February 12, 2007	Delaware, the U.S.
Suzhou Sirnaomics	R&D and clinical trials center in Asia	March 10, 2008	PRC
Guangzhou Sirnaomics	Development and manufacturing center in Asia	May 8, 2012	PRC
RNAimmune	R&D and clinical trials center for mRNA therapeutics and vaccine	May 5, 2016	Delaware, the U.S.

US Sirnaomics

US Sirnaomics is principally engaged in R&D and clinical trials and was established by Dr. Lu, our founder, Chairman, executive Director, president and chief executive officer, in Delaware, the U.S., on February 12, 2007, together with George Ji, who joined Sirnaomics in 2007 as vice president for corporate development overseeing the accounting, human resources and general administration of US Sirnaomics. George Ji has experience in general corporate administration at multiple international firms including China Biopharma, Inc., and currently serves as our chief operating officer overseeing general corporate administration. Our business and financing activities was mainly conducted through US Sirnaomics prior to the Reorganization. Since its establishment in 2007, the research and development work conducted by US Sirnaomics includes drug target selection, siRNA drug design and screening and validation in cell culture and in mouse models, and the preclinical programs of US Sirnaomics include drug product formulation for STP702, STP705, STP707 etc. For details of the major shareholding change in US Sirnaomics, please see "– Corporate Development of the Group" and "– Reorganization" in this section.

Suzhou Sirnaomics

Suzhou Sirnaomics is principally engaged in R&D and clinical trials in Asia and was established by George Ji and Xiuling Wang (王秀玲), sister of Dr. Lu's spouse, in the PRC on March 10, 2008. After certain capital injections and equity transfers, on November 30, 2015, Suzhou Sirnaomics was owned by China-Singapore Suzhou Industrial Park Venture Co., Ltd. (中新蘇州工業園區創業投資有限公司) ("**CSVC**"), Dr. Lu, Hong Jun Yang (a former employee of the Group and an Independent Third Party), George Ji, Jun John Xu (an employee of the Group and an Independent Third Party) and Yang (Alan) Lu (路陽) (an employee of the Group and an Independent Third Party) as to 10.0700%, 52.1594%, 13.4895%, 8.9930%, 8.9930% and 6.2951%, respectively. On May 26, 2016, Dr. Lu, Hong Jun Yang, George Ji and Jun John Xu transferred their shares in Suzhou Sirnaomics to US Sirnaomics in consideration of RMB1,095,556, RMB283,333, RMB188,889 and RMB182,581, respectively, based on arm's length negotiation and with reference to the then paid-in share capital of Suzhou Sirnaomics. On the same day, Yang (Alan) Lu (路陽) transferred 6.2651% shares and 0.03% shares in Suzhou Sirnaomics to US Sirnaomics and Xiuling Wang in the consideration of RMB129,222 and RMB3,000, respectively, based on arm's length negotiation and with reference to the then paid-in share capital of Suzhou Sirnaomics. On November 7, 2017, Suzhou Sirnaomics became a wholly-owned subsidiary by US Sirnaomics after certain equity transfers. On December 19, 2018, as part of the Series C investment, Suzhou Sirnaomics underwent a capital injection and Suzhou Sirnaomics was owned by US Sirnaomics, Guangzhou Yuexiu New Industrial Investment Fund II (Limited Partnership) (廣州越秀新興產業二期投資基金合夥企業(有限合夥)) ("**Yuexiu Fund II**"), Guangzhou Yuexiu Huisi Industrial Investment Partnership (Limited Partnership) (廣州越秀匯思實業投資合夥企業(有限合夥)) ("**Yuexiu Huisi**"), Jiangsu Jiequan Sangel Biomedical Venture Capital (Limited Partnership) (江蘇聿泉仙瞳生物醫療創業投資合夥企業(有限合夥)) ("**Jiangsu Sangel**"), Shenzhen Sangel Biomedical Equity Investment Fund (Limited Partnership) (深圳仙瞳生物醫療股權投資基金合夥企業(有限合夥)) ("**Shenzhen Sangel**"), Jiaxing HuaKong Equity Investment Fund Partnership L.P. (嘉興華控股權投資基金合夥企業(有限合夥)) ("**Jiaxing Huakong**") and Shenzhen Qianhai Shenghui Investment Fund Partnership (Limited Partnership) (深圳前海晟輝投資基金合夥企業(有限合夥)) ("**Qianhai Shenghui**") as to 79.75%, 8.67%, 0.19%, 3.80%, 2.53%, 2.53% and 2.53%. As part of the Reorganization, after a capital reduction on March 1, 2021, Suzhou Sirnaomics was wholly owned by US Sirnaomics up to the Latest Practicable Date.

Guangzhou Sirnaomics

Guangzhou Sirnaomics is principally engaged in development and manufacturing for innovative RNAi therapeutics and was established by George Ji and Fang Lu (陸芳), a relative of Dr. Lu, in the PRC on May 8, 2012. After certain capital injections and equity transfers, on April 8, 2013, Guangzhou Sirnaomics was owned by Dr. Lu and Guangzhou Xiangxue, an Independent Third Party as to 75% and 25%, respectively. On September 1, 2015, Dr. Lu transferred his 75% equity interest in Guangzhou Sirnaomics to Suzhou Sirnaomics in the consideration of RMB800,000 based on arm's length negotiation and with reference to the then

paid-in share capital of Guangzhou Sirnaomics. On July 16, 2018, Guangzhou Xiangxue transferred 12.5% equity interest in Guangzhou Sirnaomics to Suzhou Sirnaomics at nil consideration with reference to the then paid-in share capital of Guangzhou Sirnaomics. After certain equity transfers and capital injections, Guangzhou Sirnaomics became a wholly-owned subsidiary of Suzhou Sirnaomics since February 8, 2021 and up to the Latest Practicable Date.

RNAimmune

RNAimmune is our R&D and clinical trials center for mRNA therapeutics and vaccine. On May 5, 2016, RNAimmune was incorporated in Delaware, the U.S. but has not issued any share nor commenced any business until on February 1, 2020, RNAimmune issued 6,250,000 shares to US Sirnaomics at a price of US$0.04 per share, and issued a stock purchase warrant ("**Purchase Warrant**"), pursuant to which US Sirnaomics has the right to purchase 6,250,000 additional shares at the purchase price of US$0.11 per share. On March 8, 2020, RNAimmune issued 2,600,000, 575,000, 275,000, 275,000, 275,000 shares to Dong Shen (recruited as the chief executive officer and president of RNAimmune who obtained his doctor of philosophy from the Johns Hopkins University School of Medicine), Chun Lu (the chief operating officer of RNAimmune who is the brother of Dr. Lu with extensive experience in entrepreneurship and biopharmaceutical industry), Jiaxi He (recruited as the chief medical officer of RNAimmune who obtained his degree of doctor of medicine from the Guangzhou Medical University and was a postdoctoral fellow at the department of pathology of the University of Maryland Marlene and Stewart Greenebaum Comprehensive Cancer Center), Stanley He (the son of Daofeng He and Angela Cui He , one of our Pre-IPO Investors, and chief business officer of RNAimmune who has diverse experience in entrepreneurship and investment and obtained his master of business administration from the Georgetown University) and Yip Wing Kei (our vice president of corporate finance and China chief financial officer) at a consideration of US$20,000, US$5,000, US$5,000, US$5,000 and US$5,000, respectively, which were determined after arm's length negotiation, after which US Sirnaomics held approximately 43.1% of the issued shares in RNAimmune. After series of financing and up to the Latest Practicable Date, we have exercised the Purchase Warrant and US Sirnaomics held approximately 49.1% of the issued shares of RNAimmune. After the Listing, RNAimmune may conduct additional rounds of financing, and we will comply with the applicable Listing Rules. It is currently expected that RNAimmune will continue to be consolidated as our subsidiary after completion of the Global Offering.

Compliance with PRC Laws and Regulation

Our PRC Legal Advisors confirmed that the establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the relevant laws and regulations in all material respects.

CORPORATE DEVELOPMENT OF OUR GROUP

The following sets forth the corporate history and shareholding changes of our Company.

Our Series A and Series B financing

On February 16, 2009, US Sirnaomics and CSVC entered into a stock purchase agreement for our series A financing pursuant to which we agreed to issue and sell, and CSVC agreed to purchase, an aggregate of 2,024,860 shares in US Sirnaomics at a total consideration of US$1,000,000. The consideration was determined based on arm's length negotiation taking into consideration the early stage of the investment.

On July 31, 2015, Value Measure Investments Ltd. and Trinity Power Limited (together, the "**Series B Investors**" and "**Dr. Dai's entities**") entered into a stock purchase agreement with US Sirnaomics for our series B financing pursuant to which we agreed to issue and sell, and Series B Investors agreed to purchase, an aggregate of 7,374,632 shares in US Sirnaomics at a total consideration of approximately US$10 million. The consideration was determined based on arm's length negotiation after taking into consideration the early stage of development of US Sirnaomics and the continued development of our preclinical assets.

Subscriptions by Series C Investors in 2018

On March 16, 2018, Yuexiu Fund II, Yuexiu Huisi, Jiangsu Sangel, Shenzhen Sangel, Jiaxing HuaKong and Qianhai Shenghui (together, the "**Series C1 Investors**") entered into an investment agreement with US Sirnaomics, according to which, Series C1 Investors made an investment with an aggregate amount to RMB160,000,000 to Suzhou Sirnaomics to subscribe for 20.25% of the then total share capital of Suzhou Sirnaomics and concurrently therewith, US Sirnaomics shall ensure that the Series C1 Investors dispose of their investments in Suzhou Sirnaomics through equity transfer, reduction of registered capital or other transactions, and US Sirnaomics will issue the stock purchase warrants (the "**C1 Warrants**") to Series C1 Investors, pursuant to which Series C1 Investors were entitled to purchase 7,618,157 Series C preferred shares of US Sirnaomics at the exercise price set forth and on the terms and conditions in the C1 Warrants.

On March 16, 2018, Trinity Power Limited entered into a stock purchase agreement with US Sirnaomics, pursuant to which we agreed to issue and sell, and Trinity Power Limited agreed to purchase 375,375 shares at a consideration of US$1,000,000. On June 30, 2019, Novarcel Group Limited, Daofeng He, Soaring Star Ventures Limited, Wang Xuning, Global Vision Ventures Limited and Marvelous Legend Ventures Limited (together with Trinity Power Limited, the "**Series C2 Investors**") and US Sirnaomics entered into an amendment to the stock purchase agreement dated August 8, 2018 entered into by, among others, US Sirnaomics and certain Series C2 Investors, pursuant to which we agreed to issue and sell, and Series C2 Investors (excluding Trinity Power Limited) agreed to purchase, an aggregate of 6,606,610 shares in US Sirnaomics at a total consideration of US$22,000,000.

The consideration for subscription by Series C1 Investors and Series C2 Investors was determined based on arm's length negotiation after taking into consideration our research and

development milestones achieved. See "Pre-IPO Investments – Principal terms of the Pre-IPO Investments" below for further details of our milestones.

Subscriptions by Series D Investors in 2020

On September 30, 2020, Shanghai Walga Biotechnology Limited (上海沃嘉生物技術有限公司) ("**Shanghai Walga**"), Beijing Borui Ankang Enterprise Management Center (北京博瑞安康企業管理中心（有限合夥）) ("**Beijing Borui**"), Shenzhen Star Sangel Venture Capital Partnership (深圳星瞳創業投資合夥企業（有限合夥）) ("**Shenzhen Star Sangel**"), Foshan Hongtao Jiaxuan Equity Investment Partnership (佛山弘陶佳選股權投資合夥企業（有限合夥）) ("**Hongtao Jiaxuan**"), Foshan Hongtao Zhuoxuan Equity Investment Partnership (佛山弘陶卓選股權投資合夥企業（有限合夥）) ("**Hongtao Zhuoxuan**"), Guangzhou Xiangxue, Zhuhai Longmen Freda Equity Investment Fund (珠海隆門福瑞達股權投資基金（有限合夥）) ("**Longmen Freda**"), Zhuhai Longmen Fifth Equity Investment Fund (珠海隆門伍號股權投資基金合夥企業（有限合夥）) ("**Longmen Fifth**"), Shenzhen Rotating Boulder Tiancheng Zhixin Investment Partnership (Limited Partnership) (深圳市旋石天成智心投資合夥企業 (有限合夥)) ("**Tiancheng Zhixin**") and Shenzhen Rotating Boulder Tiancheng Investment Partnership (limited partnership) (深圳市旋石天成投資合夥企業(有限合夥)) ("**Rotating Boulder Tiancheng**") (together, the "**Series D1 Investors**") and US Sirnaomics entered into a stock purchase agreement, according to which, US Sirnaomics issued the stock purchase warrants (the "**D1 Warrants**") to Series D1 Investors in the total consideration of approximately US$89.0 million, pursuant to which Series D1 Investors were entitled to purchase 13,905,424 Series D preferred shares of US Sirnaomics at the exercise price set forth and on the terms and conditions in the D1 Warrants.

On December 31, 2020, Smooth River Limited, Alpha Win Goldenbridge Investment Limited and Cachet Multi Strategy Fund (together, the "**Series D2 Investors**") entered into an amendment to the stock purchase agreement dated September 30, 2020, entered into by, among others, US Sirnaomics and certain Series D2 Investors, pursuant to which we agreed to issue and sell, and Series D2 Investors agreed to purchase, an aggregate of 2,343,750 shares in US Sirnaomics at a total consideration of US$15,000,000.

The consideration for subscription by the Series D1 Investors and Series D2 Investors was determined based on arm's length negotiation after taking into consideration our research and development milestones achieved. See "Pre-IPO Investments – Principal terms of the Pre-IPO Investments" below for further details of our milestones.

Subscriptions by Series E Investors in 2021

On June 1, 2021, Shanghai Chongshi Enterprise Management Partnership (Limited Partnership) (上海沖石企業管理合夥企業(有限合夥)) ("**Shanghai Chongshi**"), Smooth River Limited, Foshan Hongtao Boxuan Equity Investment Partnership (LP) (佛山弘陶博選股權投資合夥企業(有限合夥)) ("**Foshan Hongtao Boxuan**"), Thinkreal Holdings Limited, Novarcel Group

Limited, SDG Alpha Win PE LPF ("**SDG Alpha Win**"), Foshanshi Gangyue Zhiyao II Venture Capital Partnership (LP) (佛山市港粵智藥貳號創業投資合夥企業(有限合夥)) ("**Foshanshi Gangyue Zhiyao II**") , Anhui He Zhuang High Tech Achievements Fund (安徽和壯高新技術成果基金合夥企業(有限合夥)) ("**Anhui He Zhuang**"), Maanshan Lingnuo Costone Equity Investment Partnership (LP) (馬鞍山領諾基石股權投資合夥企業(有限合夥)) ("**Maanshan Lingnuo**"), Zeta RNAi Limited, Capital Catcher Limited, Zhuji Puhua Rongtuo Equity Investment Partnership (Limited Partnership) (諸暨普華榮拓創業投資合夥企業(有限合夥)) ("**Zhuji Puhua Rongtuo**"), Puhua Capital Ltd ("**Puhua Capital**"), Dading W Biotech Investment Ltd ("**Dading W**"), Dading UNIFIN Education & Health Investment Fund, L.P. ("**Dading UNIFIN**"), Kun Rui International Development Limited (昆瑞國際發展有限公司) ("**Kun Rui International**"), Vstar SWHY Investment Fund Limited Partnership ("**Vstar SWHY**"), NM Strategic Focus Fund II, L.P. ("**NM Strategic**"), Dading C Bioscience fund ("**Dading C**") and Dading JP Fund ("**Dading JP**") (together, the "**Series E Investors**") entered into an investment agreement with the Company, pursuant to which, Series E Investors subscribed for an aggregate of 12,628,334 shares of our Company at a total consideration of approximately US$106.7 million. The consideration for subscription by Series E Investors was determined based on arm's length negotiation after taking into consideration our research and development milestones achieved. See "Pre-IPO Investments – Principal terms of the Pre-IPO Investments" below for further details of our milestones.

REORGANIZATION

In October 2020, we commenced the Reorganization in preparation for the Listing. In anticipation of the Listing, we undertook a restructuring exercise whereupon our Company became the holding company and the listing vehicle of our Group.

1. Establishment of offshore holding structure

Our Company was incorporated under the laws of Cayman Islands as an exempted company with limited liability in October 15, 2020 as part of the Reorganization and acted as our listing vehicle. The authorized share capital of our Company was US$150,000.00, which was initially divided into 150,000,000 Shares with par value of US$0.001 each on the date of incorporation. At the time of incorporation, one ordinary share was transferred to Maples Corporate Services Limited, an Independent Third Party. On the same day, the ordinary share was transferred to Dr. Lu.

2. Offshore shareholding restructuring

On January 1, 2021, US Sirnaomics, its then existing shareholders, holders of C1 Warrants and D1 Warrants and our Company entered into a share exchange agreement, pursuant to which, the then existing shareholders of US Sirnaomics will transfer all their shares in US Sirnaomics to our Company, and in exchange for such transfer, our Company will issue corresponding Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares,

Series C Preferred Shares and Series D Preferred Shares to such shareholders of US Sirnaomics to mirror their shareholding in US Sirnaomics, and the holders of C1 Warrants and D1 Warrants exchanged their warrants for Series C Preferred Share Purchase Warrants and Series D Preferred Share Purchase Warrants of our Company, respectively. As of the Latest Practicable Date, holders of Series C Preferred Share Purchase Warrants and Series D Preferred Share Purchase Warrants exercised all their warrants in exchange of the corresponding Series C Preferred Shares and Series D Preferred Shares of the Company at nil consideration.

On January 21, 2021, as part of the Reorganization, our authorized share capital was subsequently divided into 100,000,000 Ordinary Shares of US$0.001 par value each, 2,024,860 Series A Preferred Shares of US$0.001 par value each, 7,374,632 Series B Preferred Shares of US$0.001 par value each, 14,600,142 Series C Preferred Shares of US$0.001 par value each and 16,249,174 Series D Preferred Shares of US$0.001 par value each.

On June 20, 2021, our authorized share capital was increased by creating an additional 50,000,000 Ordinary Shares of par value of US$0.001 each and an additional 18,000,000 Series E Preferred Shares of par value of US$0.001 each and an additional 12,000,000 shares of par value of US$0.001 each, which were undesignated.

The table below is a summary of the capitalization of the Company as of the date of this prospectus and immediately after the Global Offering (assuming no Over-allotment Option is exercised):

Shareholders[11]	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Series E Preferred Shares	Aggregate total number of shares as at the date of this prospectus	Aggregate ownership percentage as at the date of this prospectus	Aggregate ownership percentage upon completion of the Global Offering
Dr. Lu	7,624,625	–	–	–	–	–	7,624,625	9.4684%	8.6578%
Yang Lu Family Trust[1]	2,500,000	–	–	–	–	–	2,500,000	3.1046%	2.8388%
Angela Cui He[2]	375,375	–	–	600,601	–	–	975,976	1.2120%	1.1082%
Other holders of Ordinary Shares[3]	4,279,638	–	–	–	–	–	4,279,638	5.3146%	4.8595%
CSVC	–	2,024,860	–	–	–	–	2,024,860	2.5145%	2.2992%
Dr. Dai's entities[4]	100,000	–	7,374,632	375,375	–	–	7,850,007	9.7483%	8.9137%
Sangel Investment[5]	–	–	–	2,380,674	1,562,500	–	3,943,174	4.8967%	4.4775%
Shanghai Chongshi[6]	–	–	–	952,270	1,406,250	2,205,975	4,564,495	5.6683%	5.1830%
Jiaxing HuaKong	–	–	–	952,270	–	–	952,270	1.1826%	1.0813%
Shanghai Yuesheng Enterprise Management Partnership (LP) (上海越聖企業管理合夥企業(有限合夥)) ("**Shanghai Yuesheng**")[7]	–	–	–	3,332,943	–	–	3,332,943	4.1389%	3.7846%
Novarcel Group Limited	–	–	–	300,301	–	355,030	655,331	0.8138%	0.7441%
Soaring Star Ventures Limited	–	–	–	600,601	–	–	600,601	0.7458%	0.6820%
Xuning Wang	–	–	–	1,501,502	–	–	1,501,502	1.8646%	1.7050%
Global Vision Ventures Limited	–	–	–	3,003,004	–	–	3,003,004	3.7292%	3.4099%
Marvelous Legend Ventures Limited	–	–	–	600,601	–	–	600,601	0.7458%	0.6820%
Shanghai Walga	–	–	–	–	3,593,750	–	3,593,750	4.4628%	4.0807%
Beijing Borui	–	–	–	–	3,125,000	–	3,125,000	3.8807%	3.5484%
Hongtao Investment[8]	–	–	–	–	862,725	643,409	1,506,134	1.8704%	1.7102%
Guangzhou Xiangxue	–	–	–	–	1,054,596	–	1,054,596	1.3096%	1.1975%

Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares	Series E Preferred Shares	Aggregate total number of shares as at the date of this prospectus	Aggregate ownership percentage as at the date of this prospectus	Aggregate ownership percentage upon completion of the Global Offering
Shanghai Xinhao Enterprise Management Partnership (LP) ("上海馨顥企業管理合夥企業（有限合夥）") ("**Shanghai Xinhao**")[9]	–	–	–	–	2,300,603	–	2,300,603	2.8569%	2.6123%
Smooth River Limited	–	–	–	–	937,500	390,533	1,328,033	1.6492%	1.5080%
Alpha Win Goldenbridge Investment Limited	–	–	–	–	156,250	–	156,250	0.1940%	0.1774%
Cachet Multi Strategy Fund	–	–	–	–	1,250,000	–	1,250,000	1.5523%	1.4194%
Thinkreal Holdings Limited	–	–	–	–	–	591,717	591,717	0.7348%	0.6719%
SDG ALPHA WIN	–	–	–	–	–	591,716	591,716	0.7348%	0.6719%
Foshanshi Gangyue Zhiyao II	–	–	–	–	–	1,360,351	1,360,351	1.6893%	1.5447%
AnHui He Zhuang	–	–	–	–	–	1,194,903	1,194,903	1.4839%	1.3568%
Maanshan Lingnuo	–	–	–	–	–	1,194,903	1,194,903	1.4839%	1.3568%
Zeta RNAi Limited	–	–	–	–	–	887,574	887,574	1.1022%	1.0078%
Capital Catcher Limited	–	–	–	–	–	591,716	591,716	0.7348%	0.6719%
Zhuji Puhua Rongtuo	–	–	–	–	–	606,643	606,643	0.7533%	0.6888%
Puhua Capital	–	–	–	–	–	236,686	236,686	0.2939%	0.2688%
Dading W	–	–	–	–	–	355,030	355,030	0.4409%	0.4031%
Dading UNIFIN	–	–	–	–	–	392,545	392,545	0.4875%	0.4457%
Kun Rui International	–	–	–	–	–	236,710	236,710	0.2940%	0.2688%
Vstar SWHY	–	–	–	–	–	236,683	236,683	0.2939%	0.2688%
NM Strategic	–	–	–	–	–	236,686	236,686	0.2939%	0.2688%
Dading C	–	–	–	–	–	260,352	260,352	0.3233%	0.2956%
Dading JP	–	–	–	–	–	59,172	59,172	0.0735%	0.0672%
Trustee under the Pre-IPO Equity Incentive Plan[10]	–	–	–	–	–	–	12,770,000	15.8581%	14.5004%

Notes:

(1) Dr. Lu is the settlor of Yang Lu Family Trust and the beneficiaries of Yang Lu Family Trust include Zheng Joan Wang and Laura Yao Lu, being Dr. Lu's spouse and daughter, respectively. Zheng Joan Wang and Laura Yao Lu are co-trustees of Yang Lu Family Trust.

(2) Daofeng He transferred all his shares to Angela Cui He, his spouse, on February 4, 2021.

(3) Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), in relation to the ownership percentage of our Shares, other Holders of Ordinary Shares consist of Mike Ghias (1.4194%) (an early investor of the Group and an Independent Third Party) Bojian Zheng (0.1136%) (an early R&D collaborator and investor of the Group), George Ji (0.9959%), Yang Gao & Jie Cui (0.2271%) (a former employee of the Group and his spouse, both being Independent Third Parties, who are beneficial owners of Blue Bridge Consulting Inc., and subsequently transferred their shares to Blue Bridge Consulting Inc. on January 31, 2021), David Mark Evans & Julee Ann Evans (0.1039%) (our Executive Director and his spouse), Hongjun Yang & Qin Zhang (0.6790%) (a former employee of the Company and his spouse, both being Independent Third Parties), Yongran (David) Lu (0.2271%) (son of Alan Lu), Yang (Alan) Lu & Liqian Jia (0.1908%) (an employee of the Company and his spouse, both being Independent Third Parties), Jun John Xu (0.4508%) (an employee of the Company and an Independent Third Party) and Asghar Ghias (0.4519%) (a former employee of the Company).

(4) As of the Latest Practicable Date, Value Measure Investments Ltd. held 3,687,316 Series B Preferred Shares, and Trinity Power Limited held 100,000 ordinary shares, 3,687,316 Series B Preferred Shares and 375,375 Series C Preferred Shares in our Company.

(5) As of the Latest Practicable Date, Jiangsu Sangel held 1,428,404 Series C Preferred Shares, and Shenzhen Sangel held 952,270 Series C Preferred Shares, Shenzhen Star Sangel held 1,562,500 Series D Preferred Shares.

(6) Shanghai Chongshi is the investment holding entity of Qianhai Shenghui, Tiancheng Zhixin and Rotating Boulder Tiancheng in our Company.

(7) Shanghai Yuesheng is the investment holding entity of Yuexiu Fund II and Yuexiu Huisi in our Company.

(8) As of the Latest Practicable Date, Hongtao Jiaxuan held 425,611 Series D Preferred Shares, Hongtao Zhuoxuan held 437,114 Series D Preferred Shares, and Foshan Hongtao Boxuan held 643,409 Series E Preferred Shares.

(9) Shanghai Xinhao is the investment holding entity of Longmen Freda and Longmen Fifth in our Company.

(10) The professional trustee will hold 12,770,000 Shares on trust under the Pre-IPO Equity Incentive Plan. See "Statutory and General Informating - D. Incentive Plans" in Appendix IV to this prospectus.

(11) The Shares held by the professional trustee will be subject to the terms of the Pre-IPO Incentive Plan. For our other Shareholders, save for Mike Ghias, Asghar Ghias, Marvelous Legend Ventures Limited and Cachet Multi Strategy Fund who are not subject to a lock-up period, the rest of them are subject to a lock-up period of six months after the date of Listing on the Stock Exchange.

EQUITY INCENTIVE PLAN

The Pre-IPO Equity Incentive Plan was adopted on January 21, 2021 to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the Company. Each Option granted under the Pre-IPO Equity Incentive Plan represent the right to purchase our Shares at a pre-determined exercise price, subject to vesting and other conditions provided for under the Pre-IPO Equity Incentive Plan. Our Company will issue and allot before the Listing 12,770,000 Shares in aggregate to a professional trustee which holds our Shares on trust under the Pre-IPO Equity Incentive Plan. Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), the number of Shares held by the professional trustee shall be 12,770,000 Shares, representing 14.50% of the issued Shares.

A summary of the principal terms of the Pre-IPO Equity Incentive Plan is set out in the section headed "Statutory and General Information – D. Incentive Plans" in Appendix IV to this prospectus.

PRE-IPO INVESTMENTS

Principal terms of the Pre-IPO Investments

The table below summarizes the principal terms of the Pre-IPO Investments:

Investors	CSVC	Series B Investors	Series C1 Investors	Series C2 Investors	Series D1 Investors	Series D2 Investors	Series E Investors
Date of Investment Agreement(s)	February 16, 2009	July 31, 2015	March 16, 2018	March 16, 2018, August 8, 2018 and June 30, 2019	September 30, 2020 and November 30, 2020	September 30, 2020 and December 31, 2020	June 1, 2021
Amount of consideration paid (Approximately US$ million)	1	10	25	23	89.0	15	106.7
Basis of consideration	In respect of the investment by CSVC, the consideration was determined based on arm's length negotiation taking into consideration the early stage of the investment. In respect of the investment by Series B Investors, the consideration was determined based on arm's length negotiation after taking into consideration the early stage of development of US Sirnaomics and the continued development of our pre-clinical assets. In respect of the investment by Series C1 Investors, Series C2 Investors, Series D Investors and Series E Investors, the consideration with respect to each round investment was determined based on arm's length negotiation after taking into consideration our research and development milestones achieved at the relevant time. See notes 5 to 7 to this table for further details.						
Date on which investment was settled	July 9, 2009	May 11, 2017	May 16, 2019	June 6, 2019	November 20, 2020	December 4, 2020	July 12, 2021
Approximate investment cost per Share	US$0.494	US$1.356	US$3.33	US$3.33	US$6.40	US$6.40	US$8.45
Discount to the IPO price[1]	94.4%	84.7%	62.5%	62.5%	28.0%	28.0%	5.0%
Post-money valuation of our Company (Approximately US$ million)	9.5	40[3]	148[4]	148[4]	404[5]	404[5]	657[6][7]
Approximate shareholding in our Company after completion of the Pre-IPO Investments and immediately before the Global Offering[2]	2.2992%	8.3739%	8.6504%	7.9281%	15.7896%	2.6613%	14.3395%
Lock-up period	Our Shares held by substantially all of the Pre-IPO Investors[8] are subject to a lock-up period of six months after the date of Listing on the Stock Exchange.						
Special rights	All of our Pre-IPO Investors are currently bound by the terms of the existing articles of association of our Company, which will be replaced by our Articles effective upon completion of the Global Offering. Pursuant to our existing Articles and the amended and restated members' agreement entered into, among others, by the Pre-IPO Investors and the Company as amended from time to time, certain special rights were granted to holders of the preferred shares of our Company, including, among others, customary drag along rights, rights						

	CSVC	Series B Investors	Series C1 Investors	Series C2 Investors	Series D1 Investors	Series D2 Investors	Series E Investors
Investors	of first refusal, co-sale rights and pre-emptive rights which are effective as of the Latest Practicable Date. Immediately before completion of the Global Offering, the members' agreement will be terminated and all the preferred shares of our Company held by our Pre-IPO Investors will be converted into our Shares, such that all special rights will be terminated in compliance with Guidance Letter HKEX-GL-43-12.						
Use of proceeds	We utilized the proceeds for the principal business of our Group as approved by the Board, including, but not limited to, research and development activities, the growth and expansion of our Company's business and general working capital purposes in accordance with the budget approved by the Board. As of the Latest Practicable Date, approximately 39% of the net proceeds from the Pre-IPO Investments has been utilized for the aforementioned purposes, among which we have used up the proceeds raised from CSVC, Series B Investors, Series C1 Investors and Series C2 Investors. We expect to utilize the remaining proceeds from the Pre-IPO Investments for the same purposes.						
Strategic benefits to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Group and the Pre-IPO Investors' knowledge and experience. In particular: (i) the investments by CSVC and Series B Investors provided our Company with our capital needs at the early stage of our Company and we could benefit from Dr. Dai's extensive biopharmaceutical experience; and (ii) the investments by Series C1 Investors, Series C2 Investors, Series D1 Investors, Series D2 Investors and Series E Investors, all being seasoned investors, demonstrated their confidence in the prospects of our Company.						

Notes:

1. Calculated on the basis of the Offer Price of HK$69.30, the mid-point of the proposed range of the Offer Price.
2. See "– Capitalization" for further details.
3. The increased valuation for the investment by Series B Investors as compared to the investment by CSVC was mainly due to our continual development of preclinical assets.
4. The increased valuation for the investment by Series C Investors as compared to the investment by Series B Investors was mainly due to (i) the obtaining of IND approval for STP705 for hypertrophic scar from FDA; (ii) the achievement of the first approval in China of an IND for a class 1.1 drug for an RNAi therapeutic for our IND for HTS in April 2017; and (iii) our continual development of preclinical assets.
5. The increased valuation for the investment by Series D Investors as compared to the investment by Series C Investors was mainly due to (i) the release of interim clinical data for Phase I/II clinical trial for STP705 for isSCC in the U.S. in March 2020; and (ii) our continual development of preclinical assets.
6. The increased valuation for the investment by Series E Investors as compared to the investment by Series D Investors was mainly due to (i) the completion of Phase I/II clinical trial for STP705 for isSCC in the U.S. in October 2020; (ii) the commencement of Phase II clinical trials for STP705 for Keloid scarless healing and BCC in the U.S. in April 2021 and December 2020, respectively; (iii) the commencement of Phase I clinical trial for STP705 for liver cancer in the U.S. in March 2021; (iv) the commencement of phase IIb clinical trial for STP705 for isSCC in the U.S. in May 2021; (v) the advancement of research and development of preclinical studies for STP707; (vi) the collaboration with Walvax including out-licensing of STP702 in April 2021; and (vii) our continual development of preclinical assets.
7. Calculated on the basis of the Offer Price of HK$69.30 (the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised), the valuation of the Company upon Global Offering will be approximately HK$6,103 million (the "**Proposed IPO Valuation**"). The increase in valuation from the investment by Series E Investors to the Proposed IPO Valuation is mainly due to the following reasons: (i) we have obtained the IND clearance for STP707 from FDA in July 2021; and (ii) upon Listing, the Company will have access to additional capital to fund its current research and development of the pipeline products as well as its expansions of pipeline drug candidates.
8. Other than the 1,250,000 Shares held by Cachet Multi Strategy Fund and the 600,601 Shares held by Marvelous Legend Ventures Limited, all other Pre-IPO Investors shall be subject to a lock-up period of six months after the date of Listing on the Stock Exchange.

Information about the Pre-IPO Investors

Set out below are descriptions of certain of the Pre-IPO Investors.

CSVC

CSVC is a limited liability company incorporated under the laws of the PRC and made investment into our Company after meeting with our management directly. CSVC is wholly-owned by Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司), which is ultimately controlled by Suzhou Industrial Park Management Committee (蘇州工業園區管理委員會) which is controlled by the Suzhou Municipal People's Government (蘇州市人民政府). CSVC is a leading full-cycle investment group in China, providing a diversified investment and management platform with an asset size exceeding RMB8 billion and investments in, for example, CareRay Digital Medical Technology Co., Ltd., GenePharma Co., Ltd., CGeneTech (Suzhou, China) Co., Ltd., Chiral Quest (Suzhou) Co., Ltd., and Cure Genetics Co., Ltd.. It covers the financing needs of enterprises at different stages, and acts as an investment holding group integrating equity investment, bond investment and asset management.

Value Measure Investments Limited and Trinity Power Limited

Value Measure Investments Limited, a BVI business company incorporated under the laws of the British Virgin Islands. Trinity Power Limited is a limited liability exempted company incorporated under the laws of the Cayman Islands. Both of Value Measure Investment Limited and Trinity Power Limited are wholly owned by its current director and shareholder, Dr. Xiaochang Dai, our non-executive Director. Dr. Xiaochang Dai is experienced in biological medicine investment and made investment into our Company after meeting with our management directly. See "Directors and Senior Management" for the experience of Dr. Xiaochang Dai.

Sangel Investment

Sangel Investment consists of Jiangsu Sangel, Shenzhen Sangel and Shenzhen Star Sangel, and made investment into our Company after meeting with our management directly. Sangel Investment is a Sophisticated Investor of the Company.

Jiangsu Sangel is established as a limited partnership under the laws of the PRC, the general partner of which is Suzhou Sangel Venture Capital Management Center (Limited Partnership) (蘇州仙瞳創業投資管理中心(有限合夥)), which is ultimately controlled by Mr. Mulong Liu (劉牧龍), an Independent Third Party. All five limited partners of Jiangsu Sangel are Independent Third Parties and none of them holds more than one-third (i.e. 33.34%) of the partnership interest in Jiangsu Sangel.

Shenzhen Sangel is established as a limited partnership under the laws of the PRC, the general partner of which is Shenzhen Sangel Capital Management Co., Ltd. (深圳仙瞳資本管理有限公司), an investment fund specialized in biological medicine investment, which is ultimately controlled by Mr. Mulong Liu (劉牧龍), an Independent Third Party. All seven limited partners of Shenzhen Sangel are Independent Third Parties and none of them holds more than one-third (i.e. 33.34%) of the partnership interest in Shenzhen Sangel.

Shenzhen Star Sangel is a limited partnership established under the laws of the PRC with Shenzhen Sangel Capital Management Co., Ltd. (深圳仙瞳資本管理有限公司) acting as its general partner, which is ultimately controlled by Mr. Mulong Liu (劉牧龍), an Independent Third Party. Shenzhen Star Sangel is 60.6% owned by its limited partner Shenzhen Chixing Xichen Venture Capital Partnership (Limited Partnership) (深圳赤星羲辰創業投資合夥企業(有限合夥)). The other two limited partners of Shenzhen Star Sangel are Independent Third Parties and none of them holds more than one-third (i.e. 33.34%) of the partnership interest in Shenzhen Star Sangel.

Sangel Investment's has more than RMB2 billion assets under management and its investment portfolio includes: Anhui Huaheng Biotechnology Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 688639); Suoyuan Biomedicine (Hangzhou) Co., Ltd., a company focusing on genomics precision drug R&D; 3D Biomedicine Science & Technology Co., Limited, a company focusing on the integration of diagnosis and treatment of early tumor screening, precise diagnosis and precise medication; Wuhan Landing Intelligence Medical Co., Ltd, a company focusing on R&D and commercial operation of artificial intelligence tumor cell diagnosis system; and Virogin Biotech Ltd., a first-in-class oncolytic virotherapy company.

Shanghai Chongshi, Qianhai Shenghui, Tiancheng Zhixin and Rotating Boulder Tiancheng

Shanghai Chongshi is a limited partnership incorporated under the laws of the PRC and made investment into our Company after meeting with our management directly. The assets under management of Shanghai Chongshi is approximately RMB202 million, and its general partner is Shenzhen Qianhai Rotating Boulder Fund Management Co., Ltd. (深圳市前海旋石基金管理有限公司) ("**Rotating Boulder Fund**"). Rotating Boulder Fund is 80% owned by Yu Zeng (曾宇), and 20% owned by Ru Jia (賈茹), all being Independent Third Parties. Tiancheng Zhixin, Rotating Boulder Tiancheng, Qianhai Shenghui and Shenzhen Rotating Boulder Tiancheng The Third Investment Partnership (Limited Partnership) (深圳市旋石天成三號投資合夥企業（有限合夥）) ("**Tiancheng the Third**") act as limited partners of Shanghai Chongshi, each of which holds approximately 15.12%, 15.12%, 9.89% and 59.37% partnership interest of Shanghai Chongshi, respectively. Tiancheng the Third is controlled by Rotating Boulder Fund with Rotating Boulder Fund as its managing partner. Shanghai Chongshi mainly engaged in equity investment, focusing in particular on areas including biological medicine. Rotating Boulder Fund is an equity investment management company focusing on long-term value creation. The fund focuses on helping outstanding companies with technological innovation

capabilities on the global stage. The investment scope of the fund covers biomedicine, information technology, advanced manufacturing, consumer products and service sectors, etc. The fund invests in all phases of life cycle of the underlying business.

Founded in 2015, Rotating Boulder Fund managed more than RMB1 billion, and has invested in a number of outstanding technological innovation enterprises, including Prosit Sole Biotechnology, I-space, Li Auto Inc., a company listed on NASDAQ (stock code: LI), Weltmeister Motor, etc.

Shanghai Chongshi is a Sophisticated Investor of the Company.

Shenzhen Qianhai Shenghui Investment Fund Partnership (Limited Partnership) (深圳前海晟輝投資基金合夥企業(有限合夥)) is established as a limited partnership under the laws of the PRC with assets under management of approximately RMB51 million and made investment into our Company after meeting with our management directly. It is a professional institution experienced in biological medicine investment. The general partner of Qianhai Shenghui is Rotating Boulder Fund, which is 80% owned by Yu Zeng (曾宇) and 20% owned by Ru Jia (賈茹), all being Independent Third Parties. The limited partners of Qianhai Shenghui are Shenzhen Rotating Boulder Shenghui Investment Partnership (Limited Partnership) (深圳市旋石晟輝投資合夥企業(有限合夥)) holding 58.82353% partnership interest in Qianhai Shenghui and Shenzhen Rotating Boulder Wisdom Investment Partnership (Limited Partnership) (深圳市旋石智心投資合夥企業(有限合夥)) holding 39.21569% partnership interest in Qianhai Shenghui, both of which are controlled by Rotating Boulder Fund.

Tiancheng Zhixin is a limited partnership incorporated under the laws of the PRC with assets under management of approximately RMB111 million, whose general partner is Rotating Boulder Fund, and made investment into our Company after meeting with our management directly. Rotating Boulder Fund is 80% owned by Yu Zeng (曾宇), and 20% owned by Ru Jia (賈茹), all being Independent Third Parties. The limited partners of Tiancheng Zhixin are Independent Third Parties and none of them holds more than one-third of the partnership interest in Tiancheng Zhixin. Tiancheng Zhixin is a professional institution experienced in biological investment.

Rotating Boulder Tiancheng is a limited partnership established under the laws of the PRC with assets under management of approximately RMB100 million, and made investment into our Company after meeting with our management directly. Its general partner is Rotating Boulder Fund, which is 80% owned by Yu Zeng (曾宇), and 20% owned by Ru Jia (賈茹), all being Independent Third Parties. Tiancheng Zhixin and Shenzhen Oriental Ruijia Investment Partnership (Limited Partnership) (深圳市東方瑞佳投資合夥企業(有限合夥)), being two of its limited partners, hold 50% and 41% partnership interest in Rotating Boulder Tiancheng, respectively. The other limited partners of Rotating Boulder Tiancheng are Independent Third Parties and none of them holds more than one-third of the partnership interest in Rotating Boulder Tiancheng. Rotating Boulder Tiancheng is managed by a teams of professionals with substantial biochemical domain expertise, as well as extensive investment experience in China.

Jiaxing Huakong

Jiaxing Huakong is established as a limited partnership under the laws of the PRC and made investment into our Company after meeting with our management directly. The general partner of Jiaxing Huakong is Horgos Huakong Venture Capital Co., Ltd. (霍爾果斯華控創業投資有限公司), which is ultimately controlled by Yang Zhang (張揚), an Independent Third Party. The limited partners of Jiaxing Huakong are Independent Third Parties and none of them holds more than one-third of the partnership interest in Jiaxing Huakong. The business scope of Jiaxing Huakong is investment in non-securities business and investment management and the size of investments managed or owned by Jiaxing Huakong was approximately RMB180 million, including investments in Guangdong Longfu Pharmaceutical Co., Ltd., Aojing Medical Technology Co., Ltd., Zhejiang Shengzhao Pharmaceutical Technology Co., Ltd., and Suzhou Jingyun Pharmaceutical Technology Co., Ltd.

Yuexiu Fund II

Yuexiu Fund II is established as a limited partnership under the laws of the PRC and made investment into our Company after meeting with our management directly. Its general partner is Guangzhou YUEXIU Industrial Investment Fund Management Co., Ltd. (廣州越秀產業投資基金管理股份有限公司), a fund management company with fund size approximately RMB880 million focusing on equity investment, which is 90% owned by Guangzhou Yuexiu Financial Holding Group Co., Ltd. (廣州越秀金融控股集團有限公司), and is ultimately controlled by Guangzhou Municipal People's Government (廣州市人民政府). The limited partners of Yuexiu Fund II are Independent Third Parties and none of them holds more than one-third of the partnership interest in Yuexiu Fund II. Yuexiu Fund II has experience of investing in biotech/health sector for more than 3 years, with portfolio companies including Guangzhou Jiayue Pharmaceutical Technology Co., Ltd., Overseas Pharmaceuticals Co., Ltd., and Guangzhou BeBetter Medicine Technology Company, etc.

Yuexiu Huisi

Yuexiu Huisi is a limited partnership established under the laws of the PRC and made investment into our Company after meeting with our management directly. The general partner of Yuexiu Huisi is Guo Yujie (郭宇傑), an Independent Third Party. Yuexiu Huisi is 56.67% owned by Lin Guochun (林國春), an Independent Third Party and one of its limited partners. The other limited partners of Yuexiu Huisi are Independent Third Parties and none of them holds more than one-third of the partnership interest in Yuexiu Huisi. Yuexin Huisi is a special investment vehicle with fund size of approximately RMB1.5 million. Yuexiu Huisi has experience of investing in biotech/health sector for more than 3 years, with portfolio companies including Suoyuan Biomedicine (Hangzhou) Co., Ltd.

Shanghai Yuesheng

Shanghai Yuesheng is a limited partnership established under the laws of the PRC, focusing on business management and financial advisory with fund size of approximately

RMB500 million, and made investment into our Company after meeting with our management directly. It is managed by its general partner, Guangzhou Yuexiu Chuangda XIV Industrial Investment Partnership (Limited Partnership) (廣州越秀創達十四號實業投資合夥企業(有限合夥) ("Yuexiu Fund XIV")), which is 99.01% owned by Guangzhou Yuexiu Venture Capital Fund Management Co., Ltd. (廣州越秀創業投資基金管理有限公司) and managed by Guangzhou Yuexiu Industry Investment Fund Management Co., Ltd. (廣州越秀產業投資基金管理股份有限公司) (of which our non-executive Director Mr. Jiajun Lai serves as its managing director and head of equity investment), and is ultimately controlled by Guangzhou Municipal People's Government (廣州市人民政府). Shanghai Yuesheng is 98% owned by Yuexiu Fund II, one of its limited partners, which is ultimately controlled by Guangzhou Municipal People's Government. The rest of the partnership interest of Shanghai Yuesheng are by Yuexiu Fund XIV and Yuexiu Huisi as to 1% and 1%, respectively. Shanghai Yuesheng met with our management team in an industry conference.

Novarcel Group Limited

Novarcel Group Limited, a BVI business company incorporated under the laws of the British Virgin Islands in February 2018, is a professionally-managed investment arm wholly-owned by a renowned family with two decades of devotion in the biotechnology sector, and was referred to our Company by one of our existing investors. Novarcel Group Limited manages a global investment portfolio that is diversified across asset classes, while maintaining high-quality business franchises and specialized investment manager in healthcare and biotechnology sectors as one of the emphases for more than three years since its inception. It has an investment portfolio of approximately US$43 million, including investments in Pancea, Illumina Innovation Fund II, and 11.2 Capital. Novarcel Group Limited is ultimately beneficially owned by Lili Huang, an Independent Third Party.

Daofeng He & Angela Cui He

Mr. Daofeng He and Ms. Angela Cui He are Independent Third Parties, and made investment into our Company after meeting with our management directly. Mr. He and Mrs. He have investment experience in life science and medical companies, such as investments in OriGene Technologies, Inc.. Mr. He is the president of Daofeng & Angela Foundation and Mrs. He is a director and treasurer of Daofeng & Angela Foundation. Stanley He, son of Mr. He and Mrs. He, is one of the founders of RNAimmune, and Mrs. He and Selina He, daughter of Mr. He and Mrs. He, are currently minority shareholders of RNAimmune.

Soaring Star Ventures Limited

Soaring Star Ventures Limited is incorporated under the laws of the British Virgin Islands as a BVI business company under a trust structure, mainly engaged in investment matters with assets under management of approximately US$20 million, and made investment into our

Company after meeting with our management directly. Soaring Star Ventures Limited specializes in biological medicine investment, with investment in our Company as its only investment in the biotech or healthcare sector. It is wholly-owned and controlled by Vistra Trust (Hong Kong) Limited, an independent provider of trust, fiduciary, corporate and fund services delivering personal and tailored solutions to international corporations, institutional investors and high net worth individuals and their families. Mincong Huang, our non-executive Director, is the settlor of Soaring Star Ventures Limited.

Xuning Wang

Xuning Wang is an entrepreneur and an Independent Third Party. Mr. Wang made investment into our Company after meeting with our management directly and the investment in our Company is currently his only investment in the biotech or healthcare sectors. Mr. Wang is the chairman and chief executive officer of JS Global Lifestyle Company Limited, a company listed on the Stock Exchange (stock code: 1691), and the chairman of Joyoung Co., Ltd., a company listed on Shenzhen Stock Exchange (stock code: 002242).

Global Vision Ventures Limited

Global Vision Ventures Limited is a private limited company incorporated under the laws of British Virgin Islands and made investment into our Company after meeting with our management directly. It is an affiliated investment entity of CR-CP Life Science Fund ("**CR-CP Fund**"). CR-CP Fund is a private equity fund jointly established by China Resources Group and Charoen Pokphand Group of Thailand with an investment focus on early-/growth-stage companies in the life science universe, with total fund size of approximately US$300 million. Its portfolio companies include global listed companies such as Legend Biotech Corporation (a company listed on the NASDAQ under the stock symbol LEGN), New Horizon Health Limited (a company listed on the Stock Exchange with stock code 6606), as well as first-in-class private companies such as Transcenta Holdings Limited. Its management team has broad-ranging healthcare industry experience over a decade. The fund invests in innovative products, technologies, and services globally that can fulfill the need of Chinese patients. Leveraging the investment team's diverse experience in healthcare management and capital investment, the fund assists portfolio companies to achieve value-adding China angle.

Marvelous Legend Ventures Limited

Marvelous Legend Ventures Limited is under the sponsorship from PIX Capital Fund I SP and PIX Fund Fund SP, each of whom holds a 50% equity interest as its shareholders. They are both the segregated portfolios of PIX Fund SPC with assets under management of approximately US$50 million, and made investment into our Company after meeting with our management directly. The investment manager of PIX Fund SPC is Pixiu Asset Management Limited (APX Capital), a Hong Kong SFC Type 4 and 9 licensed corporation, dedicate to invest primarily in the sector of TMT and biotechnology, focusing on companies with strategic

advantages in emerging technologies and pan-pacific supply chains. The biotechnology portfolio companies of PIX FUND SPC also include Apollomics, Inc. and Transcenta Holdings Limited.

Shanghai Walga

Shanghai Walga was established in 2018 as a limited liability company under the laws of the PRC. Shanghai Walga has a registered share capital of RMB760 million and made investment into our Company after meeting with our management directly. It is wholly owned by Walvax, a company listed on the Shenzhen Stock Exchange (stock code: 300142) and an Independent Third Party. Walvax is a biopharmaceutical company specialized in research and development, manufacturing and distribution of vaccines, with products exported to 15 countries. Walvax manufactures and distributes, among others, PCV13 vaccine, Haemophilus influenza type b conjugate vaccine, and Diphtheria, Tetanus and Acellular Pertussis Combined Vaccine (DTaP) in the PRC. For the year ended December 31, 2020, Walvax recorded a revenue of US$459.2 million with an operating profit of US$157.1 million. As of September 30, 2021, its market capitalization with reference to its share price listed on the Shenzhen Stock Exchange exceeded US$14 billion. Our non-executive Director, Mr. Jiankang Zhang, currently serves as the vice president and director of Walvax since June 2020. In addition to its investments in our Company and RNAimmune, Shanghai Walga leverages the strengths of its parent company Walvax to accelerate product research and development of the investee companies. Shanghai Walga's has a registered capital of RMB760 million and its investment portfolio includes Genor Biopharma Holdings Limited, a company listed on the Stock Exchange (stock code: 6998). Shanghai Walga is a Sophisticated Investor of the Company.

In April 2021, Suzhou Sirnaomics, US Sirnaomics and Walvax entered into a co-development and license agreement to co-develop siRNA drugs targeting the influenza virus. For further details, see the section headed "Business – Licensing Arrangement with Walvax" in this prospectus.

Beijing Borui

Beijing Borui is a limited partnership established under the laws of the PRC and was introduced to our Company through a financial adviser. Its general partner is Tibet Rongjia Huisheng Investment Management Co., Ltd. (西藏融嘉匯晟投資管理有限公司), which is wholly owned by Sunshine Ronghui Capital Investment Management Co., Ltd. (陽光融匯資本投資管理有限公司) and ultimately controlled by Wenwen Zhang (張文雯), an Independent Third Party. Xiamen Rong Hui Hong Shang Equity Investment Partnership (Limited Partnership) (廈門融匯弘上股權投資合夥企業(有限合夥)), one of Beijing Borui's limited partners, owns 51.4956% of Beijing Borui and is ultimately controlled by Wenwen Zhang. The other limited partners of Beijing Borui are Independent Third Parties and none of them holds more than one-third of the partnership interest in Beijing Borui. Beijing Borui has seasoned management team and scientific advisory board, strong IP portfolio and validated RNAi platforms enabling broad and innovative therapeutic applications. Beijing Borui has six years of investment experience in

biotech industry with approximately RMB135.8 million assets as of July 31, 2021 and investments such as Tricision Biotherapeutics Inc and Shandong Yingsheng Biotechnology Co., Ltd.

Hongtao Jiaxuan, Hongtao Zhuoxuan and Foshan Hongtao Boxuan

Hongtao Jiaxuan is a limited partnership established under the laws of the PRC and made investment into our Company after meeting with our management directly. Its general partner is Shenzhen Hongtao Fund Management Co., Ltd. (深圳市弘陶基金管理有限公司) ("**Hongtao Capital**"). Hongtao Capital has more than 8 years experience in private equity investment, focusing on biotech, semi-conductor and AI industries. In addition to managing the investments in our Company and RNAimmune, Hongtao Capital has several successful investment including Suzhou Ribo Biotechnology Co., Ltd. (蘇州瑞博生物技術股份有限公司), AIM Vaccine Co., Ltd. (艾美疫苗股份有限公司), etc. Hongtao Capital is ultimately controlled by Jun Qiu (邱俊), an Independent Third Party. Mr. Qiu and Dr. Lu, our founder, chairman of our Board and our executive Director, are both alumni of Sun Yat-sen University (中山大學) in the PRC. Hongtao Jiaxuan has been focusing on private equity investment since 2013, and founded a research team specialized in biotech. The size of investment portfolio of Hongtao Jiaxuan was approximately RMB30 million. The limited partners of Hongtao Jiaxuan are Independent Third Parties and none of them holds more than one-third of the partnership interest in Hongtao Jiaxuan.

Hongtao Zhuoxuan is a limited partnership established under the laws of the PRC and made investment into our Company after meeting with our management directly. Hongtao Zhuoxuan is managed by its general partner Hongtao Capital. Hongtao Zhuoxuan has been focusing on private equity investment since 2013, and it has also founded a research team which is skillful and knowledgeable in the field of biotech. The size of investment portfolio of Hongtao Zhuoxuan was approximately RMB20 million. The limited partners of Hongtao Zhuoxuan are Independent Third Parties and, save for Jiaxing Zhengfang Fifth Equity Investment Fund (Limited Partnership) (嘉興正方五號股權投資合夥企業（有限合夥）) which holds 36.5675% of the partnership interest, none of them holds more than one-third of the partnership interest in Hongtao Zhuoxuan.

Foshan Hongtao Boxuan is a limited partnership established in the PRC with assets under management of approximately RMB36.7 million, and its general partner is Hongtao Capital. Foshan Hongtao Boxuan made investment into our Company after meeting with our management directly. The limited partners of Foshan Hongtao Boxuan are Independent Third Parties and none of them holds more than one-third of the partnership interest in Foshan Hongtao Boxuan. Foshan Hongtao Boxuan is a professional private equity fund specialized in biotech and semiconductor industries.

Guangzhou Xiangxue

Guangzhou Xiangxue is a PRC pharmaceutical company with a focus on traditional Chinese medicine development and modernization as well as utilizing cutting edge biotechnology to treat cancer in the modern age. Founded in 1997, Guangzhou Xiangxue has been listed on the Shenzhen Stock Exchange (stock code: 300147) since 2010. The total assets of Guangzhou Xiangxue was approximately RMB9,778 million as at December 31, 2020. Guangzhou Xiangxue became acquainted with our Company when Suzhou Sirnaomics and US Sirnaomics entered into a collaboration agreement with Guangzhou Xiangxue to develop STP705 in October 2010.

Shanghai Xinhao, Longmen Freda and Longmen Fifth

Shanghai Xinhao is a limited partnership established under the laws of the PRC with assets under management of approximately RMB100 million. Zhuhai Longmen Capital Management Co., Ltd. (珠海隆門資本管理有限公司) ("**Longmen Capital**") is its general partner, and was introduced to our Company through a financial advisor. Zhuhai Longmen Capital Management Co., Ltd. is ultimately controlled by Haining Wang (王海寧), an Independent Third Party. Longmen Freda and Longmen Fifth are limited partners of Shanghai Xinhao and have 29.997% and 69.993% partnership interest in Shanghai Xinhao. Longmen Fifth, one of Shanghai Xinhao's limited partners, holds 66.993% interests in Shanghai Xinhao.

Longmen Capital is a healthcare-dedicated investment firm focusing on early & middle-stage growth investment opportunities including the biotechnology and pharmaceutical, such as investment in Stemirna Therapeutics Co., Ltd. (斯微 (上海) 生物科技有限公司) and CF PharmTech, Inc. (長風藥業股份有限公司).

Longmen Freda is a limited partnership established under the laws of the PRC with assets under management of approximately RMB106 million, and was introduced to our Company through a financial advisor. Its general partner is Longmen Capital and its ultimate beneficial owner is Haining Wang (王海寧), an Independent Third Party. The other limited partners of Longmen Freda are Independent Third Parties and none of them holds more than one-third of the partnership interest in Longmen Freda.

Longmen Fifth, is a limited partnership established under the laws of the PRC with assets under management of approximately RMB193 million, and was introduced to our Company through a financial advisor. Its general partner is Longmen Capital and its ultimate beneficial owner is Haining Wang(王海寧), an Independent Third Party. The limited partners of Longmen Fifth are Independent Third Parties and none of them holds more than one-third of the partnership interest in Longmen Fifth.

Smooth River Limited

Smooth River Limited is a company limited by shares incorporated in the Republic of Seychelles as an international business company. Smooth River Limited is experienced in

biological medicine investment, with assets under management of approximately US$30 million and investments such as Coordination Pharmaceuticals, Inc. and Sparx Therapeutics. Its ultimate beneficial owner is Lau Ping, an Independent Third Party, who holds 100% equity of Smooth River Limited, and made investment into our Company after meeting with our management directly. Smooth River Limited is also a shareholder of RNAimmune.

Alpha Win Goldenbridge Investment Limited and SDG Alpha Win

Alpha Win Goldenbridge Investment Limited is a limited investment company incorporated in British Virgin Islands and made investment into our Company after meeting with our management directly. It specializes in technology and biotechnology private equity investment with assets under management of approximately USD1 million. Besides, its investment team has extensive industry experience in the medical domain. Alpha Win Goldenbridge Investment Limited is held by Win Union Holdings Limited ("**Win Union**"), which is ultimately controlled by LI Ying and ZHANG Weidong, both being Independent Third Parties and met with our management in industry conference.

SDG Alpha Win is a limited partnership fund incorporated in Hong Kong, which mainly focuses on medical and healthcare investment with assets under management of approximately USD50 million, and made investment into our Company after meeting with our management directly. Its general partner Alpha Win (HK) Investment Limited, is an experienced investor specialized in intelligence technology and biotechnology investment and is held by Win Union. The limited partners of SDG Alpha Win PE LPF are Independent Third Parties and none of them holds more than one-third of the partnership interest in SDG Alpha Win.

Cachet Multi Strategy Fund

Cachet Multi Strategy Fund SPC – Cachet Special Opportunities SP is a segregated portfolio company registered under the Mutual Fund Law from the Cayman Islands, and made investment into our Company after meeting with our management directly. Cachet Multi Strategy Fund has 10 years of investment experience in the biotech or healthcare and related fields, such as We Doctor Holdings Limited, with assets under management of approximately USD5 million. Cachet Multi Strategy Fund's ultimate beneficial owner is Chow Chin Yui Angela, an Independent Third Party. The investment manager of Cachet Multi-Strategy Fund SPC is Cachet Asset Management Limited, a regulated entity under the regulation of SFC of Hong Kong.

Thinkreal Holdings Limited

Thinkreal Holdings Limited is incorporated under the laws of the British Virgin Islands on June 24, 2019 and was introduced to our Company through an existing investor of our Company. Thinkreal Holdings Limited is an overseas biopharma and intelligent manufacturing investment vehicle leveraging its own capital resources, and also invest in Clinchoice Development Limited in addition to our Company, and is ultimately controlled by Mr. Mu Du, an Independent Third Party.

Foshanshi Gangyue Zhiyao II

Foshanshi Gangyue Zhiyao II is a limited partnership established under the laws of the PRC and made investment into our Company after meeting with our management directly. The general partner of Foshanshi Gangyue Zhiyao II is Guangzhou Yuegang Fund Management Co., Ltd. (廣州粵港基金管理有限公司), whose ultimate beneficial owner is Zeshan Liu (劉澤山), an Independent Third Party. The limited partners of Foshanshi Gangyue Zhiyao II are Independent Third Parties and none of them holds more than one-third of the partnership interest in Foshanshi Gangyue Zhiyao II. Guangzhou Yuegang Fund Management Co., Ltd. has successively issued a number of private equity funds with a total fund size of approximately RMB127.5 million and invested in Jiangsu Yahong Meditech Co., Ltd., Beijing Biostar Pharmaceuticals Co., Ltd., etc.

Anhui He Zhuang

Anhui He Zhuang is a limited partnership established under the laws of the PRC with assets under management of approximately RMB5 billion and was introduced to our Company through a financial adviser. Its general partner is Founder H Fund (方正和生投資有限責任公司), a private equity fund management company wholly owned by Founder Securities Co., Ltd. (方正證券股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601901). With assets under management of over RMB10 billion, Founder H Fund is actively seeking investment opportunities in healthcare, information technology, high-tech manufacture, new energy and material sectors, including Shanghai Henlius Biotech Inc. (a company listed on the Stock Exchange under the stock code 2696), Ascentage Pharma Group International (a company listed on the Stock Exchange under the stock code 6855) and Peijia Medical Limited (a company listed on the Stock Exchange under the stock code 9996). Anhui He Zhuang is 45% owned by Anhui Sanzhongyichuang Industrial Development Fund Co., Ltd. (安徽省三重一創產業發展基金有限公司), a wholly-owned limited liability company of Anhui Investment Group Holding Co., Ltd. (安徽省投資集團控股有限公司), which is wholly owned by State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government (安徽省人民政府國有資產監督管理委員會). The other limited partners of Anhui He Zhuang are Independent Third Parties and none of them holds more than one-third of the partnership interest in Anhui He Zhuang.

Maanshan Lingnuo

Maanshan Lingnuo is a limited partnership established under the laws of the PRC on September 6, 2020, the general partner of which is Tibet Tianji Cornerstone Venture Capital Co., Ltd. (西藏天璣基石創業投資有限公司), which is ultimately controlled by Tieying Liu (劉鐵鷹), an Independent Third Party, who also holds a interest of 99.8004% in Maanshan Lingnuo as the limited partner. Maanshan Lingnuo is a venture capital fund registered with the China Securities Investment Fund Industry Association on September 11, 2020 and made investment into our Company after meeting with our management directly. The total size of this fund is

approximately RMB501 million. Maanshan Lingnuo is managed by Urumqi Phoenix Cornerstone Equity Investment Management Co., Ltd. (烏魯木齊鳳凰基石股權投資管理有限合夥企業), a subsidiary of Costone Asset Management Co., Ltd. (基石資產管理股份有限公司)("**Costone Capital**"). Costone Capital, one of the earliest private equity investment institutions in China started its business in 2001 and has 19 years of investment management experience. Currently, Costone Capital has accumulated more than 80 investment funds with an aggregated assets under management of more than RMB50 billion, including for example investments in Shenzhen Mindray Bio-Medical Electronics Co., Ltd., Dezhan HealthCare Co., Ltd., Asymchem Laboratories Tianjin Co., Ltd., and Sino Medical Sciences Technology Inc.

Zeta RNAi Limited

Zeta RNAi Limited is a BVI Business Company incorporated under the laws of British Virgin Islands with investment in our Company only and was introduced to our Company through a financial adviser. Zeta RNAi Limited is managed by Zeta Capital (H.K.) Limited, which is a licensed asset management company in Hong Kong with assets under management of approximately USD160 million. Its ultimate beneficial owner is Mr. Xuejun Zhu, an Independent Third Party.

Capital Catcher Limited

Capital Catcher Limited is incorporated under the laws of the British Virgin Islands and was introduced to our Company through a financial adviser. It is wholly owned by Forebright New Opportunities Fund II, L.P. ("**Forebright Fund II**"), a private equity fund registered as an exempted limited partnership in the Cayman Islands. The general partner of Forebright Fund II is FNOF GP II Limited, which is wholly owned by Forebright Global Limited ("Forebright Global"). The ultimate beneficial owners of Forebright Global are Mr. Ip Kun Wan and Mr. Liu Cheng, who are both Independent Third Parties introduced to our Company through Independent Third Parties and hold approximately 41.4% and 58.6% of the interests in Forebright Global respectively. With approximately US$300 million assets under management, Forebright Fund II focuses on investment opportunities in China in the fields of business services, high-end manufacturing and healthcare. Forebright Global has over 10 years of experience in biotech industry, including investment in Kindstar Globalgene Technology, Inc. (a company listed on the Stock Exchange under the stock code 9960), ThinkGeek Network Technology Co., Ltd. and Stemirna Therapeutics Co., Ltd. (斯微（上海）生物科技有限公司).

Zhuji Puhua Rongtuo

Zhuji Puhua Rongtuo is a limited partnership established under the laws of the PRC and was introduced to our Company through a financial adviser. Zhuji Puhua Rongtuo is managed by Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. (浙江普華天勤股權投資管理有限公司) as its general partner. Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. was established in 2011 and is a professional organization of venture capital and

investment management with assets under management of approximately RMB34.8 million, focusing on new technologies, health care, new energy and cultural consumption with the investment in our Company as its only investment in the biotech, healthcare or related sectors. Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. is ultimately controlled by Qinhua Shen (沈琴華), an Independent Third Party. The limited partners of Zhuji Puhua Rongtuo are Independent Third Parties and none of them holds more than one-third of the partnership interest in Zhuji Puhua Rongtuo.

Puhua Capital

Puhua Capital is a company incorporated under the laws of Samoa on September 9, 2010 and was introduced to our Company through a financial adviser. Puhua Capital is engaged in equity investment in healthcare and technology companies leveraging its own capital resources. Puhua Capital is wholly owned by Mr. Shou Bainian, the founder of Greentown China Holdings Limited, a company listed on the Stock Exchange (stock code: 3900). Mr. Shou has invested in a number of private companies in the biotech, pharmaceutical and healthcare sectors, including Genor Biopharma Holdings Limited (a company listed on the Stock Exchange under stock code 6998).

Dading W

Dading W is a limited company established under the laws of the Marshall Islands with investments in our Company only and was introduced to our Company through a financial adviser. Its manager is W Capital Ltd. with assets under management of over US$3 million. Dading W is ultimately controlled by W Capital Ltd., which in turn is controlled by Wang Hao, an Independent Third Party.

Dading UNIFIN

Dading UNIFIN is a private equity fund established in 2017 in the state of Delaware, U.S., with an asset under management of US$6.45 million. Dading UNIFIN was introduced to our Company through a financial adviser and its manager is Mao Danping. It focuses on projects that can bring stable returns or high growth to investors, with investment in our Company as its only investment in the biotech or healthcare sector. Dading UNIFIN is ultimately controlled by UNIFIN Fund Management, LLC, the ultimate beneficial owners of which are Independent Third Parties.

Kun Rui International

Kun Rui International is a limited liability company incorporated and existing under the laws of the British Virgin Islands with investment in our Company only. It is 100% owned by Zhou Da, an Independent Third Party, who is the ultimate beneficial owner of Kun Rui International and was introduced to our Company by one of our existing investors.

Vstar SWHY

Vstar SWHY is a limited partnership incorporated under the laws of the Cayman Islands on August 17, 2018 and made investment into our Company after meeting with our management directly. It is managed by its general partner, Vstar SWHY Partners Limited, the ultimate beneficial owner of which is Mr. Fumin Zhuo (卓福民), an Independent Third Party. Vstar SWHY is an investment fund focusing in healthcare sector with assets under management of no less than US$80 million and its investment portfolio in the healthcare field includes MicroPort CardioFlow Medtech Corporation, a company listed on the Stock Exchange (stock code: 2160).

NM Strategic

NM Strategic is an exempted limited partnership registered in the Cayman Islands with its principal activity in private equity investment and made investment into our Company after meeting with our management directly. NM Strategic Partners II, Ltd, a company incorporated in the Cayman Islands, acts as its general partner. NM Strategic seeks long-term investments in primarily growth stage companies in the fields of healthcare, fintech, consumer and related technology, products and services. NM Strategic has over five years of experience in biotech industry with assets under management of approximately US$85 million, including investment in Genor Biopharma Holdings Limited (a company listed on the Stock Exchange under stock code 6998). NM Strategic Partners II, Ltd is controlled by Mr. Yip Ka Kay. Mr. Yip Ka Kay is a non-executive director of VCredit Holdings Limited (stock code: 2003) and an independent non-executive director of Shun Tak Holdings Limited (stock code: 242), both being listed companies on the Stock Exchange.

Dading C and Dading JP

Dading C is a limited company established under the laws of the Cayman Islands with investments in our Company only and was introduced to our Company through a financial adviser. None of the shareholders of Dading C holds more than one-third of the shareholding interest in Dading C and all of them are Independent Third Parties. Its director is Dading Capital LLC, which has managed assets of more than US$5 million, and the ultimate beneficial owners of Dading Capital LLC is Jianping WU, an Independent Third Party.

Dading JP is a limited company established under the laws of the Cayman Islands with investments in our Company only and was introduced to our Company through a financial adviser. Dading JP is wholly owned by Dong Lan, an Independent Third Party, and its director is Dading Capital LLC with assets under management of over US$5 million. The ultimate beneficial owner of Dading Capital LLC is Jianping WU, an Independent Third Party.

Save as disclosed in this section headed "History, Reorganization and Corporate Structure", to the knowledge of our Directors after having made specific enquiries and as of

the Latest Practicable Date, there are no other past or present relationships among the Pre-IPO Investors or other past or present relationships (business, employment, family, financing or otherwise) between each of the Pre-IPO Investors and our Company, our subsidiaries, and their respective shareholders, directors and senior management that are relevant to the Pre-IPO Investors' respective shareholding in our Company.

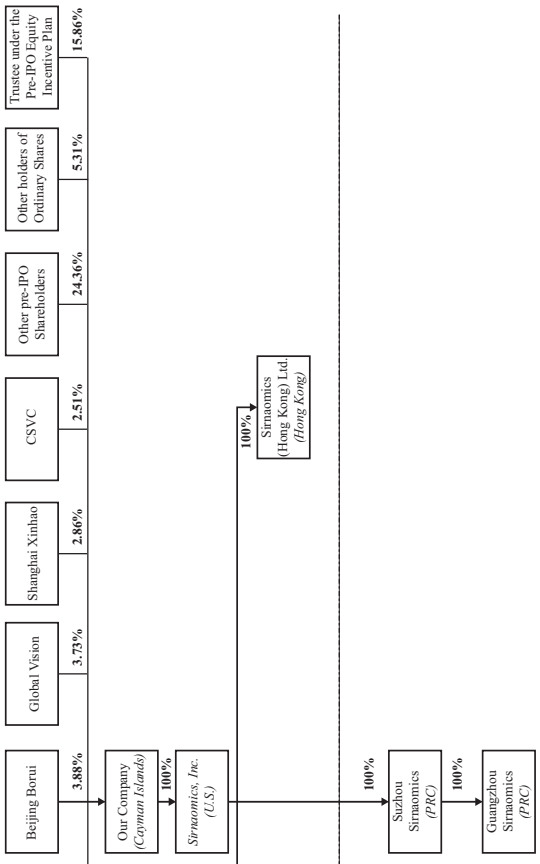
Compliance with Interim Guidance and guidance letters

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 120 clear days before the Listing Date, and (ii) all special rights granted to the Pre-IPO Investors have been terminated or will cease to be effective prior to the Listing, the Sole Sponsor has confirmed that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010, as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012, as updated in July 2013 and March 2017, and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012, as updated in March 2017.

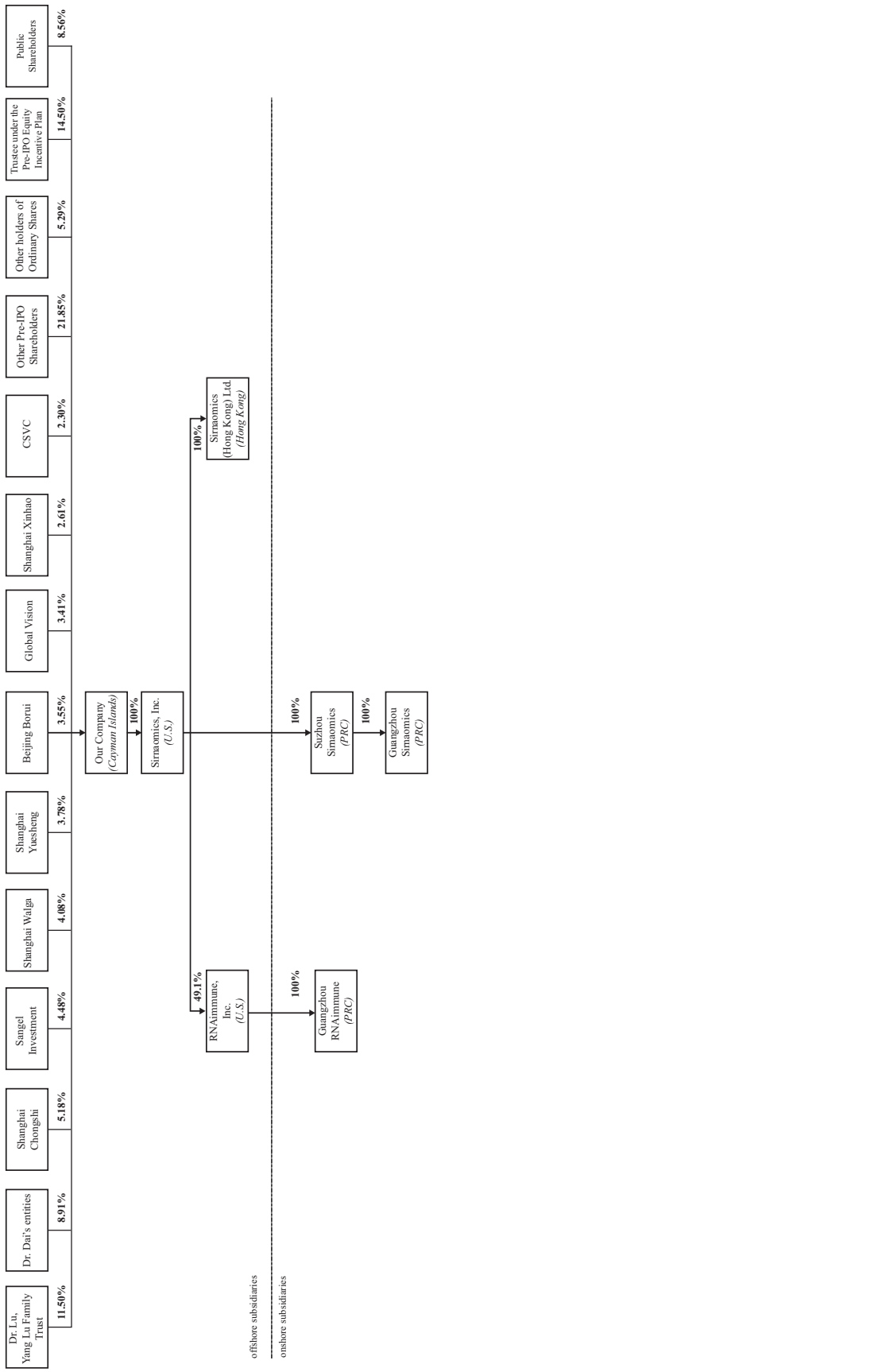
PUBLIC FLOAT

Upon the Listing, the 18,066,170 issued Shares held by Dr. Lu (through himself and as settlor of Yang Lu Family Trust), Dr. Xiaochang Dai (through Value Measure Investments Limited and Trinity Power Limited) and Dr. David Mark Evans, and the 12,770,000 Shares to be held by the trustee under the Pre-IPO Equity Incentive Plan will not be counted towards the public float of the Company. Save for our Shares held by such Shareholders, our 49,690,610 issued Shares held by other existing Shareholders as of the Latest Practicable Date, representing approximately 56.42% of our total share capital (assuming the Over-allotment Option is not exercised) or approximately 55.71% of our total share capital (assuming the Over-allotment Option is exercised in full), will be counted towards the public float. Taking into account our Shares held by the existing Shareholders of the Company and our Shares to be issued to other public shareholders pursuant to the Global Offering, our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

CORPORATE STRUCTURE OF OUR GROUP IMMEDIATELY UPON COMPLETION OF THE REORGANIZATION



CORPORATE STRUCTURE OF OUR GROUP IMMEDIATELY UPON COMPLETION OF THE GLOBAL OFFERING (ASSUMING THE OVER-ALLOTMENT OPTION IS NOT EXERCISED)



SAFE REGISTRATION

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "**SAFE Circular No. 37**"), promulgated by SAFE and which became effective on July 14, 2014: (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**SAFE Circular No. 13**"), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisors, Dr. Lu, our single largest shareholder who is not a PRC resident, is not subject to foreign exchange registration requirements under the SAFE Circular No. 13 and SAFE Circular No. 37.

M&A RULES

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, SAIC, CSRC and SAFE, jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), which became effective on September 8, 2006, and was amended on June 22, 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the "**Regulated Activities**"). Article 11 of the M&A Rules stipulates that an offshore special purpose vehicle, or a SPV, established or controlled by a PRC company or individual shall obtain approval from MOFCOM prior to the acquisition of any domestic enterprise related to such company or individual.

The MOFCOM promulgated the Interim Measures for the Administration of the Recordation of the Establishment and Change of Foreign-invested Enterprises (the "**Recording Measures**") on October 8, 2016 and updated on June 29, 2018. According to the "Recording Measures", where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Recording Measures, it shall file and submit the record-filing information on the incorporation of foreign-invested enterprises simultaneously while going through the registration procedures for incorporation with the competent administrations for industry and commerce and market supervision.

Our PRC Legal Advisors are of the opinion that (i) the acquisition of 89.93% equity interests in Suzhou Sirnaomics by Dr. Lu, Hong Jun Yang, George Ji, Jun John Xu, and Yang Lu (路陽) (who are all U.S. residents) on November 30, 2015, as a result of which Suzhou Sirnaomics was converted into a sino-foreign joint venture enterprise, is a Regulated Activities subject to M&A Rules but does not involve the circumstances that shall be approved by MOFCOM under Article 11 of the M&A Rules, and Suzhou Sirnaomics has obtained the certificate of approval for establishment of enterprises with foreign investment in the PRC (中華人民共和國外商投資企業批准證書) and the new business license pursuant to the M&A Rules; and (ii) since Suzhou Sirnaomics changed into a sino-foreign joint venture enterprise, Sirnaomics, Inc.'s subsequent acquisitions of equity interests in Suzhou Sirnaomics in 2017 are not subject to the M&A Rules but subject to the Several Provisions on the Change of Investor Equity of Foreign-invested Enterprises, the Recording Measures and other relevant regulations, and Suzhou Sirnaomics has obtained the record-filing receipts for the changes of foreign-invested enterprises (外商投資企業變更備案回執) and the new business licenses in accordance with the Recording Measures and relevant laws and regulations.

OVERVIEW

We are an RNA therapeutics biopharmaceutical company with product candidates in pre-clinical and clinical stages that focuses on the discovery and development of innovative drugs for indications with medical needs and large market opportunities. We are the first company to achieve positive Phase IIa clinical outcomes in oncology for an RNAi therapeutics for our core product, STP705, and the first clinical-stage RNA therapeutics company to have a strong presence in both China and the U.S. We were founded in 2007 with the establishment of US Sirnaomics and currently have a presence in both China and the U.S., with research and development centers in both countries. Our core product STP705 demonstrated efficacy and safety in an oncology Phase I/II clinical trial for non-melanoma skin cancer and we have further advanced STP705 in a Phase IIb clinical trial for squamous cell carcinoma in situ (isSCC), a Phase II clinical trial for treatment of skin basal cell carcinoma (BCC), a Phase II clinical trial for treatment of keloid and a Phase I/II clinical trial for treatment of hypertrophic scar (HTS). In addition, we initiated a Phase I clinical trial using STP705 for treatment of hepatocellular carcinoma (HCC) through a local injection based on an independent IND approval from US FDA.

Our proprietary delivery platforms for administration of RNA-based therapeutics are the foundation of our product pipeline, including our polypeptide nanoparticle (PNP) delivery platform optimizable for local or systemic administration of RNAi therapeutics and targets beyond liver hepatocyte cells, our GalNAc-based delivery platforms for systemic administration and liver-targeting RNAi therapeutics, and our polypeptide lipid nanoparticle (PLNP) delivery platform useful for administration of mRNA vaccines and therapeutics. Delivery platforms, including our proprietary delivery platforms, are considered by the FDA to be excipients, or non-active ingredients, in the formulation of the RNAi therapeutic drug product. No additional regulatory approval is required for the delivery platforms separate from the regulatory approvals required for the drug products utilizing the delivery platforms.

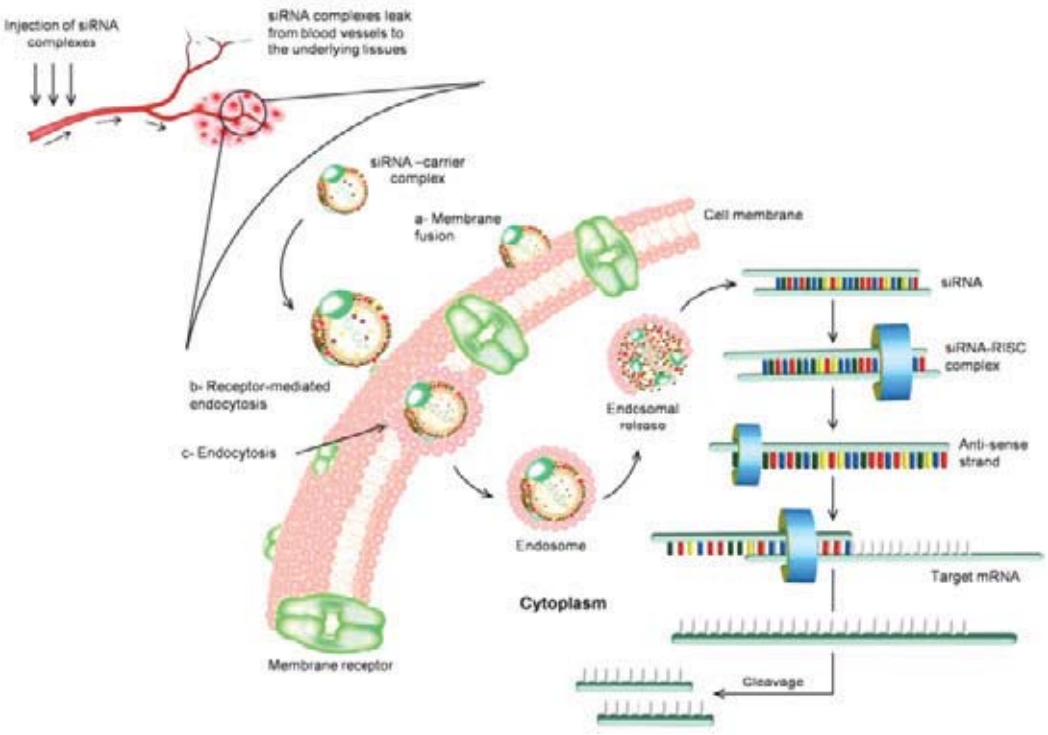
Our product pipeline has over a dozen product candidates for a range of therapeutic indications across rare and large market diseases and its product candidates currently span all stages between preclinical research and IND-enabling studies to Phase I and Phase II clinical trials, creating an extended timeline of product candidates. We strategically focus our product development efforts on indications with growing needs and market opportunities for accelerated development by leveraging the synergies from accelerated regulatory approvals from U.S. FDA to NMPA and using results obtained from clinical trials in the U.S. in the clinical trials in China. Our antiviral and cardiometabolic diseases pipeline products are strategically selected based on clear scientific rationales for targets suitable for our delivery platforms. NMSC and dermal fibrosis, for which the non-surgical treatments have only limited efficacy, are our initial targets. We are developing STP705 for NMSC, dermal fibrosis and solid liver tumors using our PNP delivery platform optimized for local administration. As of the Latest Practicable Date, we owned two issued patents in the U.S. and seven pending patent applications, including two in China and five in the U.S., covering our core product candidate,

STP705, while our other clinical stage product candidate, STP707, is covered by one of the same issued U.S. patents that covers STP705, as well as 13 pending patent applications (which do not also cover STP705) including one in China, two in the U.S., one in Europe and nine in other jurisdictions. We are developing STP707 using our PNP delivery platform optimized for systemic administration. STP705 and STP707 are also covered by three pending patent applications covering aspects of our PNP delivery platform.

- **STP705**. Our core product candidate, STP705, is a dual TGF-ß1/COX-2 inhibitor. TGF-ß1 and COX-2 are known in the scientific literature 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, dermal fibrosis and solid liver tumors. We are conducting clinical trials for the development of STP705 and our other product candidates. Clinical trials are generally divided into three different stages, but in some cases can be combined (e.g., Phase I/II combined) or subdivided (e.g., Phase IIa or Phase IIb) where appropriate and in consultation with U.S. FDA. Phase IIa clinical trials are generally pilot studies designed to demonstrate clinical efficacy or biological activity, whereas Phase IIb clinical trials are used to determine the optimal dose at which the drug shows biological activity with minimal side-effects. See "Regulatory Overview – Overview of laws and regulations in the United States – Laws and regulations in relation to new drug."

  Mechanism of Action. STP705 is comprised of two distinct siRNA oligonucleotides, which target each of the TGF-ß1 and COX-2 genes through their design as a copy of short regions of each of those genes, and a histidine-lysine polypeptide (HKP). The HKP self-assembles into a polypeptide nanoparticle (PNP) that encapsulates the siRNA and ensures that the siRNA cargo is neither degraded by nucleases nor filtered out by the kidney prior to reaching the intended tissue in the body. The siRNA, which comprise the drug substance, target the TGF-ß1 and COX-2 genes by way of RNA interference, as illustrated in the figure below. When administered to the body, the PNP-siRNA molecules are gradually taken up by the target cells through endocytosis, a cellular process by which substances are brought into the cell. The PNP is initially engulfed in an endosome within the cytoplasm, but the HKPs disrupt the endosome to aid the escape of the siRNA into the cytoplasm. The siRNA may then activate the RNA-Induced Silencing Complex, or RISC. RISC processes the double-stranded siRNA to release one strand and use the other strand as a guide to locate regions of the mRNA for the TGF-ß1 and COX-2 genes. Ultimately, the entire mRNA for the TGF-ß1 and COX-2 genes is cleaved and the protein that would have been produced from the mRNA is not produced, thereby

"silencing" the gene. Silencing of TGF-ß1 and COX-2 expression results in the downregulation of multiple tumor promoting and pro-fibrotic factors. Importantly, simultaneous silencing of TGF-ß1 and COX-2 in the same cell results in increased efficacy compared to silencing of either alone.



Source: Draz, M. et al. Theranostics, 2014:4(9), 872–892.

NMSC. STP705 successfully completed a combined Phase I/II clinical trial in the U.S. for the treatment of NMSC, specifically in isSCC, in October 2020, where the Phase II portion of our clinical trial was a Phase IIa clinical trial. We initiated a Phase IIb clinical trial for isSCC in May 2021 in the U.S. with interim results expected in the first half of 2022. The Phase IIb for isSCC clinical trial is a standalone trial, meaning that U.S. FDA will not require revision of the clinical trial report issued for the completed Phase I/II clinical trial based on the results of the Phase IIb clinical trial. We also initiated Phase II clinical trials for the treatment of non-melanoma basal cell carcinoma (BCC) in the U.S. in December 2020 pursuant to a supplement to the IND covering isSCC. We filed an IND for an isSCC Phase IIb clinical trial in China, where the trial will be part of global multicenter clinical trials, meaning that the study is comprised of clinical trials conducted at multiple sites. We are currently awaiting approval of the IND by NMPA.

NMSC, including squamous cell carcinoma (SCC) and BCC, comprise the most common forms of neoplasia in the U.S. Conventional and standard treatments for BCC and isSCC are standard surgical excision, Mohs micrographic surgery, topical

cream treatments, cryosurgery, laser therapy, electro-desiccation and radiation therapy. Currently, there are two drugs approved by U.S. FDA for pre-metastatic BCC patients, both of which are used off-label for pre-metastatic SCC patients: 5'-fluorouracil and imiquimod topical creams. According to the CIC Report, both can cause skin reactions in some patients. The annual incidence of new cases of BCC and SCC grew by 33% from 2015 to 2020 and is expected to reach over ten million new patients by 2030, representing a substantial financial burden in the U.S. according to the CIC Report. These incidence increases are associated with several factors, including raised awareness of NMSC, improved registration, transition of patient population toward the elderly, increased exposure to UV radiation, and, for SCC, improved diagnosis. The market size of NMSC treatment in the U.S. is expected to increase from US$6.5 billion in 2020 (the isSCC segment was US$1.5 billion, or over 20%) to US$22 billion in 2030. In China, the market size of NMSC treatment was US$38 million in 2020 (the isSCC segment was US$4.3 million, or approximately 11%) and is also expected to grow faster in the coming years, reaching US$149 million in 2030. The value proposition of STP705 for isSCC and BCC is that treatment with STP705 shows benefits in cosmetic appearance, especially for patients with lesions on the head, face or neck, and clinical results demonstrate that STP705 has a high histological clearance compared with currently available topical treatments. According to the CIC Report, the estimated demand for STP705 is expected to be around US$43 million in the U.S. solely with respect to isSCC in the anticipated launch year of 2023 and is projected to reach approximately US$68 million in China with respect to multiple indications including isSCC, BCC, HTS and keloids in the anticipated launch year of 2024. See "Industry Overview – Non-Melanoma Skin Cancer, Liver Cancer and Non-Small Cell Lung Cancer Pharmaceutical Markets – Non-Melanoma Skin Cancers (NMSCs)."

Dermal Fibrosis. With respect to dermal fibrosis, we initiated Phase I/II clinical trials with STP705 for the treatment of keloid scarless healing in the U.S. in April 2021 and expect to file an IND for a Phase II clinical trial in China. We initiated a Phase I/II clinical trial for HTS in the U.S. in 2017; however, after a modification to the clinical trial protocol was recommended, we elected to divert funding to other programs with the intent to move forward the Phase II clinical trial for HTS at a later date. We expect to file an IND for a Phase II clinical trial for HTS in China in the second half of 2022. Our studies for keloid scarless healing and HTS in the U.S. are conducted pursuant to a supplement to the same IND (IND-124844) covering the NMSC studies. HTS and keloids are common dermatological conditions affecting more than 16 million patients in the U.S. and China annually, which can result in permanent functional loss and disfiguring scarring. While there is no standard of treatment for HTS and keloids, the available treatment options are intralesional injection, cryotherapy, bleomycin, laser therapy and surgical excision. The combined market size for HTS and keloids treatments in the U.S. is projected to grow from

US$10.3 billion in 2020 to US$18.6 billion in 2030, and in China from US$2.9 billion in 2020 to US$5.9 billion in 2030. The value proposition of STP705 for HTS and keloids is that there is no complete cure of HTS and keloid currently and clinical trial results demonstrate that STP705 inhibited TGF-ß1 and COX-2 expression and activated fibroblasts apoptosis within scars, which can effectively reduce HTS.

Liver Cancer. In addition to our initial target indications, we are developing STP705 for treatment of hepatocellular carcinoma and cholangiocarcinoma (HCC/CCA). We initiated a Phase I clinical trial in March 2021 in the U.S. to develop STP705 for the treatment of HCC/CCA using intra-tumoral injection via computerized tomography guided treatment. Our studies for liver cancer are conducted pursuant to a separate IND from that which covers the NMSC and dermal fibrosis indications. We are also developing combination therapies with STP705 and immune checkpoint inhibitors for liver cancer where the proposed therapy would involve separate administration of STP705 and the immune checkpoint inhibitor pharmaceutical product. As of the Latest Practicable Date, there were approximately 13 drugs approved by U.S. FDA for treatment of HCC or CCA; however, five-year survival rates for liver cancer in China and the U.S. are 12% and 18%, respectively. In addition, many patients suffer systemic side effects from the approved drugs. Other available treatment options for liver cancer are surgical excision, liver transplant, ablation therapy, embolization therapy, targeted therapy, immunotherapy and radiation therapy. China alone accounts for more than half of worldwide liver cancer cases with an annual incidence of more than 500,000 new HCC/CCA patients annually according to the CIC Report. The combined market size for HCC/CCA pharmaceuticals in China is projected to grow from US$1.5 billion in 2020 to US$8.5 billion in 2030, and in the U.S. from US$2.2 billion in 2020 to US$6.3 billion in 2030. The value proposition of STP705 for liver cancer is threefold: first, there is no standard target therapy for advanced CCA, so that a large need exists for systemic therapy of advanced CCA; second, STP705 demonstrates inhibition of tumor growth in CCA tumor cell line xenograft models, which is expected to satisfy the needs for CCA treatment; and third, pre-clinical study results demonstrate that STP705 show inhibition of tumor without loss in body weight compared to chemotherapy.

- **STP707**. Our key product candidate STP707 is, like STP705, a dual TGF-ß1/COX-2 inhibitor that uses our PNP delivery platform. Whereas STP705 uses a formulation of our PNP delivery platform optimized for local administration (i.e., directly to the site of disease), STP707 uses a formulation of our PNP delivery platform optimized for systemic administration. Thus, STP707 may be administered intravenously for treatment systemically, including solid tumors or fibrotic tissue in the liver or lung. We are developing STP707 for the treatment of liver and other cancers and fibrosis of the liver and lung via systemic administration. Our preclinical studies with non-human primates have shown clear efficacy in silencing the target genes and

demonstrate a good safety and tolerability profile. A safety window observed from this study provides a 30-fold safety margin over the proposed clinical doses. We initiated a Phase I clinical trial for solid tumors in November 2021 in the U.S. and plan to submit an IND in China for Phase I clinical trials for HCC as part of the global multicenter clinical trials. We also filed an IND for PSC, a rare form of liver fibrosis, in November in the U.S. Depending on the response we see in our solid tumor basket study Phase I clinical trial as well as efficacy data obtained in preclinical studies in various tumor models, we could potentially follow the Phase I clinical trial with Phase II clinical trials in multiple tumor types such as metastatic cutaneous squamous cell carcinoma, non-small cell lung cancer (NSCLC), HCC and CCA. Fibrotic disorders affect nearly all tissues and organ systems. The annual incidence of NSCLC in 2020 is larger in China (approximately 757,000 new cases) than in the U.S. (approximately 176,000 new cases), while the market for NSCLC targeted drugs is expected to increase by 13.9% and 13.1%, respectively, in the next ten years to US$12.1 billion in China and US$26.1 billion in the U.S. The prevalence of PSC in China was 194,000 patients in 2020 and in the U.S., 45,000 patients in 2020. We are also developing combination therapies with STP707 and immune check point inhibitors and other novel oncology drugs currently used as treatments for liver cancer, metastatic cSCC and NSCLC.

- **STP122G**. Another key product candidate is STP122G, formulated using our GalAhead™ platform and targeting Factor XI, which is being developed for anticoagulant therapy for use in the many different therapeutic settings where anti-thrombotic therapeutics are needed. We plan to file an IND with U.S. FDA in the first half of 2022.

- **RIM730**. Instead of applying RNAi technology like the candidates described above, RIM730 is being developed by RNAimmune as a prophylactic mRNA vaccine candidate for prevention of COVID-19 using LNP technology to target certain mutations of the SARS-CoV-2 virus.

- **Other Pipeline Candidates**. In addition to those key products, we have a pipeline of at least 12 other products currently in preclinical studies covering a range of therapeutic indications, including treatments for influenza, hepatitis B, HPV and COVID-19 infections; treatments for cardiometabolic disease; pancreatic cancer, colon cancer and other cancer treatments; and fat sculpting for medical aesthetics. Based on the company's strategic planning, we are trying to form licensing-out partnerships with MNCs and China pharma companies. In April 2021, we entered into a licensing-out agreement with Walvax for an exclusive China right of our siRNA product candidate STP702, which comprises siRNA targeting conserved gene sequences of influenza virus. Multiple RNAi therapeutic programs within our product pipeline are currently undergoing negotiations for potential licensing-out partnerships.

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of the Latest Practicable Date:

Notes：* denotes our core product

** denotes orphan drug

Abbreviations: isSCC= squamous cell carcinoma in situ; BCC= basal cell carcinoma; cSCC= metastatic cutaneous squamous cell carcinoma; NSCLC= non-small cell lung cancer; CRC= colorectal carcinoma; BC= bladder cancer; PSC= primary sclerosing cholangitis; PNP= our polypeptide nanoparticle (PNP) RNAi delivery platform; PNP-IT= PNP platform formulated for intratumoral administration; PNP-IV= PNP platform formulated for intravenous administration; GalAhead™= our GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers; PDoV-GalNAc= our GalNAc RNAi delivery platform that conjugates GalNAc moieties to Peptide Docking Vehicle (PDoV) peptide linkers and up to two siRNAs to the peptide; LNP = lipid nanoparticle (LNP) formulation for delivery of mRNA; HPV= human papilloma virus; HBV= hepatitis B virus; 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; and MRCT= multi regional clinical trial in which we will be the sponsor for all clinical trial sites.

1. Liver cancer (basket) includes cholangiocarcinoma, hepatocellular carcinoma, liver metastases etc.

2. We filed our IND in China in June 2021, which is currently awaiting approval from NMPA, for study sites in China. The study sites will be part of a global multicenter clinical trials for our Phase IIb clinical trial for isSCC.
3. We expect to file the IND in China as part of the global multicenter clinical trials.
4. We expect to file the IND solely for HCC in China as part of the global multicenter clinical trials.
5. Studies in combination with anti-PD-(L)1 inhibitors conducted pursuant to collaborations with Innovent and Shanghai Junshi.
6. Research and development conducted by our subsidiary RNAimmune.

RNA therapeutics comprise a rapidly expanding and disruptive category of drugs that is expected to dramatically reshape therapeutic interventions, by using various approaches to suppress or to enhance expression of genes by targeting messenger RNA (mRNA), the intermediate between the gene encoded in DNA and the protein that is coded for by that gene. Among the approaches to suppress gene expression is RNAi therapeutics, which comprise small interfering RNA (siRNA) that direct the reduction or silencing of the expression of genes associated with disease by targeting mRNA. Whereas conventional therapeutics typically function by directly targeting the proteins implicated in causing disease, RNAi therapeutics instead act by silencing the genes that encode proteins, thus preventing the disease-associated proteins from being produced, and minimizing or eliminating their potentially negative effects. Our leading pipeline candidates are primarily directed to the RNAi therapeutics approach. mRNA therapeutics and vaccines, on the other hand, are intended to deliver mRNA to cells for expression in order to compensate for a defective gene or supply a therapeutic protein. Through our subsidiary RNAimmune, we are also developing mRNA therapeutics and vaccines for a wide range of infectious diseases, rare diseases and oncology indications.

Although the biological mechanism of RNA interference that underlies RNAi therapeutics was discovered in 1998, the wide-scale development of RNAi therapeutics has been limited by a number of factors, including inefficient biodistribution, poor cellular uptake and off-target effects. Naked RNAi triggers are prone to nuclease degradation, and may activate the immune system, while also being too large and negatively charged to passively cross the cell membrane and must, therefore, rely on additional means of cellular entry to access the cytoplasm.

The primary challenge in creating effective RNAi and mRNA therapeutics and vaccines is formulating an effective platform to deliver the respective RNA to both the desired cell type and the site of action inside that cell, as well as to protect the RNA from degradation prior to it reaching the target cell. According to the CIC Report, it is difficult to develop drugs for a wide number of indications deploying LNP delivery platforms. In addition, LNPs are chemically synthesized lipid formulations whose manufacture requires multiple base ingredients and are limited by complex manufacturing processes. GalNAc RNAi platforms are based on GalNAc, or N-acetylgalactosamine, a sugar molecule that binds to a cell surface receptor found on liver hepatocytes. GalNAc RNAi platforms, exhibit higher delivery efficiency, reduced side effects and simpler manufacturing compared to LNP delivery platforms, but are limited to delivery to liver hepatocytes.

According to CIC, the global market size of RNAi therapeutics across all indications is estimated to grow from US$362 million in 2020 to reach US$25 billion in 2030. The key global players in RNAi therapeutics, according to the CIC Report, other than us, include

Alnylam Pharmaceuticals, Arrowhead Pharmaceuticals, Dicerna Pharmaceuticals, Silence Therapeutics, Sylentis, Quark and Brii Biosciences. Most of these competitors rely on GalNAc-based delivery platforms, except for Alnylam which also relies on both lipid nanoparticle (LNP) and GalNAc-based delivery platforms. Alnylam is the only developer with commercialized products, three of which it commercializes in the U.S. and are directed to rare diseases, and one, which is licensed to Novartis and commercialized in Europe is used for the treatment of elevated cholesterol levels. The first RNAi therapeutic was approved in 2018. As of the Latest Practicable Date, there was no commercialized RNAi therapeutics commercialized in China.

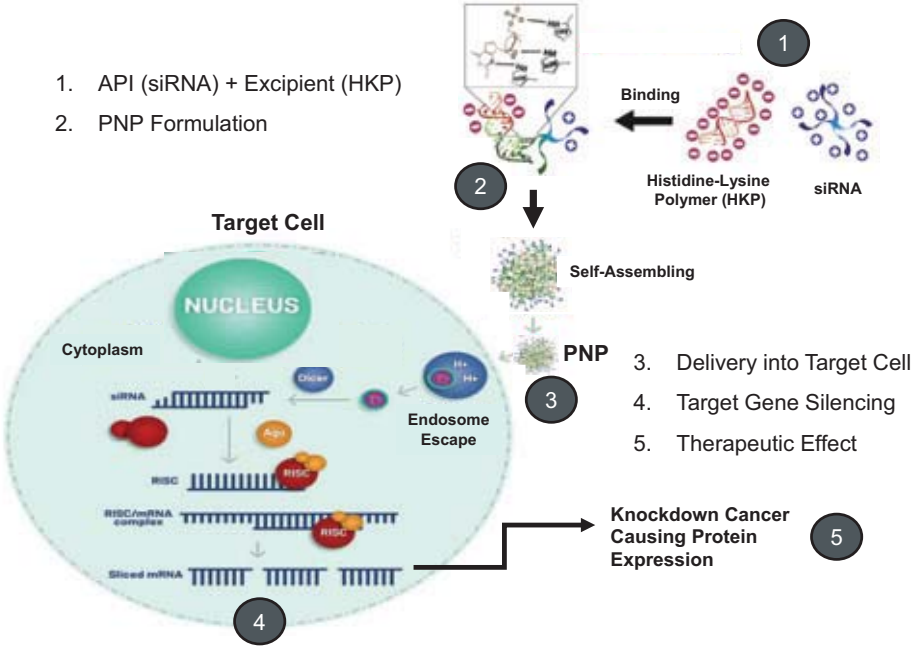
We believe our proprietary polypeptide nanoparticle (PNP) and novel GalNAc RNAi delivery platforms have distinct competitive advantages over the delivery platforms used by our competitors. Our PNP delivery platform allows delivery of both siRNA and mRNA to diseased cells via local or systemic administration with distinct advantages in low toxicity, easy manufacturing and the capability to reach many more targeted organs other than the liver, while our novel GalNAc RNAi delivery platforms enable specific delivery to liver hepatocytes with high potency. Both our PNP and novel GalNAc RNAi delivery platforms are distinguished based on their capabilities to knockdown two distinct target genes for a synergistic effect that improves therapeutic potential against diseases. Our technology-driven platforms for drug delivery, drug discovery and drug development enable us to create new opportunities for RNA therapeutics. We are currently developing potential first-in-class therapeutics for non-melanoma skin cancer (NMSC), liver cancer, other solid tumors and dermal fibrosis in the near term, with a pipeline encompassing a wide array of indications, including a broad spectrum of oncology and fibrosis-related diseases as well as antiviral and cardiometabolic diseases.

Our proprietary PNP delivery platform, designed to resolve the bottleneck of LNP and conventional GalNAc RNAi delivery platforms and used in our STP705 and STP707 product candidates, has the potential to expand the reach of RNAi technology. The results of our Phase IIa clinical trial in oncology study validates both the effectiveness of our PNP delivery platform and the therapeutic targets for isSCC, positioning us to expand our pipeline of products and facilitate our research and development of those pipeline products using the same PNP delivery platform. We believe that our PNP-formulated siRNA has improved delivery efficiency based on its effective cellular uptake and efficient endosomal release into the cytoplasm, which are crucial characteristics for RNAi delivery platforms.

The PNP is comprised of a branched histidine lysine polypeptide (HKP) that is readily synthesized in the laboratory. The HKP acts an excipient, a non-active ingredient that enhances the delivery of the siRNA active ingredient. The HKP wraps around the siRNAs, binding to the siRNA through both electrostatic and hydrogen bond interactions, and self-assembles into PNPs. Each PNP can encapsulate multiple distinct siRNAs, on the order of thousands of siRNAs in a single 100 nm PNP. The PNP-siRNA formulation can be injected for local administration, for example, in the skin or a tumor, or systemically administered, for example, by intravenous or subcutaneous injection or inhalation. The PNP protects the siRNA from the surrounding environment while in the bloodstream, including protection from nucleases and immune system activation. On reaching the target cell, the PNP enters the cell

either through receptor-mediated endocytosis or non-specific endocytosis via an endosomal pathway, where the PNP is initial held in the endosome. Once in the target cell, the histidine groups protonate and allow release of the siRNA payload from the endosome into the cytoplasm where the siRNAs may act to induce gene silencing. The escaped siRNAs are further processed by a Dicer protein, such that the antisense strand of the double-stranded sRNA binds to and activates the intracellular protein complex referred to as the RNA-Induced Silencing Complex, or RISC. RISC uses the antisense sequence to locate the complementary sequence in the targeted mRNA, and recruits RNA nucleases to cleave and break down the mRNA, preventing the translation of that mRNA molecule into protein and thus resulting in silencing or knockdown of the target gene.

Mechanism for Operation of the PNP Delivery System for RNAi Therapeutics



Source: Company

Our PNP delivery platform seeks to overcome the challenges of developing effective RNAi therapeutics. Our manufacturing process utilize microfluidic technology to mix the siRNA active ingredient and HKP excipient with an established process at defined scale. The microfluidic technology enables consistent sizing of the PNP nanoparticles and consistent loading of those nanoparticles with siRNA for consistent drug concentrations between batches. The PNP effectively protects the siRNA from nucleases prior to reaching the target cell. When injected intravenously in animals, the PNP is rapidly observed in the liver – specifically it is internalized in cells with importance for fibrosis treatment and oncology indications, such as stellate cells and hepatocytes, the indications we are currently developing with our core product STP705 and the closely related STP707. The research indicates that the PNP can home in on tumors and deliver siRNAs to inhibit tumor growth via the enhanced permeability and retention (EPR) effect, which is characterized by an increased accumulation of macromolecules, such as liposomes, drugs, and NPs in tumors versus in normal tissues.

In addition, we seek to address the problems of target selection in oncology with our PNP delivery platform. For example, cancer can become resistant to drugs that target only a single molecular target by upregulating other pathways. Our PNP delivery platform can carry multiple siRNAs within the same particle for delivery to the same cell at the same time to silence more than one target gene. Simultaneous delivery of multiple siRNAs can produce a synergistic effect in cancer cells, providing a better therapeutic capability and reducing the likelihood for the cancer cell to evade the therapeutic pressure. Our PNP delivery platform has low toxicity since it is comprised of polypeptides that are biodegradable within the cell after siRNA delivery. Our PNP delivery platform can be used for both local delivery or systemic administration for selective targeting of multiple tissue and cell types. Our core product candidate, STP705, as well as our other clinical stage product candidate, STP707, and at least eight other preclinical product candidates utilize our PNP delivery platform. RNAimmune also applies our innovative PNP delivery platform, and a related proprietary delivery platform based on polypeptide-lipid nanoparticles (PLNP), to formulate mRNA-based therapeutics and vaccines. RNAimmune's novel PLNP platform has presented advantages such as lower toxicity and higher efficiency in certain applications.

Our novel GalNAc-conjugate delivery platforms rely on peptide conjugates and/or unique RNA structures that allow knockdown of single or multiple distinct mRNA targets. Our GalAhead™ delivery platform conjugates GalNAc moieties to unique RNAi trigger structures that can target one or more genes simultaneously. Particularities of the structures also reduce the complexity of their manufacturing compared to conventional GalNAc RNAi triggers. We have three pipeline products utilizing our GalAhead™ platform quickly approaching the IND-enabling studies. In our PDoV-GalNAc RNAi platform, GalNAc is conjugated to a Peptide Docking Vehicle (PDoV) peptide linker and up to two siRNAs are also conjugated to the same peptide. While GalNAc directs delivery to the liver, the PDoV peptide is designed to improve cellular uptake and endosomal escape compared with conventional GalNAc RNAi platforms. The PDoV peptide linker allows dual gene targeting by conjugating two siRNAs. The ability to deliver multiple siRNAs per molecule can provide improved delivery efficiency relative to conventional GalNAc RNAi platforms, or allow synergistic therapeutic effect when two distinct siRNAs are used to target multiple genes. We are actively seeking patent protection for the novel structures incorporated into our proprietary, in-house developed GalNAc RNAi platforms in the U.S., China, Europe and other potentially significant markets, which, if granted, will confer protection through 2039.

Apart from our PNP and novel GalNAc RNAi delivery platforms, we believe we also derive growth potential based on a number of innovative delivery platforms we are currently developing, including different approaches of siRNA/chemo-drug conjugates, peptide ligand tumor targeting and respiratory virus treatment via airway delivery. Our technology platform includes a proprietary algorithm to drive early discovery efforts to identify promising siRNA candidate sequences, and high throughput processes to design, screen and rigorously test future pipeline products. We are committed to investing in research and development in our delivery platforms to enable the expansion and refinement of the range of organs and tissues that can be targeted by our pipeline products and to drive future growth opportunities.

While advancing our product candidates and platform technology, we have developed manufacturing processes that are capable of large, commercial-scale GMP-compliant manufacturing of our product candidates. Our manufacturing technology uses microfluidic technology that is scalable from research and development level to commercialization, delivering high-quality products at low cost. We have sufficient capacity in the U.S. for our current and anticipated needs through our well-established network of contract manufacturers and have built a manufacturing facility in Guangzhou to further enhance our in-house manufacturing capacity and provide flexibility for optimizing our clinical strategy in China by adapting production to our then-current needs. Our manufacturing facility in Guangzhou will commence operations in the first quarter of 2022. Our Guangzhou manufacturing facility will be capable of GMP-compliant manufacturing of our pipeline product candidates, including formulation, fill and finish, test and release for clinical applications. The supplies from this facility will be sufficient to support our Phase II clinical trials in China, and potentially to supply our Phase III clinical trials in China and our clinical trials globally.

Our clinical development strategy is to initiate and conduct clinical trials primarily in the format of a global multi-center study, meaning that the studies are comprised of clinical trials conducted at multiple sites. For our current product pipeline, including STP705, STP707, STP122G and RIM730 as well as other product candidates, we intend to rely primarily on clinical readouts in the U.S.-based trials for further development, although we will also results from clinical sites in other countries and areas, including China. For STP705, our Phase I/II clinical trial for the treatment of isSCC was conducted in the U.S., and our Phase IIb clinical trial for the treatment of isSCC, our Phase II clinical trial for BCC, our Phase I/II clinical trial for keloid scarless healing and our Phase I clinical trial for solid liver tumors are all initiated in the U.S. For STP707, we also intend to initiate our Phase I clinical trials first in the U.S. In circumstances where it is appropriate for the specific indication, we plan to initiate the clinical trial first in China and may rely on clinical trial readouts primarily from clinical sites in China. For example, for HTS, because the demand for the treatment of the condition is stronger in China, our clinical trial strategy is to initiate the clinical trial in China led by a Chinese principal investigator.

We are an RNA therapeutics company with product candidates in pre-clinical and clinical stages with a strong research and development presence in both China and the U.S. We aim to capture both the largest market in the world (U.S.) and one of the fastest growing markets in the world (China) (in terms of revenue for therapeutic treatment of human disease). Our dual presence in China and the U.S. allows us to leverage complementary regulatory systems to gain a fast to market advantage, where U.S. FDA approval expedites review by NMPA in China. Because our executive leadership and scientific advisory board members are top-tier scientists and biopharmaceutical professionals in both China and the U.S., we are able to attract top talents and build strong teams across markets.

OUR STRENGTHS

We believe the following strengths differentiate us from other biopharmaceutical companies.

Major player in rapidly growing and transformative RNA therapeutics market with strong presence in China and the U.S.

RNAi therapeutics have the potential to transform global healthcare as a new major class of drugs alongside small molecules and antibodies by treating diseases that were once considered undruggable according to the CIC Report. RNAi has several innate advantages over small molecular therapeutics and antibody drugs:

- **Wide scope of targets**. Because RNAi targets mRNA directly to regulate the expression of the target protein, RNAi can reach a wide range of potential targets in the body, both intracellular protein targets not typically 'druggable' to small molecule or antibody therapeutics as well as extracellular protein targets that are more typically reached by these conventional therapeutics, thereby providing therapeutic access to virtually any endogenous protein in the body with a known mRNA sequence.

- **Precise and personalized therapeutics**. RNAi executes its function by simple base pairing with the target mRNA, whereas small molecule and antibody drugs typically require binding through complex spatial conformation of certain proteins. RNAi therapeutics can be algorithmically designed with high specificity to target any known gene for silencing for higher success rates with lower off-target rates. Consequently, RNAi therapeutics can potentially treat many diseases that cannot be treated by small molecule and antibody drugs because no target molecule with high activity, affinity and specificity has been identified, or because no small molecule or antibody drug has been designed or can be delivered to the target protein.

- **Favorable safety profiles**. Since RNAi therapeutics exploit natural biological processes, they have lower immunogenicity than antibodies, and lower toxicity compared to some small molecule drugs.

- **Long lasting effect**. The effects of gene silencing through RNAi can last from days to months after administering the therapeutic, compared to small molecule or antibody therapeutics which last from hours or a few days for small molecules and up to several weeks for antibodies. RNAi therapeutics are thus well-suited for treatment of various chronic diseases.

- **Faster and higher development success rate and relatively low manufacturing cost**. Whereas small molecule and antibody therapeutics are developed by screening

pools of potential candidates, with RNAi therapeutics, at least in theory, any gene of interest can be targeted since only the appropriate nucleotide sequence of the targeted mRNA needs to be selected, resulting in potentially a higher likelihood of approval and shorter time for completing new product design than small molecule or antibody drugs. RNAi therapeutics have the potential for relatively low manufacturing costs due to reduced manufacturing complexity and RNAi therapeutics companies have a higher gross profit margin than many competitors.

More broadly than RNAi, we are also developing other RNA therapeutics, including mRNA vaccines. mRNA vaccines have advantages over conventional vaccines, which have already been validated by the success of the COVID-19 vaccines, allowing for precise therapeutics, a wide scope of potential targets with faster and higher development success rates. mRNA vaccines also demonstrate the following advantages over conventionally developed vaccines:

- **Rapid process development**. mRNA vaccines work by delivering a transcript made of RNA that encodes an antigen or immunogen. Synthesis of the mRNA transcript can be accomplished using existing technology as soon as the desired sequence is available. The process can be easily scalable and is cell-free, requiring minimal change to the delivery platform during mRNA formulation and manufacturing.

- **Simpler manufacturing**. Production requirements are directed to the single mRNA sequence of the target antigen, producing significant time and cost savings since no cell culture, virus / antigen extraction or purification steps are required, thus improving production capacity.

- **Simplified quality control during production**. Since the mRNA vaccine is produced through enzymatic in vitro transcription, and not by growth and expansion of living cell cultures, in addition to time savings from simplified manufacturing procedures, quality control is significantly simplified.

- **High potency of immune response.** mRNA vaccines are capable of inducing both humoral immunity and cellular immunity at the same time, affording the body protection through multiple mechanisms.

- **Favorable safety profiles**. Since mRNA vaccines express the target protein in the cytoplasm and do not enter the nucleus, there is reduced risk of nuclear integration or insertional mutagenesis by the mRNA, and potentially fewer side effects since mRNA vaccines do not include the entire viral genome, are non-infectious, and are free of protein and virus-derived contamination during production. mRNA can be quickly degraded in the cytoplasm of transfected cells after immunization, which can reduce the risk of its safety issues.

Technological breakthroughs, including by our research and development team, are increasing the number of indications for RNAi therapeutics and mRNA vaccines, including through improved RNA delivery platforms for efficient delivery, and identification of numerous gene targets for rapid development of highly specific therapeutics. Actions taken by applicable government regulators have also created a favorable environment for development of RNAi therapeutics, such as guidelines issued by the NMPA, the listing of RNAi therapeutics in the key development fields in the 13th Five-Year Plan for the Development of the Biological Industry, and the approval of RNAi drugs in recent years by the U.S. FDA. Specifically, the global market size for RNAi therapeutics has increased from US$12 million in 2018 to US$362 million in 2020 with CAGR of 449%, and is estimated to reach US$21 billion by 2030. Leading global pharmaceutical companies are increasingly investing in and partnering with RNAi therapeutics companies, with accumulated investment tripling from US$8.5 billion in 2017 to US$35 billion in 2020. Although currently mainly focused on rare diseases, the market size of RNAi therapeutics for common disease and oncology are expected to increase and account for 49% of the total market size by 2030.

We are the first company globally to achieve positive Phase IIa clinical outcomes in oncology for an RNAi therapeutic. We believe our novel and innovative delivery platforms have the potential for better therapeutic results and less complex manufacturing than our competitors and can enable us to expand rapidly, capturing market opportunities ahead of the competition.

As an early entrant and leader in the RNA therapeutics market in China, and particularly as the only clinical-stage RNA therapeutics company with presence in both China and the U.S., we are in a position to gain commercial access to the largest as well as the fastest markets in the world. We utilize the complementary regulatory systems in China and the U.S. to accelerate development and attain regulatory approvals, including by pursuing candidates and indications where orphan drug designation can be achieved in the U.S., which can shorten the review period from 1-2 years to 6-12 months, through enhanced priority review by the NMPA in China even where the indication does not qualify for orphan drug status in China. The review period can be further shortened as U.S. FDA approval may serve as an endorsement of the IND to NMPA and may in turn expedite the process. In addition, U.S. FDA approved drugs can be prescribed before approval in China in certain designated hospitals; while Real-World-Data (RWD) can be generated from the pilot prescription scheme, which could facilitate the drug registration process into hospitals. Our positioning also gives us better access to talent in the research ecosystems of both countries.

Empowered by our leading industry position and unique geographic footprint, we have a strong track record of collaboration with biopharmaceutical and biotechnology companies in China as well as academic research institutions in China and the U.S. We are collaborating with Innovent and Shanghai Junshi on the development of combination therapies using STP705 and immune checkpoint inhibitors where the proposed therapy would involve separate administration of STP705 and the immune checkpoint inhibitor pharmaceutical product. We entered an agreement with Walvax to co-develop anti-influenza therapeutics, which includes

an out-license for certain rights in mainland China, Hong Kong, Macau and Taiwan. We also benefit from our collaborations with renowned universities, including the University of Maryland on the enhancement of our technology and Boston University on preclinical research and development.

We are in preparations for future commercialization. Our current in-house and externally contracted manufacturing capacity is sufficient to support currently planned clinical trials and to initiate our commercialization of our product candidates. We have established GMP-compliant manufacturing processes in the U.S. with contract manufacturers that are accredited by the U.S. FDA, and these contract manufacturers will contribute, in total, an annual capacity of at least two million vials per year to our manufacturing process. This is sufficient, for example, for at least 2,000,000 doses of STP705 for isSCC. We recently built our own manufacturing facility in Guangzhou that will be capable of GMP-compliant manufacturing of PNP-based RNAi therapeutics. Our Guangzhou facility will be ready to supply our clinical trials in early 2022, and we believe it will be easy to scale up manufacturing based on our previous experience. We are also planning to build an in-house sales and marketing team to commercialize our products once approved.

RNA delivery platforms, including well-validated platforms that solve principal challenges to RNAi therapeutics and an alternative platform with tremendous potential for mRNA therapeutics and vaccines

We believe our highly innovative RNAi delivery platforms set us in a class by ourselves. The primary challenge and the key to success in developing RNA therapeutics is the delivery platform used to protect the RNA from degradation in the blood and deliver the RNA into a cell where it acts. Our proprietary PNP and novel GalNAc delivery platforms confer advantages over conventional delivery platforms.

Our proprietary PNP delivery platform is the basis of our STP705 and STP707 product candidates and is based on a peptide that is capable of self-assembly into a nanoparticle that encapsulates the siRNA to protect it in the bloodstream and promote cellular uptake and delivery to the target within the cell. Early efforts in RNAi therapeutics utilized LNP technology to encapsulate and deliver siRNAs, which is difficult to use to produce drugs for a wide number of indications, requires multiple base ingredients and greater manufacturing complexity, and in some cases has demonstrated relatively high toxicity. Our proprietary PNP delivery platform, on the other hand, generates products having low immunotoxicity and high efficiency of delivery into the cell for therapeutic action, and its manufacturing process is less complex and more controllable than LNP manufacturing processes. For example, our PNP delivery platform requires fewer ingredients and process steps, and has aqueous solubility enabling efficient lyophilization. Our PNPs also have very high RNA payload packing efficiency (>97%) and can carry multiple RNA molecules directed to different targets. GalNAc RNAi delivery platforms are the predominant delivery platforms used by our competitors, and while they have lower toxicity and easier manufacturing than conventional LNP delivery, they

are limited in their scope since the GalNAc RNAi platforms deliver RNAi trigger cargo only to hepatocyte cells in the liver. In contrast, our PNP delivery platforms can be used for local delivery to the skin or tumors, as well as other parenteral administration routes for systemic delivery to target a variety of cell and tissue types other than liver hepatocytes, including tumor cells, lung cells, and non-hepatocyte liver cells. Unlike the LNP synthesis process, which is highly complex, the synthesis process for our PNP delivery platform is relatively easy, well-controlled and scalable. Our ability to load multiple RNAi therapeutics in a single PNP means that we can simultaneously target multiple target genes for synergistic effects and increased treatment efficacy.

Our in-house developed manufacturing process for our proprietary PNP delivery platform uses microfluidic technology that has successfully enabled commercial-scale GMP-compliant manufacturing of our product candidates. Our manufacturing process generates high quality products. We have demonstrated consistency in loading nanoparticles with siRNA as well as homogeneity of nanoparticles size. Consistent nanoparticle RNA loading results in consistent drug concentrations between batches, even in products where multiple different siRNAs are used. Narrow particle size distribution is emphasized by FDA as a critical quality attribute and an essential component of stability studies of nanoparticle products.

We believe our GalNAc RNAi delivery platforms, for which we are actively pursuing patent protection in key jurisdictions, have potential competitive advantages for delivery to the liver, allowing for dual- and multi-gene targeting. Our GalAhead™ platform conjugates the GalNAc sugar moieties to unique RNA structures, capable of delivering one or more different RNAi triggers. Our GalAhead™ platform utilizes smaller RNAi triggers than other GalNAc RNAi platforms, creating potentially easier synthesis and manufacturing compared to other GalNAc RNAi platforms. Our PDoV-GalNAc platform utilizes a uniquely structured peptide linker that is compatible for both single and dual targeted siRNAs and that also enhances gene silencing potency through improved endosomal escape efficiency.

We have also initiated research into PLNP and PNP formulations for mRNA, both of which are exclusively licensed to our RNAimmune subsidiary to facilitate the development of mRNA therapeutic and vaccine applications. Our proprietary PLNP platform combines polypeptides and lipids to generate nanoparticles comprised of both to provide encapsulation of both non-amplifying and self-amplified mRNA, allowing for efficient cellular delivery through better endosomal escape for novel mRNA vaccines and therapeutics. Our PLNP platform has less complex manufacturing than LNP delivery platforms due to fewer components, and does not include polyethylene glycol (PEG), which is used in current LNP delivery platforms and is thought to cause severe adverse effects in some patients. Products formulated using our PLNP platform are stable at ambient temperatures, thus eliminating distribution costs associated with cold chain storage of LNP-based products.

Our investment in further development of novel RNAi delivery technology provides us with growth potential in the future. We are currently developing siRNA-chemo drug

conjugates and peptide-drug conjugates to investigate the combinatorial power of both siRNA and small molecule drugs for enhancement of the antitumor activity of each on its own. We are developing novel targeted siRNA platforms, targeting tumor cells with our PNP delivery platform and modified liposomes for airway delivery for inhalation administration to the lungs. Our focus in developing novel delivery platforms demonstrates our commitment to future growth in the RNA therapeutics field and our determination to achieve and maintain a preeminent position in the field.

Broad and deep product pipeline with candidates intended to breach the limitations on conventional RNAi indications to further address current clinical needs

Leveraging our proprietary technologies and know-how in drug discovery and development, we have discovered and are developing an innovative pipeline of product candidates. These product candidates currently span all stages between preclinical research and IND-enabling studies to Phase I and Phase II clinical trials, creating an extended timeline of product candidates. Conventional RNAi therapeutics that have been approved for commercialization or which are in late clinical stage studies are directed to diseases or conditions with a genetic etiology, and typically limited to delivery to hepatocytes in the liver. Our portfolio of product candidates is intended to address a wider variety of clinical needs, particularly our initial target indications for oncology and dermal fibrosis.

We strategically select our RNAi therapeutics to target genes that have the potential to treat multiple indications and disease states. One of the indications of our core product candidate STP705 is directed at the oncology indication NMSC, which has no effective non-surgical options in current practice according to the CIC Report. Cosmetic appearance remains a key need for NMSC, for which surgery, curettage and electrodesiccation form the cornerstone for NMSC treatment and for which the risk of scarring remains high. NMSC has a high incidence in the United States, with more than five million new patients in 2020. According to the CIC Report, due to the relatively late launch of molecularly targeted drugs and biologics in China, a significant number of patients with cancer, including NMSC, cannot be adequately treated through the use of conventional chemotherapeutic drugs. The success of our Phase IIa clinical trial for treatment of NMSC with STP705 validates the effectiveness of our PNP delivery platform for application in treating oncology indications. STP705, as well as our clinical stage key product candidate STP707, each comprise dual targeted siRNAs against TGF-ß1 and COX-2, which have broad applicability across tumor types and fibrotic diseases. We are in Phase II clinical trials for STP705 in NMSC indications. We have commenced Phase I clinical trials for STP705 in liver cancer in the U.S. and plan to file an IND in China. We initiated a Phase I clinical trial for STP707 for solid tumors in the U.S. in November 2021. Our STP355 product candidate comprises dual siRNAs against TGF-ß1 and VEGFR2 (a target gene well-validated for its involvement in tumor angiogenesis and metastasis), that is being progressed in IND-enabling studies for the treatment of multiple tumor types. STP705, STP707 and our other oncology product candidates are well-positioned to fill the needs for new and better cancer treatments.

We have applied our platform technologies to the selection of other non-oncology target indications. We are studying other product candidates for treatment of other diseases which have clinical need. We are also developing STP705 and STP707 for the treatment of fibrosis indications. We have initiated Phase II clinical trials with STP705 for the treatment of dermal fibrosis indications, including HTS and keloid scarless healing. We have completed IND-enabling stage studies for STP707 in liver fibrosis (PSC) and filed an IND in the U.S. in November 2021. We are also exploring STP707 for treatment of lung fibrosis. Our STP122G product candidate is being developed for anticoagulant therapy, and STP144G and STP133G are undergoing preclinical research for use in complement-mediated diseases and cardiometabolic diseases, respectively.

In addition to our RNAi research programs and product candidates, our subsidiary RNAimmune has several preclinical mRNA product candidates under development, including for a vaccine directed against COVID-19. Our preclinical candidate RIM730 comprises mRNA that codes for SARS-CoV-2 viral proteins formulated with LNP delivery technology for intramuscular administration as a prophylactic vaccine for the prevention of COVID-19. RNAimmune is also developing other mRNA product candidates directed against infectious disease, as well as certain oncology indications and rare diseases.

Our pipeline includes products with both nearer term and longer horizon time to market. STP705 and STP707 exemplify our near term strategy to focus on therapeutic indications where orphan drug designations are available or early clinical trials can be accelerated by use of combined Phase I/II trials. We are simultaneously progressing development in Phase I and pre-IND studies for broader indications in oncology for STP705 and STP707. We are also developing STP705 in preclinical trials for the medical aesthetics market for fat sculpting. We are also pursuing preclinical studies for other product candidates for cardiometabolic indications using PCSK9 siRNA, including both dyslipidemia and hypercholesteremia, as well as for complement-mediated diseases and viral diseases, including COVID-19, flu and hepatitis B. Even with our long term clinical trials, we have focused on indications where proof of concept can be achieved first in indications with orphan drug designations or other accelerated regulatory pathways, allowing us to pivot resources to the most promising candidates.

The strength and diversity of our pipeline is further fueled by our product candidates that are capable of targeting more than one gene simultaneously and exploration of the combinatorial potential of use with established immune-oncology therapies. We are currently exploring the efficacy of combination therapy with STP705 and anti-PD-1 targeted therapies as well as for our other lead product candidate STP707 in combination therapies with anti-PD-1/PD-L1 targeted therapies for liver cancer, metastatic cSCC and NSCLC.

Potential first-in-class dual-targeted RNAi therapeutics that inhibit both TGF-ß1 and COX-2 for high therapeutic potency in skin cancer, liver cancer and fibrosis indications

STP705 and STP707 are dual-targeting RNAi therapeutics based on more than a decade of our experience researching TGF-ß1 and its synergistic effects when combined with COX-2 for tumor suppression and fibroblast apoptosis (i.e., a form of programmed cell death). Fibroblast cells contribute to dermal scarring externally and fibrotic disease in a variety of tissues, including contributing to a fibrotic tumor microenvironment which can make tumors resistant to conventional therapeutic treatments. Reducing fibrosis in the tumor microenvironment can make the tumor more responsive to therapeutics. The mechanism of action for both TGF-ß1 and COX-2 in tumor biology and fibrotic disease is widely recognized. Both act as gatekeeper genes, where their inhibition blocks a downstream cascade of events that would otherwise lead to tumor cell proliferation, survival, invasion, angiogenesis and immune evasion. Although TGF-ß1 is an attractive target for antitumor drugs, its involvement in normal cellular processes across the body have limited the development of small molecule and antibody therapies because of the resulting systemic toxicity. Our PNP delivery platform enables delivery of our product candidates either locally or with preferential uptake in the liver to create cell- and tissue-selective targeting of the TGF ß1/COX 2 inhibitory activity provided by the siRNA therapeutic and avoiding whole body exposure. No currently marketed drug product utilizes this molecular targeting approach.

While silencing either TGF-ß1 and COX-2 alone induces downregulation of fibrotic activity, targeting both TGF-ß1 and COX-2 simultaneously using STP705 enables a synergistic response leading to fibroblast apoptosis and modification of the tumor microenvironment. In addition, simultaneous knockdown of TGF-ß1 and COX-2 by STP705 in our STP705 clinical trials resulted in increased infiltration of CD4+ and CD8+ T-cells to the tumor microenvironment suggesting increased T-cell responsiveness and the potential for use in combination therapy with immune checkpoint inhibitors. Moreover, by silencing TGF-ß1 and COX-2 simultaneously, our product candidates achieve a higher potency than inhibiting either alone. The therapeutic effectiveness for STP705 has been confirmed by our successful Phase IIa results.

Comprehensive intellectual property portfolio driven by independent research and development capability

Since our inception we have set strategic focus in developing innovative technologies and seeking protection using a comprehensive strategy for filing for patent protection across markets and technology areas. All of our pipeline products have been developed primarily in-house in our research centers in the U.S. and China such that the development of our product candidates is initiated and directed by our in-house team and we do not rely on third party in-licenses for our product pipeline. As of the Latest Practicable Date, we owned 20 issued patents (nine in China, nine in the U.S. and two in Europe) and have filed 119 patent applications that are currently pending (19 in China, 43 in the U.S., six in Europe, eight under

the Patent Cooperation Treaty and 43 in other jurisdictions). Our patent claims cover the siRNA and mRNA drug composition in our pipeline products, our delivery platforms, modes of delivery for our pipeline products, manufacturing technology, and methods of use in various therapeutic areas. Senior management and experienced outside intellectual property counsels collaboratively craft our globally-integrated intellectual property strategy with an eye to broad protection in China, the U.S., Europe and other key jurisdictions.

Our in-house research and development teams have conducted considerable research and development into our PNP delivery platform, expanding on the technologies that we initially in-licensed over a decade ago on an exclusive basis from Dr. A. James Mixson, a professor at the University of Maryland School of Medicine, that had achieved promising results in academic settings to develop a delivery platform useful and effective for pharmaceutical formulations. Our innovative development efforts established high purity manufacturing processes and pharmaceutical-level formulation technology that allow for the large scale production of uniformly sized nanoparticles formulated to contain more than one siRNA, including through the use of microfluidic technology. Through our research and development efforts, we have developed our PNP delivery platform into a pharmaceutical excipient system useful for novel RNAi therapeutics and validated by large scale manufacturing and human clinical testing include:

- Improved the purity of the histidine-lysine polymer (HKP) product, from 50-60% purity achieved in university labs to >99% in large scale industry production.

- Established a process for obtaining a lyophilized PNP-based drug product.

- Established a process with HKP and siRNA aqueous solutions for a local injectable formulation (STP705), achieving success in non-human primate GLP pharmacology/toxicity studies and entered into Phase II clinical studies.

- Established a process with HKP(+H) and siRNA aqueous solutions for a systemic injectable formulation (STP707), completed a 4-week preclinical non-human primate GLP pharmacology/toxicity study and entered into a Phase I clinical study.

- Completed seven large scale (about 3000 vial) GMP manufacturing rounds for STP705 and STP707 drug products.

- Achieved positive clinical readouts for the PNP-based formulation of STP705 for treatment of isSCC in a Phase 2a study.

- Conjugated a chemo-drug Gemcitabine with HKP to serve as a dual-function drug and excipient for siRNA delivery.

- Manipulated HKP with a HKC design for tumor targeted siRNA delivery with a RGD peptide.

- Completed 13-week preclinical non-human GLP pharmacology/toxicity study for potential long term use of the STP707 for treatments of chronical diseases, such as liver and lung fibrosis.

- Built a pilot plant for manufacturing PNP-siRNA formulations with a facility in Guangzhou for our clinical study applications.

While our PNP delivery platform is no longer protected by the initial patents, which have recently expired (and the subject matter of the patents has entered the public domain for anyone including us to use), our research and development efforts resulted in improvements and enhancements of the initially in-licensed technology, and therefore these initial patents are no longer material to the continuous research and development of our PNP delivery platform. We protect our PNP delivery platform by relying on our recently filed patent applications, as well as trade secret protection covering proprietary aspects of related manufacturing and pharmaceutical formulation technology in particular as they relate to our core product and other product candidates. We intend to continue to file patent applications to protect novel aspects of our PNP delivery platform as appropriate.

Our issued patents and pending patent applications protect key features of our core product STP705, as well as our related key product candidate STP707, including the RNA sequences targeting the TGFß1 and COX2 genes that comprise the drug substance, aspects of the pharmaceutical formulation containing those RNA sequences, and methods of using the combination of RNA sequences targeting the TGFß1 and COX2 genes for treatment of various therapeutic applications, including those that we are currently developing such as cancer treatments including skin cancer and fibrosis treatments including HTS and keloid scarless healing. STP705 also benefits from intellectual property protection in the PNP delivery platform, which is used in the STP705 formulation, including patent applications directed to manufacturing methods, and know-how and trade secrets covering manufacturing and pharmaceutical formulation technology. We believe the combination of patent protection directed to STP705 and our PNP delivery platform as well as the trade secrets and proprietary know-how in our manufacturing processes provide sufficient protection to prevent competitors from developing and commercializing RNAi therapeutics that comprise the same siRNA sequences and/or the same formulation technology.

Our robust intellectual property position is bolstered by our commitment to research and development internally, led by our Founder, President and CEO Dr. Lu, our Chief Scientific Officer Dr. David Mark Evans who has worked in the RNAi field since 2003, Dr. Dmitry Samarsky, our Chief Technology Officer who has been involved in scientific research in the RNAi field since 2001 and our Chief Medical Officer Dr. Michael V. Molyneaux. As of the Latest Practicable Date, our research and development team in China consists of 87 employees and consultant, 11 of whom hold doctorate degrees and 22 with masters degrees, while our U.S. team comprises 32 employees and consultant, 18 with doctorate degrees and seven members with masters degrees. Dr. David Mark Evans leads our teams focused on target gene

discovery, siRNA therapeutic design, development, and in vitro and in vivo testing and toxicology. Dr. Dmitry Samarsky's team focuses on our novel GalAhead™ platform technology and therapeutic programs. Dr. Michael V. Molyneaux's team focuses on clinical pipeline development.

We have research laboratory facilities in Suzhou, China and Gaithersburg, Maryland. Our facilities in Suzhou consists of approximately 1800 square meters of leased laboratory and office space, including biological laboratories, a chemistry laboratory and a GLP testing laboratory. Our facilities in Gaithersburg consist of approximately 1280 square meters of leased laboratory and office space with each representing about half of the space. The laboratory space includes a main biology laboratory, a tissue culture laboratory and a chemistry laboratory.

Seasoned management team and world-class industry expertise

We are led by our management team with deep experience and capabilities in discovering, developing and commercializing RNA therapeutics. In addition, our management team and scientific advisory board have on average more than 20 years of pharma research and development experience at the world's leading pharmaceutical companies and research institutions in China and the U.S. Our management team has built a scientifically-driven and collaborative culture that crosses borders and fosters both nimble and rational decision-making.

Dr. Lu, founder, Chairman of Board, President and CEO, has over 28 years of biopharma research and development experience in China and the U.S. After seven years working at Novartis gene therapy division, Dr. Lu co-founded Intradigm Corp. in 2001 in the U.S., serving as its executive vice president and leading the company's siRNA therapeutic research and development until early 2007. After leaving Intradigm, Dr. Lu founded US Sirnaomics in the spring of 2007 and then established Suzhou Sirnaomics (2008) and Guangzhou Sirnaomics (2012). Dr. Lu has led our teams building up a robust technology platform and an enriched RNA therapeutic product pipeline. Dr. Lu has authored over 55 scientific publications, is an inventor on 53 patents and has been recognized with multiple awards and grants in China and the U.S. for his innovative research and entrepreneurship.

Dr. Michael V. Molyneaux, our Chief Medical Officer, has over 20 years of experience in clinical medicine and the biopharmaceutical industry, and most recently served as (Public Company) Chief Medical Officer of Macrocure. Dr. Molyneaux has expertise in preclinical IND-enabling activities and product candidate development, clinical operations, medical affairs, and regulatory affairs in clinical stage biopharmaceutical companies. Dr. Molyneaux is currently responsible for Medical Affairs, Clinical Operations, and Regulatory Affairs activity within our company and will lead clinical activities for IND and NDA filings in multiple therapeutic targets and pipeline development.

Dr. David Mark Evans, our Chief Scientific Officer, has over 25 years of pharmaceutical drug discovery experience, primarily in oncology. Dr. Evans has worked in the RNAi field since 2003, holding senior management positions at Translational Genomics Research Institute (TGEN) and Dharmacon, Inc. (ThermoFisher Scientific, Inc.) prior to joining our company.

Dr. Dmitry Samarsky, our Chief Technology Officer, has over 20 years of experience in research and development. Dr. Samarsky has been at the inception of RNAi technology and drug development, starting in 2001 at Sequitur (later acquired by Invitrogen) and then working, with increasing responsibilities, at Dharmacon/ThermoFisher (U.S.), RXi Pharma (U.S.) and RiboBio (China). Most recently, he served as Chief Scientific Officer of Silence Therapeutics. Dr. Samarsky has authored more than 40 scientific papers, articles, book chapters, patents and patent applications, and has been an invited speaker at more than 100 international conferences.

Dr. Zhifeng Long, our Chief Development Officer, has more than 30 years of biopharmaceutical industry experience, including translational research, drug development, animal pharmacology and toxicology studies, and preclinical and clinical research. Dr. Long has played key roles in over 20 clinical trials from Phase I to III conducted in the U.S., Europe and Japan, across different therapeutic areas, including oncology, cardiovascular, inflammation, genetic disease and infectious disease.

Dr. Edward Yongxiang Wang, our Chief Production Officer, has more than 25 years of research experience. Dr. Wang has in-depth knowledge of biopharmaceutical research and the IND and NDA processes.

Our scientific advisory board is composed of key opinion leaders and renowned scientists with substantial industry experience. Our scientific advisory board includes members in both China, the U.S. and Europe, with experience in drug delivery and polymer design, regulatory strategy, oncology and oncology clinical trial design, liver diseases, dermatology, cardiometabolic diseases and surgical treatments.

OUR STRATEGIES

Our mission is to become a fully-integrated international biopharmaceutical company, leveraging our deep experience in RNA therapeutics and novel delivery platform technologies to rapidly discover, develop and, if approved, commercialize a portfolio of transformative therapeutics and vaccines for patients suffering from a wide range of both rare and large market diseases. We intend to solidify our leadership position in RNA therapeutics by expanding the capabilities of our proprietary delivery platforms to overcome the current barriers to the delivery of RNAi triggers and mRNA and unlock their therapeutic potential. We aim to focus initially on oncology and fibrosis, and then expand to anticoagulant therapies, cardiometabolic disease and viral infections, and ultimately unlock the full potential of RNA therapeutics to address as many patient populations as possible.

The key strategies to achieve our mission are as follows:

Enhance and apply our proprietary delivery platforms to advance the development of innovative therapeutic modalities for the treatment of a broad range of disease states and strengthen our intellectual property position

Our goal is to unlock the full potential of RNAi therapeutics to silence gene targets by improving on and moving beyond the successes of conventional GalNAc RNAi delivery platforms to hepatocytes in the liver, in order to specifically reach a broader range of tissue and cell types. Our current drug candidate pipeline validates the successful utility of our proprietary PNP delivery platform in achieving this goal. Notably, the value and promise of our proprietary delivery platforms have been recognized by our third party preclinical research partners, our current development partner, and are expected to continue to attract the interest of potential partners.

Our PNP delivery platform efficiently encapsulates siRNAs to protect the siRNA in the bloodstream and deliver the siRNAs to cells and tissue where the siRNA acts to silence the target genes. It is implemented into our two lead product candidates, STP705 and STP707, as well as our other oncology and fibrosis product candidates including STP355 and STP369 (as examples). Our GalAhead™ platform, with its novel RNA structures, is implemented into three of our preclinical stage programs to develop drugs for thrombosis, cardiometabolic and complement-mediated disease treatments. Our PDoV-GalNAc platform is also implemented in preclinical stage programs for improving endosomal escape for enhanced therapeutic potency. We believe our innovative GalNAc platforms will allow us to further enhance the therapeutic potency of liver hepatocyte-targeted RNAi therapeutics. RNAimmune has developed a PLNP platform featuring a unique peptide lipid nanoparticle structure for delivery of mRNA therapeutics and vaccines. We intend to advance our product candidates to and through clinical trials, and also to continue to add new targets to our delivery platforms, to further validate application of our platforms for use in a broad range of indications.

We also intend to keep our programs at the forefront of RNAi delivery by continuing to invest in other novel delivery platforms currently in our early discovery programs that will broaden the ability to selectively target a broader range of tissue types. Our continued research and development of novel and innovative technology will further strengthen our intellectual property position. Our early discovery programs include research into RNA-drug conjugates, PLNP mRNA formulation or tumor targeting delivery tools. By continuing these activities, we expect to make our product candidates and delivery platforms more attractive for partnering opportunities for new indications and new targets. We also intend to continue to improve our GMP processes and further enhance our proprietary microfluidic technology platform to develop robust large-scale manufacturing processes, disease- and tissue-specific formulations and diverse clinical applications.

Rapidly advance development of our core product candidate STP705 through clinical trials toward market approvals in a broad range of indications in China and the U.S.

We believe STP705 has strong therapeutic potential in a wide variety of oncology and fibrosis indications, and plan to pursue potentially expedited routes to market approval including by leveraging U.S. FDA orphan drug designations. We have achieved the first successful Phase II clinical results for oncology in our non-melanoma isSCC Phase IIa clinical trial in the U.S., with 19 of 25 patients showing complete tumor cell clearance, validating our approach and drug delivery platform. Our Phase IIb clinical trial for isSCC was initiated in May 2021 in the U.S. with interim results expected in first half of 2022 and we filed an IND in China for a Phase llb clinical trial for isSCC. We have also initiated a Phase II clinical trial to develop STP705 for the treatment of BCC, and Phase I clinical trials for the treatment of HCC/CCA for which we have orphan drug designation from the U.S. FDA. For fibrosis indications, we have initiated Phase I/II clinical trials for treatment of keloid scarless healing and for HTS in the U.S. We are also developing combination therapies with STP705 and conventional chemotherapy drugs, as well as novel oncology drugs such as immune checkpoint inhibitors, for solid tumors.

Develop and commercialize a diverse portfolio of transformative RNA products in a broad range of therapeutic areas, including both rare diseases and diseases with large patient populations

We are enhancing our diverse portfolio of product candidates, which we believe increases our likelihood of success in bringing novel RNA products and delivery modalities through development and, if approved, commercialization. The key highlights of our product pipeline beyond STP705 include:

- **STP707 (oncology and fibrosis)**. Our product candidate STP707 leverages a systemic PNP formulation with the same dual TGF-ß1/COX-2 inhibitor targeting siRNAs as STP705. We are developing STP707 for the treatment of liver cancer, multiple solid tumors and liver fibrosis indications as well as lung cancer and lung fibrosis indications. We initiated Phase I clinical trial for solid tumors in November 2021. We also filed an IND for PSC, a rare form of liver fibrosis, in November 2021 in the U.S. Depending on the response we see in our dose escalation Phase I clinical trials as well as efficacy data obtained in preclinical studies in various tumor models, we could potentially follow the Phase I clinical trial with Phase II clinical trials of STP707 in multiple tumor types, such as metastatic cutaneous squamous cell carcinoma, NSCLC, HCC and CCA in the first half of 2022 in the U.S. We are also developing combination therapies with STP707 and other oncology therapeutics for liver cancer, metastatic cSCC and NSCLC.

- **STP702 (anti-viral)**. Our product candidate STP702 is formulated for systemic delivery and comprises siRNA targeting the influenza virus. We entered into a license agreement with Walvax in April 2021 pursuant to which we out-licensed

commercialization rights for STP702 in mainland China, Hong Kong, Macau and Taiwan. We expect to file an IND in the U.S. pending successful completion of our toxicology and non-clinical studies in the second half of 2022.

- **STP122G (anticoagulant)**. Our product candidate STP122G is being developed for anticoagulant therapy. It leverages our GalAhead™ delivery platform, and is formulated for subcutaneous delivery, as with our other preclinical stage GalAhead™ product candidates. We expect to file IND in the U.S. in the first half of 2022.

- **Other RNAi therapeutics**. We intend to continue to advance our other product candidates (five in oncology, three antivirals, and two cardiometabolic diseases), and will add new product candidates into clinical proof-of-concept studies to our growing pipeline on an ongoing basis.

- **mRNA therapeutics**. RNAimmune is advancing development of our PLNP and PNP formulations for delivery of mRNA, which is intended to enable expression of desired genes in tissues of interest, in contrast to siRNA which is intended to decrease or eliminate expression of target gene sequences. RNAimmune is engaged in preclinical research development of prophylactic vaccines for influenza and COVID-19, as well as therapeutics and vaccines for certain oncology indications and rare diseases.

Build a fully integrated biopharmaceutical company by advancing our capabilities in product development, expanding our internal GMP manufacturing capabilities, and developing commercialization abilities, if our product candidates are approved

To achieve our long-term goal of becoming a fully integrated biopharmaceutical company, we are expanding on our research and development centers, our manufacturing facility in Guangzhou and our business development offices. We have built significant expertise and know-how by creating innovative delivery capabilities for RNA, as well as developing microfluidic formulation processes and GMP manufacturing capabilities. We plan to continue to invest in our technology and manufacturing processes with the goal of further establishing ourselves as the leader in developing and producing RNA therapeutics as well as developing innovative delivery platforms. In particular, we intend to further grow the robustness of our manufacturing processes from process development through to clinical-grade and commercial-scale GMP manufacturing to enable scaling for support of later stage clinical programs and indications and future commercialization of our products. In the future we intend to build commercialization capabilities, including sales and marketing.

With significant leadership and operational presence in both China and the U.S., we believe we are well positioned to take advantage of research and development and manufacturing benefits, speed to market efficiencies and the vast market potential of the

largest and fastest growing healthcare therapeutics markets in the world. Following the guidance of the NMPA, we will continue to pursue product candidates and indications where orphan drug designation can be achieved in the U.S., for which approval may enhance priority review by the NMPA, and shorten the review period from 1-2 years to 6-12 months to more quickly reach market approval in China.

To prepare for the anticipated commercialization of STP705 and STP707, we plan to build an in-house sales and marketing team to commercialize our products. We plan to recruit and train our sales and marketing team in accordance with the clinical development progress of our pipeline products, aiming to ensure the timely commercialization of our pipeline products once we obtain relevant approvals. RNA therapeutics are a new and comprehensive treatment process that is unlike any other treatment currently approved in the market. As such, we expect significant efforts will be necessary to educate physicians and patients on the potential benefits of RNA therapeutics.

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

While we aspire to develop fully-integrated end-to-end biopharmaceutical operations, our near-term goals are to bring our product candidates to approval and commercialization as quickly as possible. We currently retain worldwide development and commercialization rights to all of our product candidates, with the exception of the rights to STP702 for influenza in mainland China, Hong Kong, Macau and Taiwan for which we have entered into a collaboration partnership with Walvax. Based on our discussions with potential partners on some of our pipeline candidates, including our PCSK9 and hepatitis B programs, both of which are developed on our PDoV delivery platform, we believe that our early stage programs are attractive for partnering.

We intend to explore business growth through investment in potential selective acquisition in China or in other global markets of suitable companies and in-licensing of suitable product rights or new technology. We plan to explore investment opportunities in product rights or new technology having broad indications with promising efficacy and safety profiles, well-validated mechanism of action, high barrier to entry in manufacturing or dosing, and/or strong needs without affordability issues.

As we have done with our current product pipeline, we will continue to seek to identify and initiate studies on targets for indications with clinical needs to demonstrate proof of concept in preclinical studies. Based on the results of proven feasibility, we plan to expand studies to include other therapeutic programs that we believe will be attractive to potential partners. We plan to selectively evaluate collaborations for our existing and new product candidates that we believe may complement our expertise, or help the geographical coverage of our future commercialization efforts.

OUR BUSINESS MODEL

We have built an international professional team for discovery and development of RNAi therapeutics and mRNA vaccines and therapeutics, based on our proprietary drug delivery technology platforms. Our target market is global with our current focus specifically on the U.S. and China markets, which are supported by our research and development facilities and manufacturing capabilities in both countries. We are adopting a clinical development strategy to conduct clinical trials for our product candidates initially in the U.S. and then to extend those trials into China, based on the differing medical needs of the two markets, for example, some orphan drug indications in the U.S. are more prevalent in the population in China.

Our initial focus is on oncology and fibrosis products, as well as antiviral products and products that leverage liver targeted drug delivery. We have developed in-house and own the global rights to STP705 and STP707, our lead product candidates, which demonstrates our capabilities in designing novel RNA therapeutics based on our proprietary delivery platforms and developing them into drugs to address medical needs. Our proprietary delivery platforms include our PNP delivery platform, useful for local or systemic administration of RNAi therapeutics to targets beyond liver hepatocyte cells, our GalNAc RNAi delivery platforms for systemic administration of RNAi therapeutics to the liver, and our PLNP delivery platform for administration of mRNA vaccines and therapeutics. We exclusively in-licensed core patents covering our PNP delivery platform at an early stage and have conducted research and development in-house to enhance our PNP delivery platform and adapt it for formulating novel RNA therapeutics to treat a range of therapeutic indications. We have developed in-house and own the global rights to GalNAc RNAi delivery platforms. Our GalAhead™ delivery platform conjugates GalNAc moieties to unique RNAi trigger structures while our PDoV-GalNAc delivery platform conjugates GalNAc moieties to Peptide Docking Vehicle (PDoV) peptide linkers and up to two siRNAs conjugated to the peptide linker. Our PNP and GalNAc RNAi delivery platforms serve as a basis to expand our pipeline of early-stage product candidates. Our subsidiary RNAimmune develops mRNA-based vaccines and therapeutics, including an mRNA SARS-CoV-2 vaccine program using Delta variant spike protein-coding mRNA as an antigen with LNP delivery formulation, which is undergoing pre-IND discussion with U.S. FDA and mRNA tumor vaccine and therapeutics programs, which use our proprietary PLNP delivery platform that we developed in-house and to which we own global rights.

Our long time (since 2008) and dual presence in the U.S and China allows us to navigate between both countries' regulatory systems. We are subject to the regulation of competent authorities from the U.S. and China in light of our dual presence in both countries. In China, NMPA is the primary regulatory agency for pharmaceutical products and businesses, and regulates across the life cycle of pharmaceutical products. In the U.S., FDA represents the counterpart of the NMPA regulating drugs and biologics. For details of relevant regulatory authorities, see "Regulatory Overview – Overview of Laws and Regulations in the PRC" and "Regulatory Overview – Laws and Regulations in the United States." As of the Latest Practicable Date, we had a regulatory and clinical team with five members in the U.S. and six in China with ample knowledge and experience with regard to regulatory filings in both

countries managing the regulatory submission process in the U.S. and China. We plan to commence clinical trials in China for isSCC, HTS, and liver cancer in 2022.

OUR DRUG CANDIDATES

By leveraging our proprietary delivery platform technologies and know-how in RNA drug discovery and development, we have built an innovative pipeline of product candidates. These product candidates have broad applicability across therapeutic indications, and thus allow us to de-escalate the inherent risk of developing innovative drug product candidates. Our key product candidates as of the Latest Practicable Date are set forth below:

Notes：* denotes our core product

** denotes orphan drug

Abbreviations: isSCC= squamous cell carcinoma in situ; BCC= basal cell carcinoma; cSCC= metastatic cutaneous squamous cell carcinoma; NSCLC= non-small cell lung cancer; CRC= colorectal carcinoma; BC= bladder cancer; PSC= primary sclerosing cholangitis; PNP= our polypeptide nanoparticle (PNP) RNAi delivery platform; PNP-IT= PNP platform

formulated for intratumoral administration; PNP-IV= PNP platform formulated for intravenous administration; GalAhead™= our GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers; PDoV-GalNAc= our GalNAc RNAi delivery platform that conjugates GalNAc moieties to Peptide Docking Vehicle (PDoV) peptide linkers and up to two siRNAs to the peptide; LNP = lipid nanoparticle (LNP) formulation for delivery of mRNA; HPV= human papilloma virus; HBV= hepatitis B virus; 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; and MRCT= multi regional clinical trial in which we will be the sponsor for all clinical trial sites.

1. Liver cancer (basket) includes cholangiocarcinoma, hepatocellular carcinoma, liver metastases etc.
2. We filed our IND in China, which is currently awaiting approval from NMPA, for study sites in China. The study sites will be part of a global multicenter clinical trials for our Phase IIb clinical trial for isSCC.
3. We expect to file the IND in China as part of the global multicenter clinical trials.
4. We expect to file the IND solely for HCC in China as part of the global multicenter clinical trials.
5. Studies in combination with anti-PD-(L)1 inhibitors conducted pursuant to collaborations with Innovent and Shanghai Junshi.
6. Research and development conducted by our subsidiary RNAimmune.

OUR CORE DRUG CANDIDATE

STP705

STP705 is comprised of two siRNA nucleotides targeting TGF-ß1 and COX-2 mRNA formulated into nanoparticles using our PNP delivery platform for local intratumoral delivery. TGF-ß1 is a cytokine well-recognized as a key driver of fibrosis that also acts to promote tumor growth, angiogenesis, immune-escape and metastasis. COX-2 is well known to be involved in inflammation and its expression is elevated in many tumor tissues as well as fibrotic tissues. STP705 simultaneously silences the expression of TGF-ß1 and COX-2 for a synergistic effect to both promote tumor suppression and downregulate genes involved in fibrotic effect. STP705 is well-positioned to meet medical needs for non-surgical treatment of NMSC and skin fibrosis indications and provide effective treatment for liver cancer.

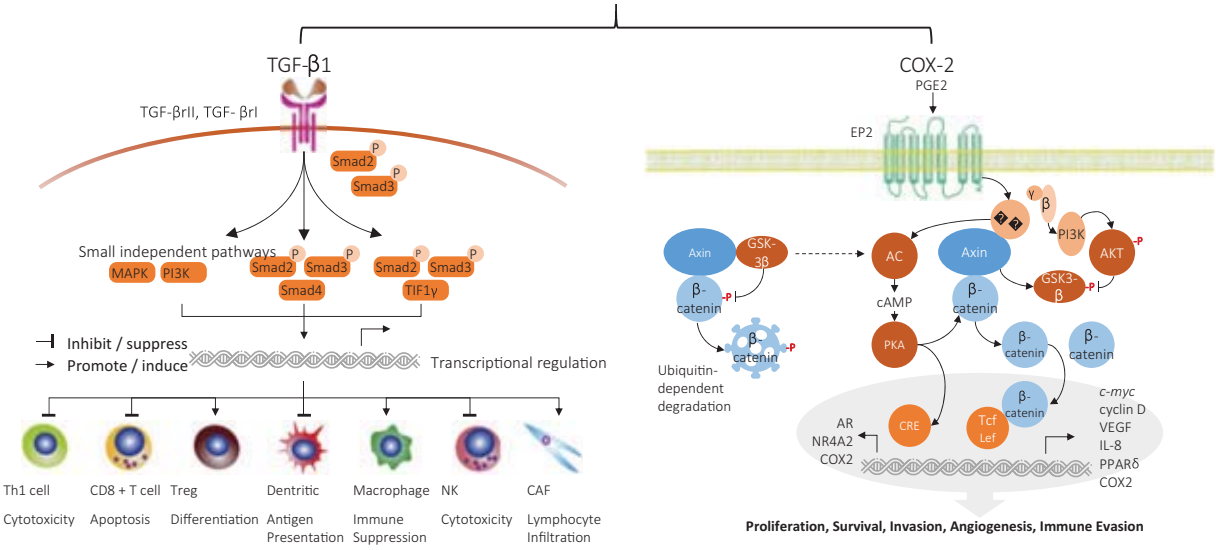
We are currently evaluating STP705 in Phase II trials for NMSC and skin fibrosis indications and have commenced Phase I trials in liver cancer in the U.S. STP705 has received Orphan Drug Designations in the U.S. for the treatment of certain liver cancers and liver fibrosis including: primary sclerosing cholangitis (PSC), cholangiocarcinoma (CCA), and hepatocellular carcinoma (HCC). In 2017, we achieved IND approval for hypertrophic scarring (HTS), which was the first in China for a class 1.1 drug for an RNAi therapeutic, although we did not commence clinical trials in China. Based on our two-pronged development approach for leveraging regulatory synergies in China and U.S., we strategically elected to pursue Phase I/II clinical trials in the U.S. for HTS rather than commencing a Phase I clinical trial in China, and permitted our IND in China for HTS to lapse. While we initiated Phase I/II clinical trial for HTS in the U.S., after a modification to the clinical trial protocol was recommended we elected to focus our resources on NMSC and to re-initiate clinical trials in HTS at a later date. In our recently completed U.S.-based Phase IIa clinical trials for non-melanoma squamous cell carcinoma *in situ* (isSCC), STP705 demonstrated encouraging efficacy and safety results. We initiated the Phase IIb clinical trial for isSCC in May 2021 in the U.S. and also filed an IND in China for a Phase IIb clinical trial that would be part of a global multicenter study.

We hold patents and patent applications related to STP705 in the U.S., China and other markets. We hold the rights to develop and commercialize STP705 globally.

Mechanism of Action

TGF-ß1 signaling regulates a broad range of cellular processes including cell proliferation, differentiation, apoptosis, extracellular matrix production, angiogenesis and inflammation and immune response. COX-2 is a potent proinflammatory and proliferative mediator. COX-2 is the rate-limiting enzyme in prostanoid synthesis, including Prostaglandin E2 (PGE2), the predominant prostaglandin. PGE2 is known to be involved in tumor growth, resistance to apoptosis, immunosuppression and angiogenesis. STP705 silences the expression of both TGF-ß1 and COX-2 genes, resulting in the downregulation of multiple pro-fibrotic and tumor promoting factors. Importantly, simultaneous silencing of TGF-ß1 and COX-2 in the same cell results in increased efficacy compared to silencing of either alone. As set out in the figure below, STP705 is designed to reduce the negative effects of both TGF-ß1 and COX-2 in oncology and fibrosis by silencing their expression in affected tissues.

TGF-ß1 and COX-2 Pathways



Sources: *Bai, X., et al. OncoTargets and Therapy, 2019: 12, 9527–9538.*

Hashemi Goradel N, et al. J Cell Physiol. 2019: 234, 5683-5699.

Oncology

TGF-ß1 has been identified as a major factor that promotes epithelial cell proliferation and is a critical regulator of development and progression of certain cancers in humans. The cell surface receptor for TGF-ß1 is a complex of TGF-ßl type I and type II transmembrane receptors (TßRI and TßRII), both of which are serine threonine kinases. Binding of TGF-ß1 recruits TßRI into a heterotetrameric complex, resulting in phosphorylation and activation of

the cytoplasmic domain of TßRI by TßRII kinase. This activates the kinase activity of the TßRI towards its substrates the R-(receptor activated) Smads, which for TGF-ß1 are Smad2 and Smad3. Once phosphorylated, Smad2 or Smad3 form a complex with the co-Smad, Smad4, and translocate to the nucleus to regulate TGF-ß responsive genes, through either specific Smad-binding element, other suppressive elements, or through interaction with other transcription factors. TGF-ßs can also activate members of the mitogen-activated protein (MAP) kinase signaling molecules including JNK, p38, ERKs, and the PI3 K/AKT pathway.

TGF-ß1 overexpression has been reported in various cancers, including both skin and liver cancers. Chronic elevation of TGF-ßl has been reported to contribute in chronic liver inflammation, liver fibrosis, and cirrhosis and is considered to be the main pro-fibrogenic cytokine in the liver that induces fibrosis by activating hepatic stellate cells (HSCs). Additionally, current data suggests that TGF-ß1 overexpression may have a tumor promoting effect even at the early stages of skin carcinogenesis if overexpressed in proliferative cells of the epidermis/tumor epithelia. The expression of TGF-ß has been significantly correlated with tumor progression, tumor invasiveness, lymph node metastasis, distant metastasis, and tumor recurrence, and epithelial-mesenchymal transition at the later stages of carcinogenesis. The tumor promotion role is associated with TGF-ß1's effect on the loss of epithelial cell adhesion, extracellular matrix remodeling, and enhanced angiogenesis. Given the critical role of TGF-ßl in tumor progression, it has been acknowledged as an attractive target for preventive and therapeutic approaches against NMSC and liver cancer development.

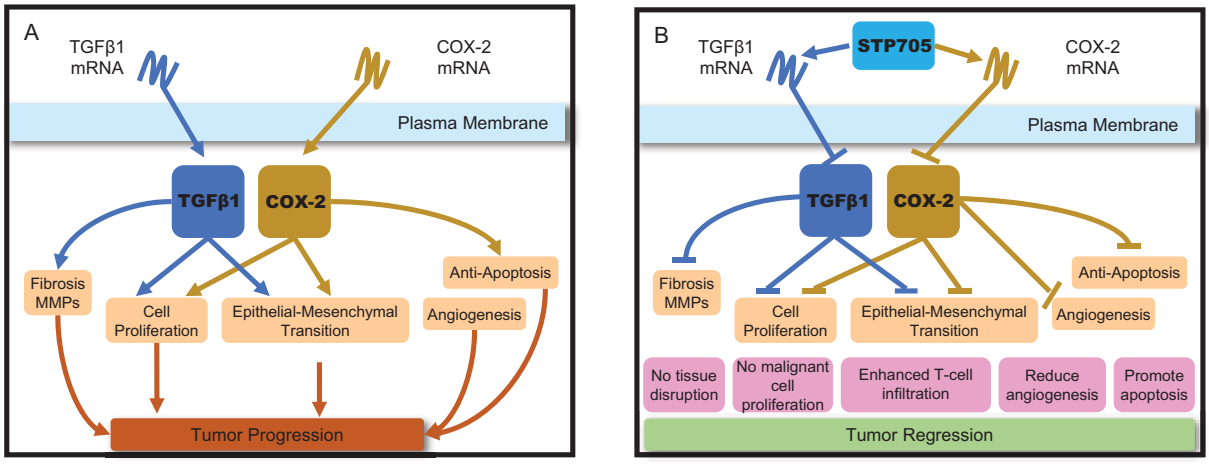
TGF-ß1 is also a well-known regulator of immune cells. TGF-ß1 has been shown to have an inhibitory effect on T-cell proliferation, activation and effector function. Elevated TGF-ßl levels at a tumor site are associated with a reduction in the ability for T-cells to respond to tumors. In published studies in mouse models where tumor T-cell exclusion was observed, simultaneous inhibition of TGF-ß and PD-1 or PD-L1 resulted in improved T-cell infiltration of the tumor. Thus, the evidence strongly suggests that inhibition of TGF-ßl may improve the efficacy of immune checkpoint inhibitors such as anti-PD-1/PD-L1 antibodies as cancer therapeutics.

Cyclooxygenase (COX), also known as prostaglandin-endoperoxide synthase (PTGS), is an enzyme that is responsible for the formation of prostanoids, including thromboxane and prostaglandins such as prostacyclin. COX-2 is one of the members of the PTGS family. COX-2 is expressed in many types of cancers and exerts a multifaceted role in promoting tumorigenesis and cancer cell resistance to therapy. Chronic elevation of COX-2 has been reported to contribute to chronic liver inflammation, liver fibrosis and cirrhosis and its overexpression has also been reported in skin cancer (both SCC and BCC) patients. While the precise molecular mechanism of COX-2 is still under investigation, several possible mechanisms of COX-2 that could play a role in the development of cancer have been postulated. COX-2 can act as a proliferative factor for malignant cells by promoting the synthesis of prostaglandin E2 (PGE2). COX-2 also mediates antiapoptotic effects on cells through induction of Mcl-1 and Bcl-2 expression. Bcl-2 is a known antiapoptotic factor and

Mcl-1 upregulation is involved in c-Myc and IL-6 mediated apoptotic effects. COX-2 is also required by the myeloid suppressor cells to produce the immunosuppressive molecule arginase-1 that promotes invasion and angiogenesis in human carcinoma cells. Additionally, studies have reported that COX-2 could promote epithelial-mesenchymal transition (i.e., weakens intercellular adhesions) that enhances the motility of carcinoma cells allowing them to penetrate surrounding tissues and metastasize. Inhibition of COX-2 has been shown to suppress cell migration and induces apoptosis. Indeed, administration of COX-2 inhibitors in a preoperative setting may reduce the risk of metastasis in cancer patients and COX-2 inhibition may also sensitize cancer cells to chemotherapy and radiation treatment. Clinical and preclinical studies have demonstrated that the COX-2 inhibitor celecoxib was highly effective in preventing NMSC in subjects who were at high risk of developing skin cancers due to either a large number of actinic keratoses, or having already developed one or more skin cancers. Epidemiological studies also demonstrate that COX-2 inhibitors are associated with decreased risk of cutaneous SCCs. In vitro cell culture studies and in vivo mouse studies show association between increased COX-2 expression and resistance to apoptosis and induction of angiogenesis. Overall, the positive correlation with COX-2 overexpression and both NMSC and liver inflammation and fibrosis renders it as an attractive therapeutic target.

The figure below shows the hypothesized mode of action of STP705 and demonstrates that treatment with STP705 promotes tumor suppression through silencing of TGF-ß1 and COX-2. (A) outlines the proposed mechanism of TGF-ß1 and COX-2 in cancer cells that induces tumor progression by promoting tissue disruption, cell proliferation, epithelial-mesenchymal transition, angiogenesis and anti-apoptosis. (B) outlines the proposed mechanism of STP705-mediated inhibition of TGF-ß1 and COX-2 in cancer cells that suppresses tumor progression by (i) inhibiting tissue disruption, cell proliferation, and angiogenesis; (ii) maintaining cellular integrity of healthy cells; and (iii) promoting apoptosis of cancer cells. Overall, the figure demonstrates that STP705 treatment, by inhibiting TGF-ß1 and COX-2 expression, would promote tumor suppression.

Mechanism of Action for STP705



Source: Company

Fibrosis

Fibrosis is defined by the excessive accumulation of extracellular matrix (ECM) in and around damaged tissue, which can lead to permanent scarring. Both keloid scarring and HTS result from a disrupted balance between ECM protein deposition and degradation during dermal wound healing and are characterized by persistent inflammation. Prolonged inflammation leads to increased vascularization, hypercellularity and excessive collagen deposition. Keloid scars are considered benign tumors. Simultaneous silencing of TGF-ß1 and COX-2 results in the downregulation of fibrogenic markers such as α-smooth muscle actin (α-SMA), hydroxyproline, Collagen 1 and Collagen 3, as well as pro-apoptotic effects in fibroblasts. The synergistic effect of simultaneous silencing of TGF-ß1 and COX-2 may reverse fibrotic scarring through minimizing inflammation and activating fibroblast apoptosis.

Market Opportunity and Competition

Treatment of Non-Melanoma Skin Cancer

We have completed Phase IIa clinical trials of STP705 for the treatment of squamous cell carcinoma *in situ* (isSCC) and have initiated Phase II clinical trials for basal cell carcinoma (BCC). BCC and squamous cell carcinoma (SCC) are the two major subtypes of non-melanoma skin cancer (NMSC), which is the most common form of cancer in the U.S. SCCs arise from hair follicle stem cells and account for 16% of all skin cancers. In contrast to BCCs, SCCs are more aggressive and may metastasize. Squamous cell carcinoma of the skin (cutaneous squamous cell carcinoma, or SCC) is characterized by developing from a precursor lesion called actinic keratosis (AK) which most commonly forms on skin damaged by chronic exposure to UV light. While a minority of AKs are thought to develop into skin cancer, most SCC develops from AKs. isSCC is an early-stage form of SCC that is localized to the surface of the skin and has not spread to deeper tissues or other organs.

According to the CIC Report, in the U.S., 2.4 million people and 3.2 million people were diagnosed with BCC and SCC, respectively, in 2020 and in China, 76 thousand people and 28 thousand people, respectively, diagnosed in 2020. The number of deaths in 2020 globally from NMSC was almost 64 thousand people, where the mortality of Asian NMSC patients represented 43.6% of the global total, significantly more than Northern America (8.4%). The incidence of BCC and SCC increased by 33% from 2015 to 2020 in the U.S., making NMSC an increasingly substantial economic burden. These increases are associated with several factors, including raised awareness of NMSC, improved registration, transition of the patient population toward the elderly, and increased exposure to UV radiation. SCC is believed to be increasing at a faster rate. In the past many squamous cell carcinoma in situ (isSCC) may have been misdiagnosed as AKs (over 60 million people in the U.S. have AK lesions) and now, "diagnostic drift" to isSCCs may be contributing to the increased incidence of SCC.

According to the CIC Report, the market size of SCC and BCC treatment for pre-metastatic patients in the U.S. is expected to grow faster in the years ahead, rising from

US$6.5 billion in 2020 to US$22.1 billion in 2030, with a CAGR of 13.0% primarily driven by the increase in the number of addressable patients and emerging new approaches to treatment. The market size of the SCC treatment will grow faster than BCC in the U.S. The market size of SCC and BCC treatment in China is also expected to grow faster, rising from US$38 million in 2020 to US$149 million in 2030, with a CAGR of 14.6%.

The current standard of care for pre-metastatic high-risk isSCC and BCC patients is surgical excision of the lesions. There is both growing evidence for the high rate of residual BCC and SCC after surgical lesion removal and dissatisfaction with surgical treatment from patients due to a high risk of scarring at the excision site. In a study of 233 shave biopsies of BCC or SCC, 58% of BCC specimens had residual tumor and 27% of SCC specimens had residual tumor. Additionally, surgery renders patients with the risk of infection, hematoma, and scar development and is often not a treatment option for immunocompromised patients. Other treatment options include pharmacotherapy, cryotherapy, photodynamic therapy, laser and radiotherapy. There is, however, evidence in the literature demonstrating that current non-surgical options lead to the development of resistance since these modalities usually require multiple administrations. A meta-analysis of several NMSC treatments including photodynamic therapy, surgical excision, cryotherapy, imiquimod, radiotherapy, and 5-fluorouracil concluded that surgical excision was the optimal treatment option for NMSC in terms of both efficacy and safety. Cosmetic appearance remains one of the key needs for NMSC treatment and has a large influence on patient preferences, especially for those with lesions on the head or neck. Current treatments focused on surgical excision are unable to satisfy this special need due to a high risk of scarring.

As of the Latest Practicable Date, there are two drugs approved by U.S. FDA for pre-metastatic BCC patients, both of which are used off-label for pre-metastatic SCC patients: 5'-fluorouracil and imiquimod. Both are administered topically, and according to the CIC Report, both can cause skin reactions in some patients. In addition, neither is a preferred option over surgical excision in terms of efficacy and safety.

Efficacy and Side Effects for Drug Products Approved for Pre-Metastatic BCC

Drug name	Generic name	Approved markets	Indication	Efficacy	Side effects
Adrucil	5'-fluorouracil	China, US	BCC	With isolated, easily accessible basal cell carcinomas, the success rate with fluorouracil cream and solution is approximately 93%	Burning, crusting, allergic contact dermatitis
Aldara	Imiquimod	China, US	BCC	Superficial BCC imiquimod vs vehicle clearance rate is 75% vs 2%	Headache, back pain, burning

Source: the CIC Report

There remains needs for new therapeutics for pre-metastatic NMSC that effectively treat disease, have a favorable safety profile and low risk of scarring. While surgical treatments are effective at treating disease, those treatments have a higher risk of infection, bleeding and scarring, which are particularly concerning to patients with early stage disease, particularly for those with lesions on the head, face or neck. Despite substantial deal activity and investments by biopharmaceutical companies in the development of NMSC therapies over the years, many drug candidates have failed to show significant clinical efficacy.

Treatment of Keloid Scarless Healing and Hypertrophic Scarring

We are evaluating STP705 in a Phase I/II clinical trial for the treatment of keloid scarless healing. Keloid disorders constitute an abnormal fibro-proliferative wound healing cascade where raised scar tissue grows excessively and invasively beyond the original wound borders. Keloids are an example of a fibrogenic disease, which also include skin hypertrophic scarring, and liver, lung and kidney fibrosis. Localized keloids and raised hypertrophic scars can represent an excessive tissue response to dermal injury and are characterized by local fibroblast proliferation and overproduction of collagen matrix. Hypertrophic scar formation is a major clinical problem in the developing and industrialized worlds. Burn injuries, traumatic injuries, and surgical procedures can give rise to exuberant scarring that result in permanent functional loss and the stigma of disfigurement. Each year, approximately 42 million surgical procedures are performed in the U.S. resulting in about 62 million scars. Furthermore, many patients experience hypertrophic scarring and keloids after surgery—with higher percentages observed in developing countries. By causing pain, pruritis and contractures, excessive scarring significantly affects the patient's quality of life, both physically and psychologically.

According to the CIC Report, in 2020 more than seven million patients were affected by HTS or keloids in China and eight million patients in the U.S.. Although the incidence of HTS following traumatic skin injuries is not known, it is an outcome that creates a problem of enormous magnitude. According to the CIC Report, the market size for hypertrophic scarring and keloid treatment is expected to grow between 2020 and 2030 from US$2.9 billion to US$5.9 billion in China and US$10.3 billion to US$18.6 billion in the U.S.

Fibrogenic diseases including liver, lung and kidney fibrosis, as well as keloids and skin hypertrophic scarring, are diseases with limited therapeutic options. Intralesional injections of corticosteroids are first line therapy for keloids and second line therapy for hypertrophic scarring. Combination therapy of corticosteroids with surgery, photodynamic therapy and cryotherapy is also performed. Common adverse effects for corticosteroid treatment include skin and subcutaneous fat atrophy and telangiectasias, or spider veins. Cryotherapy, scar revision, radiotherapy and laser therapy are also utilized for treatment. Most therapeutic approaches remain clinically unsatisfactory at reducing or preventing keloid or hypertrophic scarring.

Treatment of Liver Cancer

We are evaluating STP705 in a Phase I clinical trial for the treatment of liver cancer, specifically, hepatocellular carcinoma and cholangiocarcinoma (HCC/CCA), using intra-tumoral injection via computerized tomography (CT) guided treatment. Liver cancer is a global health problem, with liver neoplasms representing the second-most frequent cause of cancer-related death. There are many different types of liver cancers including HCC, CCA, liver angiosarcoma, hepatoblastoma and others. Additionally, the liver is a highly metastasis-permissive organ. It is the most frequently afflicted organ by metastasis, and liver metastases are much more common than primary hepatic tumors. The distinctive biology of the liver renders it intrinsically susceptible to metastases. This includes (i) liver's significant role in the circulatory system and the liver-specific microcirculation provides increased access of disseminated tumor cells carried in the blood, (ii) the regenerative capability creates a favorable environment for survival and growth of tumor cells, and (iii) regional immune suppression due to its constant exposure to inflammatory stimuli results in a tolerant microenvironment permissive of tumor cell survival and growth. Liver involvement in metastasis is frequently overlooked and under-investigated as lesions are often symptomless, as even extensive infiltration by metastatic tumors may not alter liver function or homeostasis until late stage of the disease. The true prevalence of liver metastasis is unknown, but between 30% and 70% of patients dying of cancer have liver metastases and most patients with liver metastases will die of their disease.

According to the CIC Report, China alone accounts for more than half of worldwide liver cancer cases, with more than 400,000 new HCC patients and more than 100,000 new CCA patients diagnosed in 2020. As of 2016, more than 279,000 people die of liver cancer annually in China. In the U.S., approximately 36,000 new HCC patients and 5,000 new CCA patients were diagnosed in 2020. According to the CIC Report, the market size of HCC and CCA in the U.S. is expected to climb from US$2.2 billion in 2020 to US$6.3 billion in 2030, while the market size of HCC and CCA in China is expected to rise from US$1.5 billion in 2020 to US$8.5 billion in 2030.

Frontline therapies for liver cancer all have limited efficacy. Liver cancer has one of the lowest survival rates among common cancers in both China and the U.S., with five-year survival rates of 12% and 18%, respectively, according to the CIC Report. Early stage HCC is typically treated by surgery while treatment of advanced HCC typically uses chemoembolization and radioembolization, targeted therapy and immunotherapy. The current standard of treatment for early stage CCA includes surgery and radiation therapy while advanced CCA is usually treated with chemotherapy using gemcitabine and cisplatin, targeted therapy and immunotherapy. New treatment modalities have attracted much attention for research and development to solve what remains a need for effective treatment, including oncolytic viruses and RNAi therapeutics.

Efficacy and Side Effects for Drug Products Approved for HCC and CCA

Drug name	Generic name	Approved markets	Indication	Efficacy (experimental cohort, placebo or other cohorts)	Side effects (control: % of all grades, % of grades 3-4; placebo: % of all grades, % of grades 3-4)
Tecentriq	Atezolizumab	China, US	HCC	Median OS (NE, 13.2; hazard ratio, 0.58) Median PFS (Tecentriq in combination with Bevacizumab: 6.8, 4.3; hazard ratio, 0.59)	Hypertension (Tecentriq in combination with bevacizumab: 30%, 15%; sorafenib: 24%, 12%)
					Fatigue/asthenia (Tecentriq in combination with bevacizumab: 26%, 2%; sorafenib: 32%, 6%)
					Proteinuria (Tecentriq in combination with bevacizumab: 20%, 3%; sorafenib: 7%, 0.6%)
Avastin	Bevacizumab	China, US	HCC	Median OS (Avastin in combination with Atezolizumab: NE, Sorafenib: 13.2; hazard ratio, 0.58)	Hypertension (Avastin in combination with atezolizumab: 30%, 15%; sorafenib: 24%, 12%)
				Median PFS (Avastin in combination with Atezolizumab: 6.8, Sorafenib: 4.3; hazard ratio, 0.59)	Fatigue/asthenia (Avastin in combination with atezolizumab: 26%, 2%; sorafenib: 32%, 6%)
					Proteinuria (Avastin in combination with atezolizumab: 20%, 3%; sorafenib: 7%, 0.6%)
Cabometyx	Cabozantinib-S-Malate	US	HCC	Median OS (10.2, 8.0; hazard ratio, 0.76)	Diarrhea (54%, 10%;19%, 2%)
					Fatigue (45%, 10%; 30%, 4%)
					Decreased appetite (48%, 6%; 18%, <1%)

Drug name	Generic name	Approved markets	Indication	Efficacy (experimental cohort, placebo or other cohorts)	Side effects (control: % of all grades, % of grades 3-4; placebo: % of all grades, % of grades 3-4)
Keytruda	Pembrolizumab	China, US	HCC	Single arm, ORR 17%	Fatigue, Rash, vitiligo, arthralgia, ascites (8% Grades 3-4) Immune-mediated hepatitis (2.9%)
Lenvima	Lenvatinib Mesylate	China, US	HCC	Median OS (Lenvima: 13.6, Sorafenib: 12.3; hazard ratio: 0.92)	SAE Total (Lenvima: 43.07%, sorafenib: 30.32%) Hypertension (45%, 24%) Cardiac dysfunction (NA, 3%) Arterial thromboembolic (2%, NA)
Opdivo	Nivolumab	China, US	HCC	Cohort 4 (in Combination with Ipilimumab), ORR 33%	Cohort 4 (in Combination with ipilimumab): Rash (53%, 8%); Pruritus (53%, 4%); Musculoskeletal pain (41%, 2%)
Pemazyre	Pemigatinib	US	CCA	Single arm, ORR 36%	Hyperphosphatemia (60%, 0%) Alopecia (49%,0) Diarrhea (47%,2.7)
Cyramza	Ramucirumab	US	HCC	Median OS (8.5, 7.3; hazard ratio 0.71) PFS (2.8, 1.6; hazard ratio 0.45)	Fatigue (36%, 5%; 20%,3%) Peripheral edema (25%,2%; 14%,0%), Decreased appetite (23%, 2%; 20%, 1%)
Stivarga	Regorafenib	China, US	HCC	Median OS (10.6, 7.8; hazard ratio 0.63) PFS (3.4,1.5, hazard ratio 0.43)	Skin and subcutaneous tissue disorders (51%, 12%; 7%, <1%) Pain (55%, 9%; 44%, 8%) Asthenia/Fatigue (20%, 0%; 7%, 0%)

Drug name	Generic name	Approved markets	Indication	Efficacy (experimental cohort, placebo or other cohorts)	Side effects (control: % of all grades, % of grades 3-4; placebo: % of all grades, % of grades 3-4)
Nexavar	Sorafenib Tosylate	China, US	HCC	Median OS (10.7,7.9; hazard ratio 0.69)	Gastrointestinal (98%, 45%; 96%, 32%), Fatigue (46%, 10%; 45%, 13%), Diarrhea (55%, <11%; 25%, 2%)
Truseltiq	Infigratinib Phosphate	US	CCA	Single arm, ORR 23%	Nail toxicity (57%, 2%), Stomatitis (56%, 15%), Dry Eye (44%, 0)
Gemcitabine	Gemcitabine hydrochloride injection	China, US	HCC	Single arm, Median survival for all 30 patients was 6.9 months (95% confidence interval, 4.5-13.5) and the 1-year survival rate was 40%	10% patients experienced grade 3-4 adverse reaction. 7% patients developed Grade 4 neutropenia and 3% patients experienced Grade 3 thrombocytopenia.
Platinol	Cisplatin	China, US	HCC	(cisplatin, sorafenib) Median survival time: 14.0 vs. 12.3 months	There were few noticeable adverse events leading to discontinuation of treatment. One patient had anaphylactic shock as an adverse event that led to discontinuation of treatment.

Abbreviation: NE = Not estimable
Source: the CIC Report

Competitive Advantages

We believe that STP705 has the following major competitive advantages:

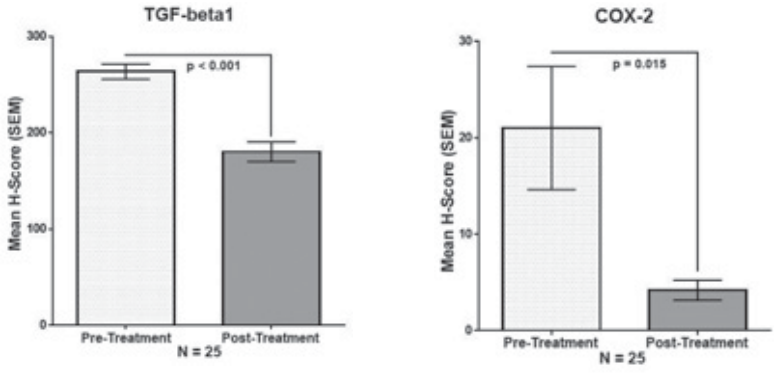
First Clinical Proof of Concept for Targeting TGF-ß1 and COX-2 in Cancer

Our clinical trial results demonstrate a promising therapeutic efficacy profile for STP705, providing proof of concept that dual targeting of TGF-ß1 and COX-2 has strong potential as an effective strategy for treatment of certain cancers. Our Phase IIa clinical trial results in isSCC show positive efficacy results for treatment of non-melanoma skin cancer, showing a high rate of histological clearance of tumor, with 19 out of 25 subjects achieving histological clearance of the lesion and subjects exhibiting improved local skin response (LSR) objective scoring, which suggests improved cosmetic appearance of the skin. Administration of STP705 achieved

both knockdown of TGF-ß1 and COX-2, the direct molecular targets of STP705, as well as downregulation of molecular biomarkers for tumor cell proliferation, progression and invasiveness.

Our clinical trial results showed significant silencing of both TGF-ß1 and COX-2 after treatment was completed, as shown in the figure below. Immunohistological analysis was performed on biopsies of tumor and tumor microenvironment prior to treatment and again seven days after the last treatment on residual tumor or surface epithelium and on adjacent non-tumor/scar tissue in all 25 subjects.

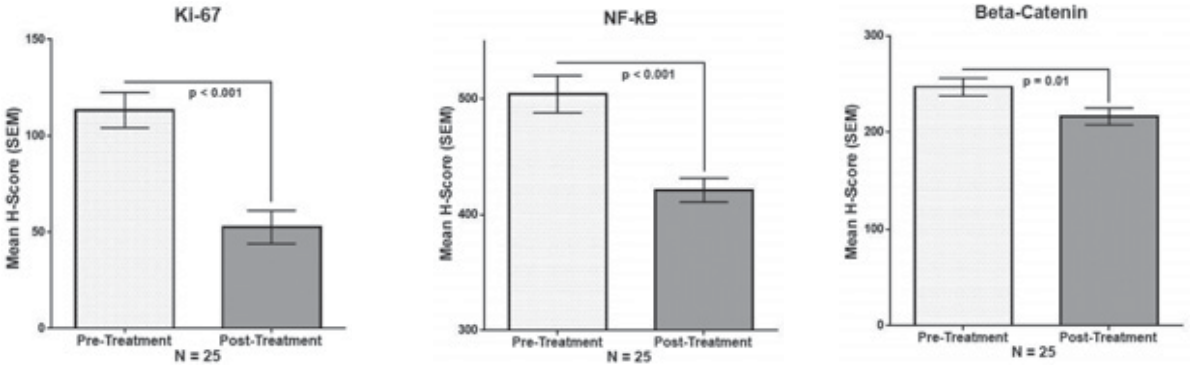
Silencing of TGF-ß1 and COX-2 Expression by STP705



Source: Company data

Our immunohistology analysis investigating biomarkers for downstream biological effects of STP705 in our clinical trial patients showed suppression of multiple cancer-related factors, including Ki-67, NF-κB and ß-Catenin, as illustrated in the figure below. Ki-67 is a protein marker for cellular proliferation and thus tumor growth, and its reduced expression after treatment with STP705 as compared to pre-treatment demonstrates STP705 significantly suppressed cellular proliferation. NF-κB expression is frequently enhanced in cancer cells and it is also a marker for inflammation and tumor progression. High expression of NF-κB has been associated in certain cancers with poor overall survival of patients, while its inhibition may inhibit tumor cell migration, invasion and proliferation. ß-Catenin is a marker for tumor invasiveness. Suppression of ß-Catenin was observed particularly in patients administered higher doses of STP705.

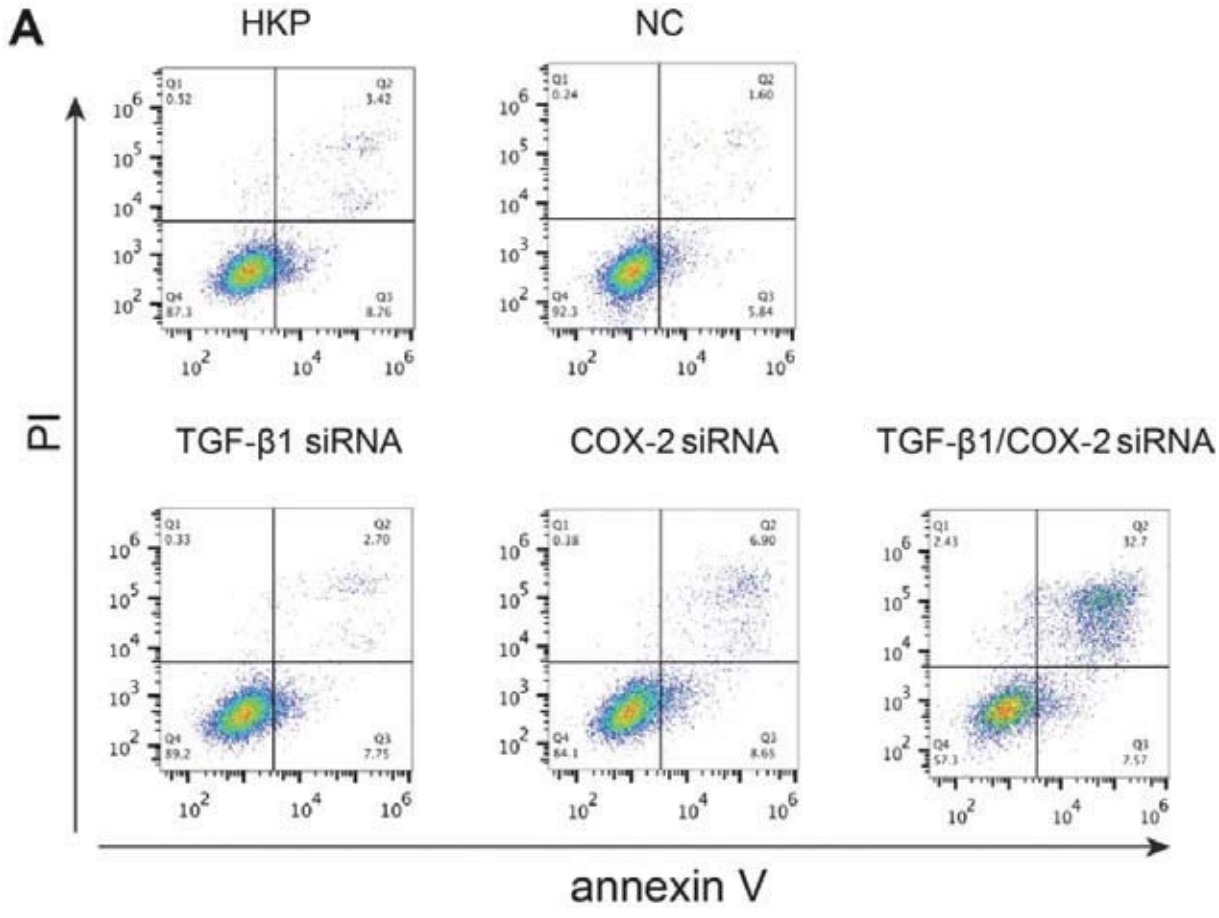
Suppression of Downstream Cancer Biomarkers after Administration of STP705



Source: Company data

Synergistic Effects of Dual Inhibition of TGF-ß1 and COX-2 for Tumor Suppression and Fibroblast Apoptosis

The ability of STP705 to simultaneously silence both TGF-ß1 and COX-2 in the same cell provides greatly improved therapeutic capabilities through synergistic effects. STP705 has clear therapeutic benefits in achieving histological clearance of tumors. In vitro studies demonstrate that simultaneous silencing of TGF-ß1 and COX-2 is more effective than silencing of either target alone. In studies using human fibroblast cells isolated from HTS tissue, cells were transfected with siRNAs targeting either TGF-ß1 or COX-2 individually or in combination, the combination resulted in additive effects. Targeting of either TGF-ß1 or COX-2 alone resulted in downregulation of the pro-fibrotic factors α-SMA, Collagen 1, Collagen 3 and hydroxyproline; however, induction of apoptosis was not observed. Only combined targeting of both TGF-ß1 and COX-2 induced apoptosis in the fibroblasts, as illustrated in the figure below, which shows the results of FACS analyzes of the fibroblasts treated with the TGF-ß1/COX-2 siRNA combination compared to those treated with siRNAs targeting either TGF-ß1 or COX-2 individually. Similar studies using human cutaneous squamous carcinoma cells showed similar results where silencing of either TGF-ß1 or COX-2 alone resulted in downregulation of pro-fibrotic markers, but simultaneous knockdown of both TGF-ß1 and COX-2 induced a marked increase in cellular apoptosis.



Source: Zhou, J. et al.. Oncotarget, 2017: 8(46), 80651–80665.

Apoptotic activity of human fibroblasts is induced when both TGF-ß1 and COX-2 are simultaneously silenced. The lower right panel shows a significant shift in the apoptotic cell population in human fibroblast cells treated with both TGF-ß1 and COX-2 targeting siRNAs compared to human fibroblast cells treated with TGF-ß1 targeting siRNA alone (lower left) or COX-2 targeting siRNA alone (lower middle). Cells were also treated with and without non-targeting siRNA loaded into the PNP platform as controls (top row).

Combination therapy is a key strategy in cancer therapies to combat development of drug resistance by tumor cells. Inhibition of one molecular pathway puts pressure on the tumor cell to upregulate alternative pathways. By simultaneously delivering siRNAs that silence two distinct targets in the same cell, there is decreased opportunity for tumor cells to escape the therapeutic effects of STP705. The increase in apoptotic cells due to the simultaneous knockdown of both TGF-ß1 and COX-2 further validates the combination therapy approach by showing synergistic effects resulting from simultaneous dual inhibition that are not seen in individual targeting.

Favorable Safety Profile

STP705's favorable safety profile is supported by both our Phase IIa clinical trial results and our preclinical studies in mice and non-human primates showing favorable toxicity data and low immunogenicity. See " – Our Core Drug Candidate – STP705 – Summary of Clinical Trial Results". The currently available drug products for the treatment of SSC and BCC are both associated with a high risk of reaction to surrounding normal skin tissue. Similarly, surgical excision is associated with a high risk of scarring. Our clinical results with treatment with STP705 demonstrated that the administration was well-tolerated, with the majority of subjects experiencing no or low-grade local skin responses. In addition, there were no adverse events occurring in dose-dependent patterns, demonstrating that the higher doses pose no more safety risk to subjects than lower doses of STP705. While histological analysis showed that treatment increased immune cell infiltration within tissues with residual tumor, notably the tissue without tumor did not show any increase in immune cell infiltration. Further, a GLP 28-day repeat dose toxicity in non-human primates with once daily subcutaneous dosing did not result in the observation of any abnormalities, thus demonstrating no apparent immunotoxicity from repeated dosing of STP705. While anti-drug antibodies were detected in a minority of animals, there was no resulting effect on safety or effect on gene silencing.

Lower Cost and Complexity of Manufacture

The manufacturing process for STP705 has relatively low complexity and therefore potential for reduced costs of manufacture compared to manufacture of protein-based biologic drugs, including antibody drugs, other marketed siRNA-based drug products, and in some cases small molecule drugs. Protein-based biologics require production of the proteins from living organisms and require stringent quality control measures. The cost and complexity of small molecule manufacture can vary greatly based on the complexity of both the small molecule and its formulation. While siRNA therapeutics are typically simpler than protein-based biologics, the manufacturing process for STP705 is lower complexity and therefore potentially lower cost than LNP-based siRNA therapeutics. The manufacturing process for STP705 relies on two ingredients—nucleic acids and peptides. Both ingredients can be generated by commonly used chemical synthesis processes and there are no chemical modifications required. In comparison, LNP-based products are the result of multiple ingredients and complex processes. STP705 benefits from an easy, controllable and scalable manufacturing process. In addition, the PNP delivery platform used for STP705 permits lyophilization of the finished dosage form and is stable at room temperature, with no cold chain storage requirement, thus reducing storage and distribution costs.

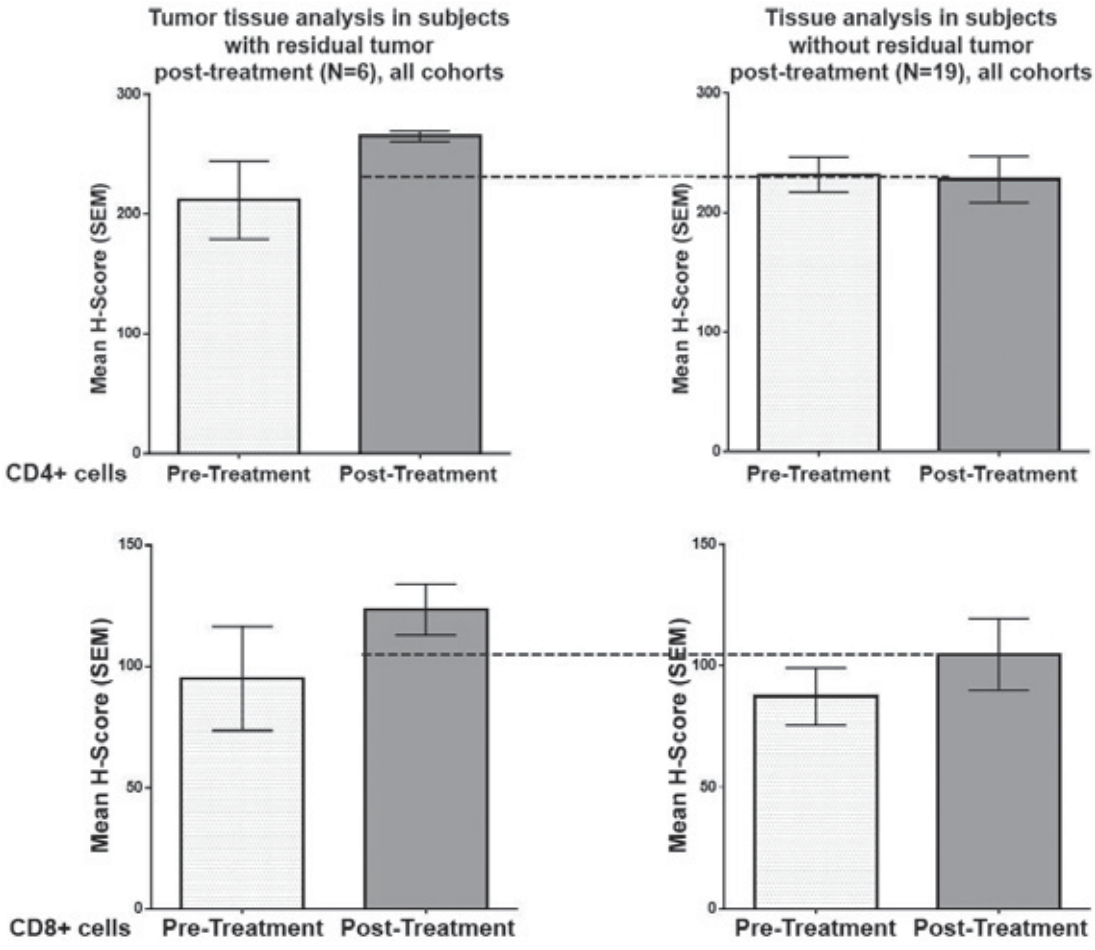
Potential for Combination Therapy with Immune Checkpoint Inhibitors

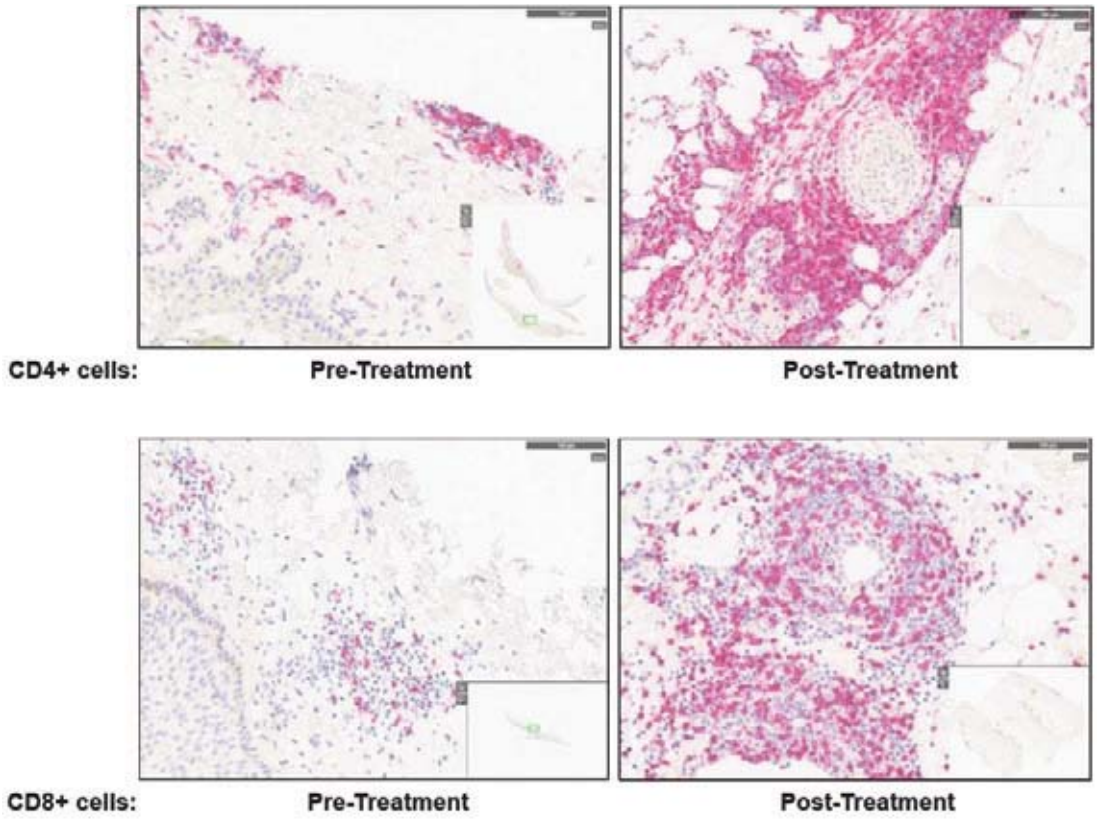
STP705 has significant potential to leverage the market for immune checkpoint inhibitors in cancer therapeutics through combination therapy. Immune checkpoint proteins function in normal tissue to prevent excessive immune response that could destroy healthy tissue, but

when elevated in the tumor microenvironment prevent T-cells from attacking cancer cells. Immune checkpoint inhibitor drugs have been approved to treat patients with a variety of cancer types. TGF-ß1 has also been validated in the literature as having an inhibitory effect on T-cell activity in tumors, making it a promising candidate for combination therapy with immune checkpoint inhibitor drugs as a means to strengthen T-cell response to tumor cells.

Administration of STP705 alone in tumors enhances killing of tumor cells by the immune system. T-cell infiltration of tumors is shown after administration of STP705 in our Phase IIa clinical trial for the treatment of isSCC. Histological analysis of CD4+ and CD8+ immune cell infiltration of tissues of patients with and without residual tumor after treatment with STP705 showed that patients with residual tumor post-treatment reported increased CD4+ and CD8+ immune cell infiltration compared to pre-treatment tissue or tissues without tumor.

Increased T-Cell Infiltration of the Tumor Microenvironment





Source: Company data

Increased T-cell infiltration activity by STP705 treatment strongly suggests that combination therapy with both STP705 and immune checkpoint inhibitors is likely to benefit from synergistic effects. The combined administration of different therapies that improve T-cell response via complementary pathways may improve T-cell response more than one therapy alone. In addition, the increased T-cell infiltration suggests that STP705 may cause tumors that are not initially responsive to immune checkpoint inhibitors to become sensitive, thus boosting the efficacy of immune checkpoint inhibitor therapies.

Summary of Clinical Trial Results

We are currently evaluating STP705 in a series of clinical trials in order to explore its potential to address several indications, in an attempt to address or underserved medical needs in several therapeutic areas. As of the Latest Practicable Date, we had evaluated the safety and efficacy profile of STP705 in the completed Phase I/II clinical trial for isSCC and are conducting five ongoing trials covering various indications.

The combined Phase I/II clinical trial for isSCC fulfilled the safety profile of conventional Phase I clinical trials, and thus on the basis of the completion of the combined Phase I/II clinical trial for isSCC, and the fact that FDA reviewed our clinical data and did not raise any objections to our plans to proceed with our Phase IIb clinical trial for isSCC, which

was initiated in May 2021, we have fulfilled the Phase I safety purpose, and the isSCC indication of STP705 fulfills the requirement of Core Product, under paragraph 3.3(b) of Guidance Letter 92-18.

Overview – Phase I/II Clinical Trial of STP705 for isSCC

We conducted a Phase I/II clinical trial for STP705 for the treatment of isSCC between March 2019 to October 2020 resulting in encouraging results in safety and efficacy, indicating promising commercial and therapeutic potential to address the sizable and growing market for NMSC therapeutics.

Trial Design

This Phase I/II clinical trial was designed to evaluate the safety, tolerability, and efficacy of various doses of STP705 administered as an intralesional injection in subjects with cutaneous squamous cell carcinoma in situ skin cancer (isSCC). In order to determine the optimal dose for treating isSCC in patients, this study was an open label, dose escalation trial using 10 μg, 20 μg, 30 μg, 60 μg, and 120 μg doses of STP705 for direct intralesional injection, given once a week for up to 6 weeks. The dose escalation was based on lack of adverse events in previous dosing cohorts. The primary endpoint for this study was the proportion of participants with histological clearance of treated isSCC lesion at the End of Treatment (EOT), where histological clearance was defined as the absence of detectable evidence of isSCC tumor cell nests as determined by blinded central pathology review. The secondary endpoints included (i) time to histological clearance of treated isSCC lesion over the 6-week treatment period and (ii) proportion of participants with complete clinical clearance of treated isSCC lesion based on investigator assessment at the End of Treatment (EOT). Histological clearance is a measure of Complete Response, which is defined by FDA as no detectable evidence of tumor. Complete Response is widely used as an endpoint for clinical trials for localized skin cancer rather than Objective Response Rate. Generally, FDA defines Objective Response Rate as the proportion of patients with tumor size reduction, or, more simply, as the sum of Complete Response and partial response. Partial response is not an acceptable endpoint for localized, low risk NMSC because it means cancer cells remain and thus is insufficient as a treatment option. Instead, the clinically acceptable outcome, is Complete Response, or clearance of the lesion. Complete clearance of low risk, localized NMSC is in line with market practice, rather than partial response, which is part of Objective Response Rate. Use of Complete Response by measurement of histological clearance was discussed with KOLs during preparation of the clinical trial protocol, and we determined to use this metric in the clinical trial protocol that was accepted by FDA.

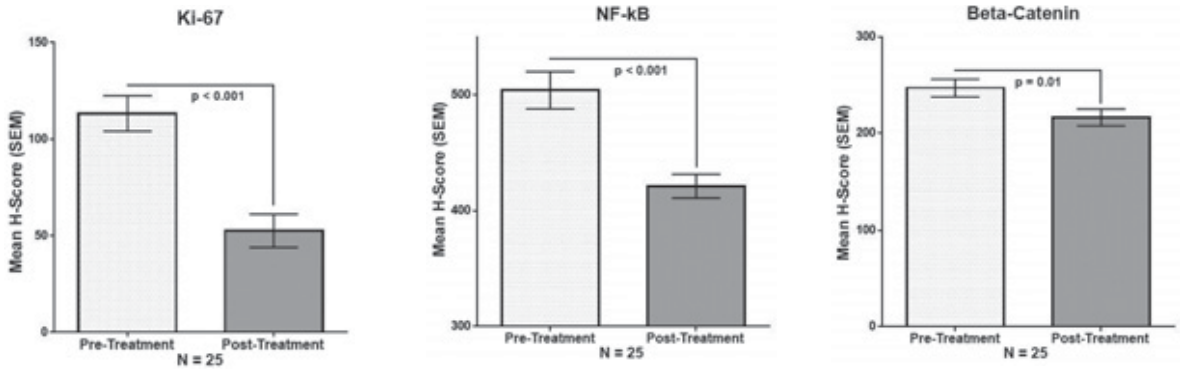
Trial Status

This trial was completed in October 2020 and we finalized the analysis in December 2020.

Efficacy Data

Efficacy results show that STP705 is effective in treating isSCC lesions. The majority of subjects in each dose group and the majority of subjects overall in this study (76%, 19/25) achieved histological clearance of lesion by EOT, which was the primary efficacy endpoint of this study. The recommended Phase IIb dosing levels achieved a 90% (9/10) histological clearance rate, demonstrated excellent safety profile with no drug related AE's or SAE's and demonstrated improvement in Local Skin Scores which suggests and improved cosmetic appearance from pre and post treatment. Histological analysis of treated lesions showed significant suppression of multiple cancer related markers. As shown in the figures below, Ki-67, NF-κB, and ß-Catenin all exhibited reduced expression.

Downregulation of Multiple Cancer Related Biomarkers



Source: Company data

Safety Data

Safety results from this study demonstrate that STP705 is a safe treatment option for isSCC patients. Incidence of treatment emergent adverse events (TEAEs) was low, with any TEAEs reported in only five (5) subjects (20%, 5/25). Only one (1) subject reported a moderate TEAE, with the remainder of reported TEAEs being mild. No TEAEs led to death, treatment discontinuation, or treatment interruption. No TEAEs were related to study treatment. No serious adverse events (SAEs) were reported. In addition, the injection itself was well-tolerated, with a majority of subjects experiencing no or low-grade local skin responses (LSRs). No clinically notable shifts in LSR occurred between pre- and post-dose at any visit, except for case of erythema in the 30 µg dose group that changed from Grade 3 at pre-dose T1 to Grade 4 at post-dose T1. At pre-dose T1, the average sum of skin response results were 3.6, 3.2, 3.6, 4.2, and 2.8 for the 10 µg, 20 µg, 30 µg, 60 µg, and 120 µg dose groups, respectively. By EOT, a decrease in the average sum of skin response results was observed in the 10 µg, 20 µg, 30 µg, and 60 µg dose groups. Safety parameters did not occur in a dose-dependent pattern, demonstrating that higher doses pose no more safety risk to subjects than lower doses of STP705.

Overview - Phase II Clinical Trial of STP705 for Basal Cell Carcinoma

We are conducting a Phase II clinical trial for the treatment of BCC, performing the dose administration for our first patient in January 2021. We obtained initial clinical trial data in September 2021.

Trial Design

This Phase II clinical trial is an open label, dose escalation study designed to evaluate the safety, tolerability and efficacy of various doses of STP705 administered as localized injection in patients with BCC. Initially, the clinical trial was designed to evaluate a total of 15 subjects (5 per cohort) assigned to receive treatment by intradermal injection of 30 µg, 60 µg, and 90 µg doses of STP705. A fourth cohort will be added to the study that will receive 120 µg doses of STP705. All subject will receive direct intralesional injection once a week for up to 6 weeks. The primary endpoint for the study is the proportion of participants with histological clearance of treated BCC lesion at the EOT, where histological clearance will be defined as the absence of detectable evidence of BCC tumor cell nests as determined by central pathology review. The secondary endpoints include determination of the safe and effective recommended dose of STP705 for the treatment of BCC and analysis of biomarkers common to the BCC formation pathway, including TGF-ß1 and COX-2.

Trial Status

This clinical trial is ongoing.

Efficacy Data

Initial efficacy results indicate dose responsive histological clearance of treated BCC lesions, as shown in the table below. We are currently awaiting completion of dosing in 4 subjects in the cohort receiving 90 µg doses and the entire cohort receiving 120 µg doses.

Dose Responsive Histological Clearance of BCC lesions

	Cohort A: 30 µg (N=5)	**Cohort B: 60 µg (N=5)**
Histological Clearance	1/5 20%	3/5 60%
Average Skin Response Scores		
Pre-treatment	3.2	2.8
Post-treatment	2.4	2.6

Source: Company data

Safety Data

Initial results from this clinical trial show no significant cutaneous skin reactions and no treatment related AEs or SAEs reported. The Skin Response Scores showed no local reaction and there were no dose limited toxicities noted to date.

Overview - Phase I/II Clinical Trial of STP705 for HTS

We initiated a Phase I/II clinical trial in the U.S. for the treatment of HTS in January 2017. The clinical data from the initial cohort of patients indicated that there were several injection site reactions, which is an expected AE in many local injection site protocols. As a result of these findings, we conferred with an independent data safety monitoring board (DSMB), an independent committee of expert clinicians that we convened out of an abundance of caution after observing that the first cohort of clinical trial subjects experienced adverse skin events. DSMBs are independent committees that are neither affiliated with any regulatory authority nor with the sponsor of a clinical trial. DSMBs are not a requirement for all clinical trials under FDA and any recommendations by a DSMB are not binding. The DSMB after reviewing the data, recommended that the trial proceed with a reduced dosage and decreased injection frequency. At the time, we made the strategic decision to divert funding to build out other programs with the intent of moving forward with the HTS program later when more funding was available. Our decision was based on the limited resources we had at that time, the inability to progress all programs simultaneously and the potential promise in our NMSC programs. We are filing the revised protocol for HTS in the U.S. in the second half of 2021, which will have reduced dosage and decreased injection frequency in line with the DSMB recommendations. These modifications are intended to confer the advantage of reduced injection site reactions experienced by patients. We expect to file an IND in China for a Phase II clinical trial for the treatment of HTS in the second half of 2022. While we initially commenced our HTS clinical trial program in the U.S. in 2017 because FDA permitted us to conduct a combined Phase I/II clinical trial rather than a Phase I clinical trial (as was then required by NMPA), we are electing to re-initiate our clinical trial program in HTS in China due to the larger pool of potential clinical trial subjects in China compared to the U.S.

Trial Design

This Phase I/II clinical trial was designed to evaluate the safety and efficacy of various doses of STP705 administered as intradermal injection in subjects with linear HTS. Initially, twenty-four subjects were planned to be enrolled in the study (8 per cohort) assigned to receive treatment by intradermal injection of 20, 30 or 40 μg/cm^2/day. Each subject was planned to receive both active (STP705) and control (placebo) treatment twice per week for a total of four weeks. The total length of linear HTS was divided equally for treatment with STP705 and placebo. STP705 and placebo were injected intradermal every 1 cm length on the HTS. The primary endpoint for the study is the differences among the three dosage groups in the appearance of the scar from baseline evaluated with the use of validated scar assessment tools. The secondary endpoints include changes in appearance of the scar from baseline evaluated with the use of validated scar assessment tools.

Trial Status

The first cohort of eight subjects were enrolled and given injections (20 μg/cm^2/day) twice per week for four weeks. The clinical data from the initial cohort of patients indicated that there were several injection site reactions, which is an expected AE in many local injection site protocols. An independent data safety monitoring board recommended to us in June 2017 to initiate a modified clinical trial protocol increasing the interval between injections and/or reducing the dose of STP705 to mitigate injection site reactions. As a result of these findings, the initial clinical protocol did not proceed further pending future resource allocation for re-initiation.

Safety Data

There were no death, SAEs or dose limiting toxicities reported in this clinical trial. All subject experience AEs, the majority of which were associated with injection site reactions (pain, tenderness, swelling, induration and hemorrhage, etc). The injection site reactions were typically mild or moderate in severity and did not require further action. There were no clinically significant findings reported in physical examination or electrocardiogram results.

Clinical Development Plan

We have initiated Phase IIb clinical trials for STP705 for isSCC in the U.S. in May 2021. We filed our IND in China for a Phase IIb clinical trial for isSCC that would be part of a global multicenter clinical trials. We have initiated Phase II clinical trials for BCC in December 2020 and Phase I/II clinical trials for keloid scar recurrence post-keloidectomy in April 2021 in the U.S. We initiated Phase I/II clinical trials for HTS in the U.S. and expect to file an IND for a Phase II clinical trial in China in the second half of 2022. We intend to initiate the clinical trials in China led by a Chinese principal investigator because the demand for treatment of HTS is stronger in China than the U.S. We plan to submit the new clinical trial protocol to FDA in the second half of 2021 and the clinical trial in China will be a global study site. We have also initiated Phase I clinical trials for STP705 in the U.S. in March 2021 for CCA, HCC or liver metastases in patients with advanced/ metastatic or surgically unresectable solid tumors who are refractory to standard therapy and expect to file an IND in China as part of global multicenter clinical trials.

Our Phase IIb clinical trials for STP705 for isSCC will further evaluate the two most efficacious dosing regimens identified in our Phase IIa clinical trial in a randomized, double-blind, placebo-controlled study in up to 100 adult patients with isSCC. The primary endpoint for the trial is proportion of participants with histological clearance of treated isSCC lesion at the end of treatment. Histological clearance will be defined as the absence of detectable evidence of isSCC tumor cell nests as determined by central pathology review. We performed dose administration for our first patient in the U.S. in June 2021. We anticipate an interim data readout in the first half of 2022.

After completion of the Phase IIb trial for STP705 for isSCC, subject to continued efficacy and safety results as seen in our previous isSCC study, we anticipate participating in a meeting with FDA where we will receive FDA guidance for our further clinical development plan, including but not limited to such things as FDA's expectations for efficacy endpoints required for an NDA application and subsequent approval, as well as the number and size of Phase III trials required for NDA registration for the use of STP705 for the treatment of isSCC.

Our Phase I/II clinical trial for STP705 for keloid scar prevention will evaluate the safety and efficacy of various doses of STP705 when injected intradermally into a keloid excision site to prevent the recurrence of keloids in adult patients in a randomized, double-blind, multiple-arm, controlled study in 50 patients. The primary endpoint of this trial is to measure the rate of recurrence in patients who have undergone keloidectomy surgery alone (receiving placebo) versus surgery and administration of STP705 at three months, six months, and 12 months post-surgical excision. We performed dose administration for our first patient in the U.S. in May 2021. We expect to report initial clinical data in the first half of 2022.

Our Phase II clinical trial for STP705 for BCC will evaluate the safety and efficacy of intralesional injection in adult patients with cutaneous BCC confirmed with biopsy samples in an open-label, dose escalation study of at least 15 patients. Participants will receive injections of STP705 once a week for up to six weeks. The primary endpoint for the study is to evaluate patients for complete histological clearance of the tumor cells within the treated BCC lesion with secondary endpoints, evaluating subjects for investigational product treatment related adverse events, as well as serious adverse events, and cutaneous skin reactions. We performed dose administration for our first patient in the U.S. in January 2021.

Our Phase I clinical trial for STP705 in liver cancer will evaluate the safety, tolerability, pharmacokinetics, and anti-tumor activity of intratumoral administration of STP705 in a "basket study" of patients suffering from CCA, HCC or liver metastases from other cancers for patients with advanced/metastatic or surgically unresectable solid tumors who are refractory to standard therapy. The subjects in this study have previously failed multiple rounds of standard of care therapy including novel oncology drugs and traditional chemotherapies and thus represent a very resistant class of tumor. The study is an open-label, dose escalation study of up to 50 patients. In order to determine the maximum tolerated dose (MTD), up to 30 patients (6 per cohort) will be enrolled in the dose escalation phase of the trial, during which cohorts will be assigned to receive doses of 20 μg, 40 μg, 80 μg, 160 μg, and 320 μg doses of STP705 administered via intra-tumoral injection on days 1, 8 and 15 of a 28 day cycle. Once the MTD is achieved, up to 20 more subjects will be enrolled to confirm safety and explore anti-tumor activities. The primary endpoints are (i) to determine the MTD of STP705 when administered via intra-tumor injection and (ii) to establish the dose of STP705 recommended for future Phase II clinical trials when administered via intra-tumor injection. The secondary endpoints include determination of the pharmacokinetics (PK) of STP705, evaluation of tumor infiltrating lymphocytes at the site of STP705 administration, and observation of preliminary antitumor activity of STP705 at the site of administration and at other sites of disease.

We performed dose administration for our first patient in our liver cancer trial in June 2021. If subjects exhibit stable or improvement in tumor they will be treated with subsequent treatment cycles. If subjects exhibit advancing disease, they will be discontinued from study. We have completed cycle 4 for the first subject in our 20 μg cohort, and this subject exhibits stable disease in the treated tumor and will continue to cycle 5. We have completed cycle 3 for the first subject in our 40 μg cohort; this subject has exhibited stable disease in the treated tumor, but has developed a new lesion outside the liver and thus will be discontinued from the study. These subjects suffer from HCC and metastatic colon cancer, respectively. There have been no treatment related AEs or SAEs. We expect to complete the dose escalation phase in the first half of 2022.

We are developing combination therapies with STP705 and immune checkpoint therapeutics for liver cancer where the proposed therapy would involve separate administration of STP705 and the immune checkpoint inhibitor pharmaceutical product. We are currently exploring the efficacy of combination therapy with STP705 and anti-PD-L1 targeted therapies in preclinical studies. We are collaborating with Innovent to conduct preclinical studies in the U.S. directed to combination therapy using STP705 and sintilimab, a novel anti-PD-1 monoclonal antibody approved by the NMPA for use in treatment of advanced cancers, such as NSCLC. We are also collaborating with Shanghai Junshi to conduct preclinical studies in the U.S. directed to combination therapy using STP705 and Shanghai Junshi's novel anti-PD-1 monoclonal antibody approved by the NMPA for use in treatment in advanced melanoma, squamous cell carcinoma and other indications. The clinical trials for STP705 and each immune checkpoint inhibitor product may require separate IND applications. We anticipate that whether any combination therapy using STP705 is regulated separately from STP705 will be determined on a case by case basis by U.S. FDA.

The table below sets forth the details of our clinical development plan for STP705.

Indication	Clinical Trial Identifier (FDA)	Clinical Stage	Location and Competent Authorities
Cutaneous squamous cell carcinoma *in situ*	NCT04844983	II (US/CN)	US/FDA China/NMPA*
Basal cell carcinoma	NCT04669808	II (US)	US/FDA
Keloid scar recurrence post-keloidectomy	NCT04844840	II (US)	US/FDA
Hypertrophic scarring	NCT02956317	II (US/CN)	US/FDA China/NMPA**
Cholangiocarcinoma, hepatocellular carcinoma or liver metastases	NCT04676633	I (US/CN)	US/FDA China/NMPA**

* IND not yet approved
** IND not yet filed

Licenses, Rights and Obligations

We have the global rights to develop and commercialize STP705.

Material Communication with Competent Authorities

As of the Latest Practicable Date, we were not aware of any legal claims or proceedings that may have an adverse effect on our development for STP705. As of the Latest Practicable Date, we had received no objections to our clinical development plans with respect to the regulatory review or approval process of STP705 and no material adverse change had occurred with respect to the regulatory review or approval process of STP705.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET STP705 SUCCESSFULLY.

CLINICAL DRUG CANDIDATE

STP707

STP707 is a systemic formulation of STP705. STP707 is a dual TGF-ß1/COX-2 inhibitor that has been designed for systemic administration by employing our PNP in a formulation modified from that used for STP705. We are developing STP707 for the treatment of solid tumors including but not limited to liver and lung cancers as well as for liver and lung fibrosis. We initiated Phase I clinical trials for solid tumors in November 2021. As described under "– Our Drug Candidates – STP705 – Mechanism of Action", dual knockdown of TGF-ß1/COX-2 has significant anti-tumor and anti-fibrotic effects.

Competitive Advantages

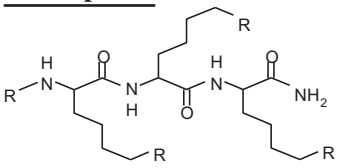
Based on our preclinical data, we believe that STP707 has potential competitive advantages as compared to the standard of care. STP707 is a systemic formulation of the same siRNA triggers contained in STP705 against TGF-ß1 and COX-2, and thus shares with STP705 most of the same competitive advantages, including the capability to achieve the synergistic effects of simultaneously silencing both genes, the potential lower cost of manufacture and the potential leveraging of the market for immune checkpoint inhibitors through combination therapy. Additionally, STP707 is formulated for systemic administration.

Formulated for Systemic Administration

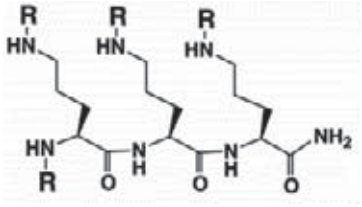
Both STP705 and STP707 are formulated using our PNP delivery platform; however, the polypeptide used in STP707 (histidine-lysine-histidine polypeptide; HKP+H) is distinguished from the polypeptide (HKP; histidine-lysine polypeptide) used in STP705 by an additional histidine. Both polypeptides comprise a lysine core with four branches that contain multiple repeats of histidines and lysines, differentiated by the additional histidine in the systemic formulation for STP707, as shown in the table below. In addition, the ratio of siRNA to peptide differs between the formulations. The additional histidine residue in the STP707

formulation results in an increased rate of endosomal release and thus more rapid release of the siRNA oligonucleotides into the cytoplasm of the target cells, which is preferred for systemic administration, rather than the more sustained release that is preferred for local administration.

HK Peptides



R=KHHHKHHHKHHHKHHHK,
H=histidine; K=lysine



R=KHHHKHHHKHHHKHHHK

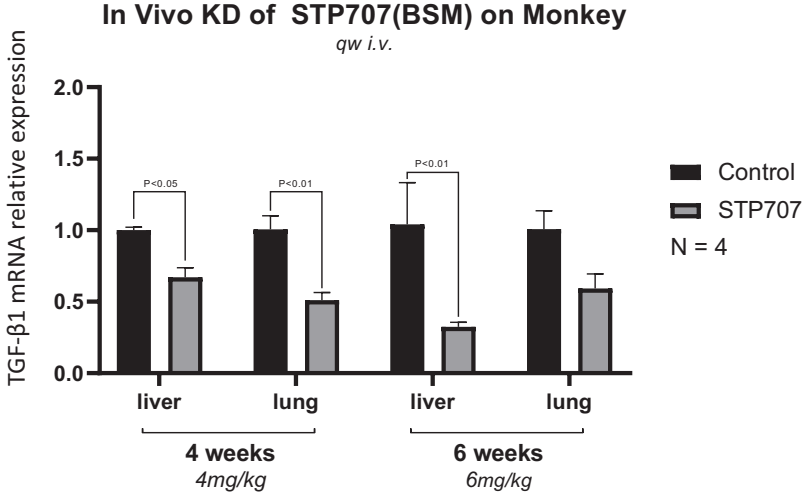
Applications

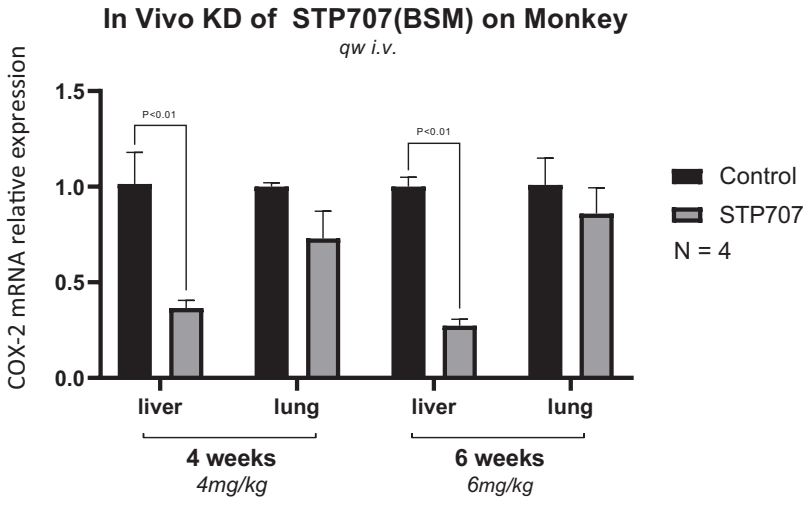
H3K4b, branched, is useful for local delivery of siRNA and is utilized in STP705

H3K(+H)4b, branched, is useful for systemic delivery of siRNA and mRNA and is utilized in STP707

Our preclinical studies demonstrated that intravenous administration of STP707 results in uptake in the multiple cell types of the liver, as well as spleen, lung and kidney tissues. Our GLP study in non-human primates demonstrated that intravenous administration of STP707 achieved TGF-ß1 and COX-2 knockdown in both liver and lung, as shown in the figure below, providing evidence of a strong potential to achieve therapeutic effect in lung tissue.

Silencing of TGF-ß1 and COX-2 in both Liver and Lung after Administration of STP707 in Non-human Primates





Source: Company data

In addition, unlike GalNAc mediated siRNA platforms which are limited to targeting of liver hepatocytes, our preclinical studies using labeled siRNAs in a liver fibrosis mouse model showed that after intravenous administration of labeled-siRNA using our PNP delivery platform, Kupffer cells and liver sinusoidal endothelial cells as well as hepatocytes exhibited high percentages of uptake of the PNP-siRNA.

We believe that the systemic formulation for STP707 will make STP707 broadly useful for treating a broad range of oncology and fibrosis indications via the reduction of the profibrotic and proinflammatory cytokines TGF-ß1 and COX-2.

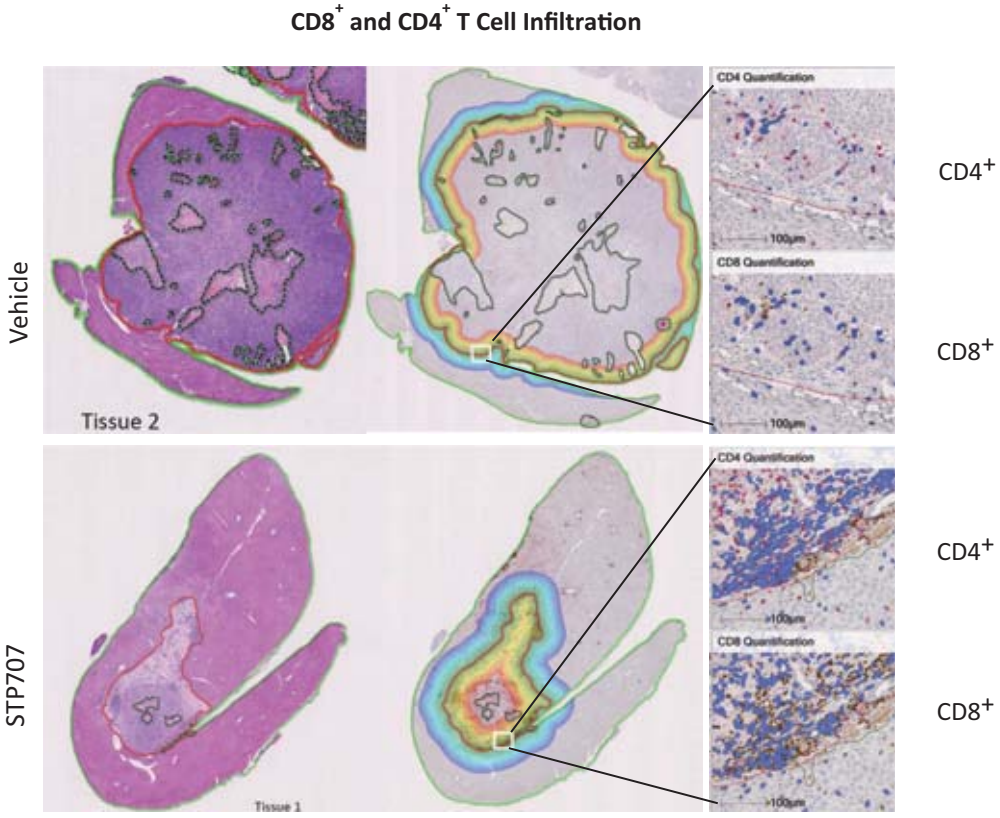
Favorable Safety Profile

We recently completed a GLP preclinical non-human primate study evaluating safety of STP707 which demonstrated a favorable safety profile in all treatment groups. The long term toxicity study involved 4-week repeated intravenous dosing in cynomolgus monkeys: 0.5 mg/kg/week (N=10), 1.5mg/kg/week (N=10), 5.0 mg/kg/week (N=10), and vehicle control group (N=10). We also completed a GLP safety pharmacology study administering a single does of 0.25 mg/kg (N=8), 0.75 mg/kg (N=8), 2.5 mg/kg (N=8) and vehicle control group (N+8). No clinically significant drug-related adverse toxicology findings were identified in the treatment groups, including no significant abnormalities in pathology, microscopic histology examinations, clinical observations, electrocardiogram, hematology, coagulation, clinical chemistry and T-lymphocyte subsets. The safety pharmacology study found no impairments of cardiovascular and respiratory functions in monkeys receiving an injected dose of STP707 of approximately 30 times the proposed Human Equivalent Starting dose for human clinical trial doses. We also completed a 4-week, repeated dose study of 5 mg/kg/week, with administration twice per week and, as of the Latest Practicable Date, are in the process of preparing the study report of a 13-week, repeated dose study of 5 mg/kg/week, with administration twice per week.

Potential for Combination Therapy with Immune Checkpoint Inhibitors

As describe above under "– Our Drug Candidates – STP705 – Competitive Advantage – Potential for Combination Therapy with Immune Checkpoint Inhibitors", STP705 has significant potential to leverage the market for immune checkpoint inhibitor drugs, which enhance T-cell responsiveness in tumors, through combination therapy based on results showing that silencing of TGF-ß1 and COX-2 promoted T-cell infiltration of tumors treated with STP705. STP707, which also targets TGF-ß1 and COX-2, is also a promising candidate for combination therapy with immune checkpoint inhibitor drugs. In an orthotopic HCC mouse model, in which STP707 was administered (1 mg/kg for 3 doses), histological analysis of the liver showed that administration of STP707 dramatically reduced tumor volume and that the penetration of T-cells (CD4+ and CD8+) around the tumor interface with normal tissue was much greater compared to the control comprising non-silencing siRNA in the same PNP delivery platform vehicle, as shown in the figure below. These results suggest that administration of STP707 improved T-cell penetration in and around the tumor microenvironment through the silencing of TGF-ß1 and COX-2, further supporting the potential for combination therapy to both block interaction with PD1 and maintain the action of T-cells for anti-tumor activity.

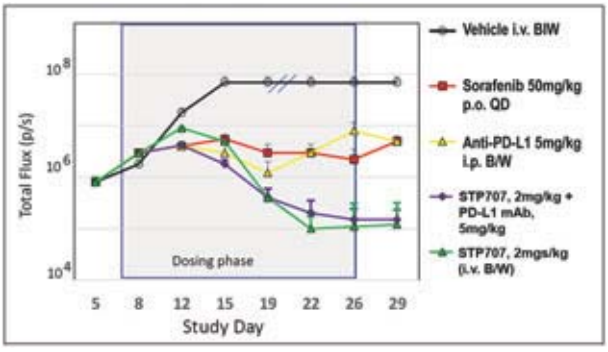
Improved T-Cell Infiltration of the Tumor Microenvironment after Administration of STP707



Source: Company data

We evaluated combination therapy with STP707 and anti-PD-L1 monoclonal antibody in a preclinical study using the orthotopic HCC mouse model in which STP707 was administered intravenously either alone (2 mg/kg) or in combination with anti-PD-L1 monoclonal antibody (5 mg/kg). The figure below shows a tumor growth curve measuring tumor associated bioluminescence and demonstrates that the combination of STP707 and anti-PD-L1 antibody was effective in eradicating tumors with no regrowth after 28 days.

Tumor Growth Curve

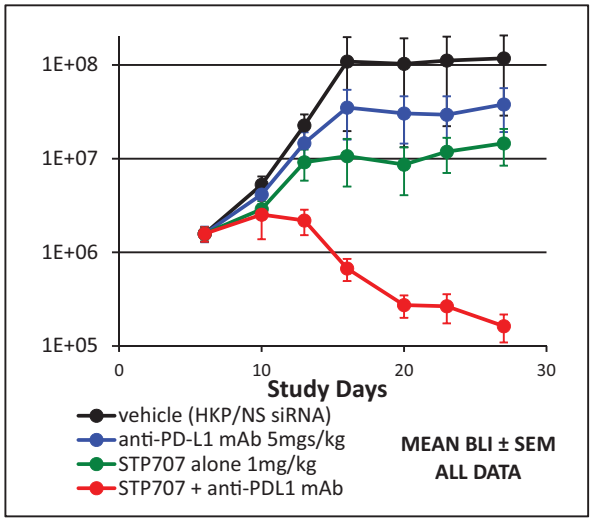


	p-value as completed control			
	Sorafenib	**Anti-PD-L1**	**STP707 + Anti-PD-L1**	**STP707 (2mgs/Kg)**
Day 15	0.0254	0.0228	0.022	0.0262
Day 19	0.022	0.016	0.0076	0.0076
Day 22	0.022	0.022	0.0082	0.007
Day 26	0.021	0.035	0.008	0.0073
Day 29	0.03	0.03	0.0073	0.0071

Source: Company data

In further studies in the same mouse model, administration of STP707 at a lower dose (1 mg/kg) in combination with the anti-PD-L1 monoclonal antibody showed more potent activity and synergistic activity than either STP707 or the anti-PD-L1 monoclonal antibody alone, as shown in the figure below. These data together provide support for the strong potential for combination therapy based on synergistic activity and enhancement of the efficacy of immune checkpoint inhibitors.

Tumor Growth Curve



Source: Company data

p-value of STP707 + anti-PD-L1 relative to Control	**Control (vehicle treated)**
Day 12	0.035
Day 15	0.02
Day 19	0.006
Day 22	0.006
Day 26	0.003

Clinical Development Plan

We initiated a Phase I clinical trial in a basket trial for solid tumors in November 2021 in the U.S. The basket study will allow us to study more than one tumor type and, apart from aiding in evaluation of safety and dosing, we will be able to gather valuable efficacy data in various tumor types that will better guide our future clinical development. We plan to submit an IND to NMPA for a Phase I clinical trial in China for HCC as part of a global study. For our submission in China we will develop a protocol for China sites that is limited to HCC. HCC is prevalent in China and of great interest to investigators in China, although the data will be valuable for integration with our U.S. clinical trial data as development proceeds. The protocol will be for a Phase I clinical trial in patients in China, rather than healthy volunteers, with recruitment conducted in parallel to our U.S. study. We also filed an IND for PSC, a rare form of liver fibrosis, in November 2021 in the U.S., and plan to file an IND for PSC in China at a later date. Depending on the response we see in our dose escalation Phase I clinical trial as well as efficacy data obtained in preclinical studies in various tumor models, we could potentially follow the Phase I clinical trial with Phase II clinical trials of STP707 for liver cancer, non-small cell lung cancer, metastatic cutaneous squamous cell carcinoma, and potentially other solid tumors in the second half of 2022 in the U.S. We also expect to initiate clinical trials for combination therapy with STP707 and other oncology therapeutics in promising indications.

Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP707.

PRECLINICAL DRUG CANDIDATES

We are developing a number of IND-enabling and preclinical research and development product candidates in our rich pipeline. As of the Latest Practicable Date, we were evaluating seven of our innovative product candidates in IND-enabling preclinical studies and are evaluating more than seven of our product candidates in earlier stage studies.

Our preclinical drug candidates that we are developing for oncology indications include:

STP355

STP355 comprises siRNA simultaneously targeting TGF-ß1 and VEGFR2, a target gene well-validated for its involvement in tumor angiogenesis and metastasis, formulated using our PNP delivery platform for systemic administration. We are developing STP355 for the treatment of multiple cancer types, including breast cancer, melanoma and colorectal cancer. We plan to file an IND for STP355 in the U.S. in the first half of 2022.

Mechanism of Action

Angiogenesis is a normal physiological process that is primarily, although not exclusively, regulated by the Vascular Endothelial-derived Growth Factor (VEGF) family. The main target cell type for VEGF proteins is the endothelial cell where VEGF functions through binding with its receptors on the cell membrane. After binding to VEGFR2, VEGF triggers a series of signal transducing pathways stimulating endothelial cell proliferation, migration and new blood vessel formation.

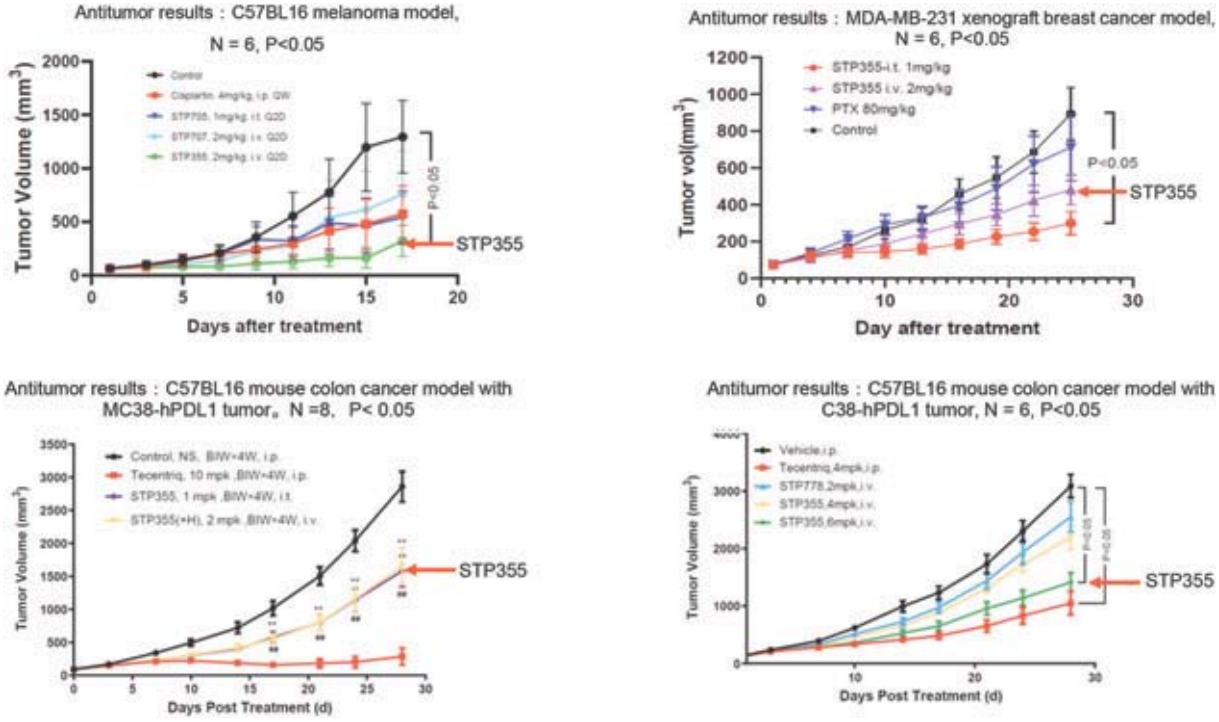
VEGF overexpression is found in most cancers. When overexpressed, VEGF causes aberrant neo-angiogenesis (i.e., growth of new blood vessels) within both the tumor and surrounding tissues to meet the nutrition demand for uncontrolled proliferation of tumors. Studies of VEGF functionality have led to therapeutic strategies targeting the VEGF/VEGFR signaling pathway, including the monoclonal antibody Avastin (Bevacizumab), which has been widely applied in many different cancer therapies. Preclinical studies have consistently shown additive or synergistic benefits from combinations of VEGF inhibitors with cytotoxic agents. A potential combinational partner target is TGF-ß1, described in " – Our Drug Candidates – STP705 – Mechanism of Action".

Competitive Advantages

We believe that STP355 has potential competitive advantages as compared to the standard of care. We expect that targeting of both TGF-ß1 and VEGFR2 in a single therapeutic will provide a more potent anti-tumor effect than inhibition of the VEGF/VEGFR2 pathway alone due to both combinatorial effects of targeting multiple points in interconnecting pathways, as well as hampering the upregulation of compensatory pathways. In addition, we expect that incorporating siRNA against both TGF-ß1 and VEGFR2 in the same drug product presents advantages over contemporaneous administration of two separate modalities targeting TGF-ß1 and the VEGF/VEGFR2 pathway because it ensures that both are simultaneously targeted in the same cells.

Our preclinical results in multiple mouse tumor models demonstrate the potential for STP355 as an antitumor agent for multiple cancer types.

STP355 Preclinical Results in Multiple Mouse (Xenograft) Tumor Models



Source: Company data

Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP355.

STP369

STP369 comprises siRNAs targeting 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 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. We anticipate filing an IND in the U.S. in the second half of 2022.

Mechanism of Action

Certain proteins in the BCL-2 family, which include BCL-2, BCL-xL, BCL-w, BFL-1/A1 and MCL-1, function to counteract the pro-apoptotic effects of other proteins in the BCL-2

family such as BAX and BAK. Following various stress signals, pro-apoptotic family members either neutralize the anti-apoptotic proteins or directly activate effector proteins BAX and BAK, which will eventually lead to apoptosis in normal cells. Cancer cells can evade apoptosis triggered by drug treatment by overexpressing the BCL-2 antiapoptotic proteins like BCL-xL and MCL-1. BCL-xL and MCL-1 have been validated in the public literature as promising targets for cancer therapeutics using small molecule inhibitors, as combining small molecule inhibitors against the two targets has shown therapeutic benefit in a number of cancer types, including cervical cancer, lung squamous cell carcinomas and head and neck cancer and combining anti- BCL-xL and anti-MCL-1 siRNAs for anti-tumor activity with respect to ovarian tumors and pancreatic tumors.

Competitive Advantages

Based on our preclinical data, we believe that STP369 has two potential advantages compared to standard of care: (1) strong potential efficacy in antitumor effects and (2) significant combination potential with validated chemotherapy drugs, such as cisplatin. Our preclinical studies have demonstrated that simultaneous silencing of BCL-xL and MCL-1 by STP369 inhibits tumor growth in other cancer types, including bladder cancer and head and neck cancer xenograft studies. We also assessed the anti-tumor activity of STP369 in combination with cisplatin, a first line cancer therapeutic for both bladder cancer and head and neck cancer, compared to cisplatin alone. In this study, STP369 in combination with cisplatin displayed dramatic improvement in the response of cancer cells to cisplatin.

Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP369.

STP779

STP779 comprises siRNA targeting TGF-ß1 and SULF-2, another validated tumorigenesis-associated gene, formulated with our PNP delivery platform for systemic administration. We are developing STP779 for the treatment of liver cancer, lung cancer and pancreatic cancer. We maintain the global rights to develop and commercialize STP779.

STP302

STP302 comprises miR-150 miRNA formulated with our PNP delivery platform for intravenous or intra-tumoral injection administration. We are developing STP302 for treatment of colorectal carcinoma alone and in a combination therapy with gemcitabine. We maintain the global rights to develop and commercialize STP302.

STP902

STP902 comprises siRNA targeting RAF-1, a validated tumorigenesis-associated gene, formulated with our PNP delivery platform for intravenous and intra-tumoral injection

administration. We are developing STP902 for the treatment of breast cancer. We maintain the global rights to develop and commercialize STP902.

Our preclinical candidates that we are developing for medical aesthetics include:

STP705

As described under "– Our Drug Candidates – STP705", STP705 is a dual TGF-ß1/COX-2 inhibitor that has been formulated using our PNP delivery platform for local administration. In addition to our more advanced development programs for oncology and fibrosis indications, we are also developing STP705 as a localized treatment for fat sculpting.

Mechanism of Action

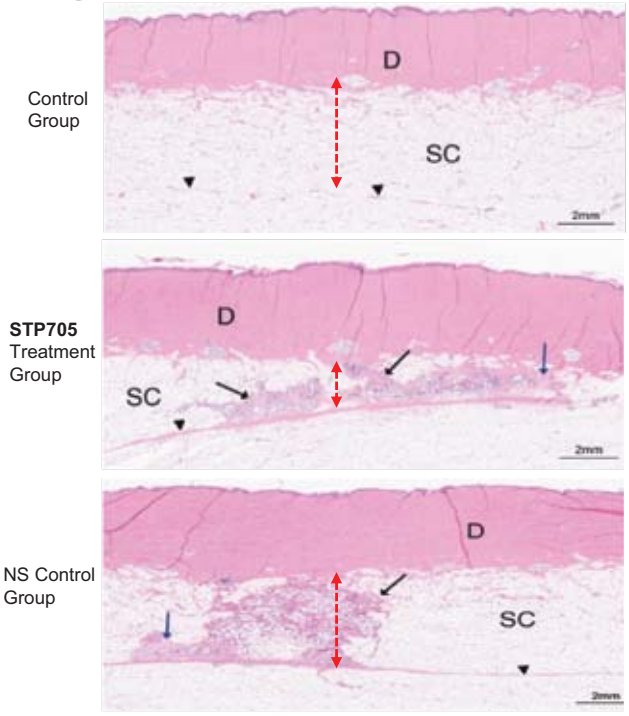
Based on our clinical studies for STP705, we noted that one of the biological effects of local administration of STP705 is localized fat reduction.

Competitive Advantages

We believe that STP705 has potential advantages compared to the available medical aesthetic treatments for fat sculpting. Our preclinical results in a Yucatan minipig model demonstrate reduction in subcutaneous adipose tissue. The figure below (A) shows reduction in subcutaneous fat in a Yucatan minipig model compared to predose biopsy 56 days after subcutaneous administration of STP705. Non-targeting siRNA (NS) in the same PNP delivery platform formulation was used as a control. At day 56, findings associated with the administration of either test article were granulomatous inflammation with fat necrosis in the subcutis and fibrosis/fibroplasia in the subcutis. Other findings, including dermal inflammatory cell infiltration and serocellular crusts on the epidermal surface, were sporadically present and represent the variability in typical background cellular infiltrates in the skin of pigs. The figure below (B) shows quantified measurements of the subcuticular adipose layers of different groups. The STP705-treated group showed significant reduction of the subcuticular adipose. Decreased subcuticular thickness (up to the superficial fascia) was reduced in test article-treated samples compared to untreated or pre-dosing samples. This reduced subcuticular thickness corresponded with the presence of inflammation and fibroplasia in this zone. STP705 was also compared to treatment with Kybella (deoxycholic acid), an FDA-approved drug indicated to improve the appearance and profile of moderate to severe fullness associated with submental fat, also called double chin. Using single dose of STP705 at day 0 with either (120µg) or (200µg), resulted in better subcuticular thickness at day 56 compared with double doses of Kybella at day 0 and day 30.

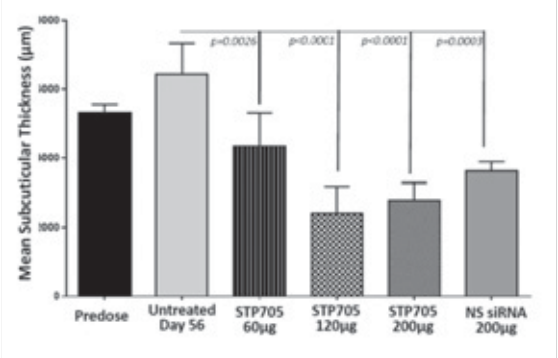
STP705 Preclinical Results Demonstrate Efficacy in Fat Sculpting

A Yucatan Minipig Model Histology Analysis

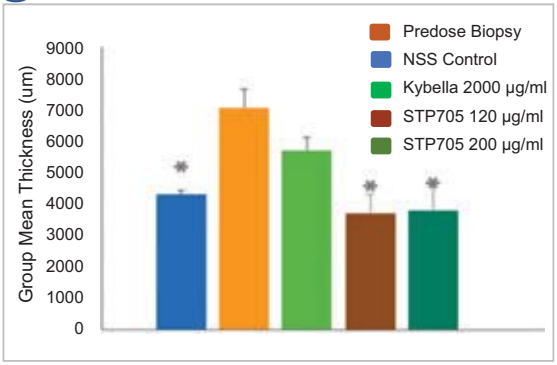


Note: D: Dermis, SC: Subcuticular Adipose

B First Fat Reduction POC Study Results (d56)



C STP705 and Kybella Comparison at Day 56



Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP705.

Our preclinical drug candidates that we are developing for antiviral indications include:

STP702

STP702 comprises siRNA simultaneously targeting the M1 and PA influenza viral gene sequences formulated with our PNP delivery platform. We are developing STP702 for treatment of influenza. We anticipate filing an IND in the U.S. in the second half of 2022.

Mechanism of Action

Influenza A virus transmission causes respiratory infections that can be debilitating and may lead to death. Newly emerging strains, such as H5N1 and H7N9, have exhibited higher mortality rates, while vaccine development response has been very slow. The rapid emergence of a novel strain that may not respond well to existing therapeutics could result in a significant death toll before the development and distribution of a vaccine or other prophylactic or therapeutic. Therapeutic strategies that may prevent and/or reduce the emergence of resistant variants and may increase the breadth of efficacy across multiple strains include: (1) targeting regions of essential viral genes that are highly conserved, and/or (2) targeting two or more viral genes simultaneously. While single siRNAs against specific influenza genes have been shown to inhibit the virus, we believe that combining siRNAs against two of the most conserved segments of the influenza genome will increase coverage across multiple influenza strains. Using a bioinformatics approach using viral genes from the Flu Database, siRNA sequences designed against M1, NP and PA gene segments in select pairwise combinations were predicted to provide coverage against >95% of influenza strains demonstrated to infect humans, including the majority of strains of H1N1, H3N2, H5N1 and H7N9.

Competitive Advantages

In vitro testing of combinations of two siRNAs against these viral target genes identified synergism with increased potency of two siRNAs against multiple flu strains. Our preclinical results show that combining two siRNAs (targeting M1 and PA) provided a potent therapeutic able to significantly reduce viral titer in three strains of the virus (H1N1, H3N2 and H5N2). Nanoparticle-mediated delivery of this siRNA pair in vivo (10mg/kg) demonstrated antiviral activity equivalent to Tamiflu (25mg/kg). That STP702 was more potent than Tamiflu suggests that STP702 may have better efficacy and coverage than neuraminidase inhibitors that have proven to be ineffective against the latest avian flu strains (H5N1 and H7N9).

Nanoparticle delivery of siRNA combinations may provide a rapid therapeutic response against newly emergent strains of Influenza and targeting multiple segments within the virus improves coverage across strains and, also, improves efficacy within a strain by reducing the ability of the virus to escape therapeutic pressure.

Licenses, Rights and Obligations

We have out-licensed development and commercialization rights in mainland China, Hong Kong, Macau and Taiwan to Walvax, and retain development and commercialization rights in the rest of the world. See "– Collaboration and Licensing Arrangements – Licensing Arrangement with Walvax."

STP908

STP908 comprises siRNA targeting the SARS-CoV-2 ORF1Ab and N-protein genes formulated with our PNP delivery platform. We are developing STP908 for the treatment of COVID-19 and other diseases caused by SARS coronaviruses for intravenous and inhalation administration. STP908 is directed to providing prophylactic options for uninfected people as well as therapeutic options for patients to both prevent hospitalization or treat hospitalized patients. We have previously collaborated with researchers at the Boston University National Emerging Infectious Disease Laboratory on preclinical research relating to STP908. We anticipate filing an IND in the U.S. in the second half of 2022.

Mechanism of Action

Silencing the ORF1Ab and N-protein genes of SARS-CoV-2 inhibits the ability of the virus to replicate inside the host cell.

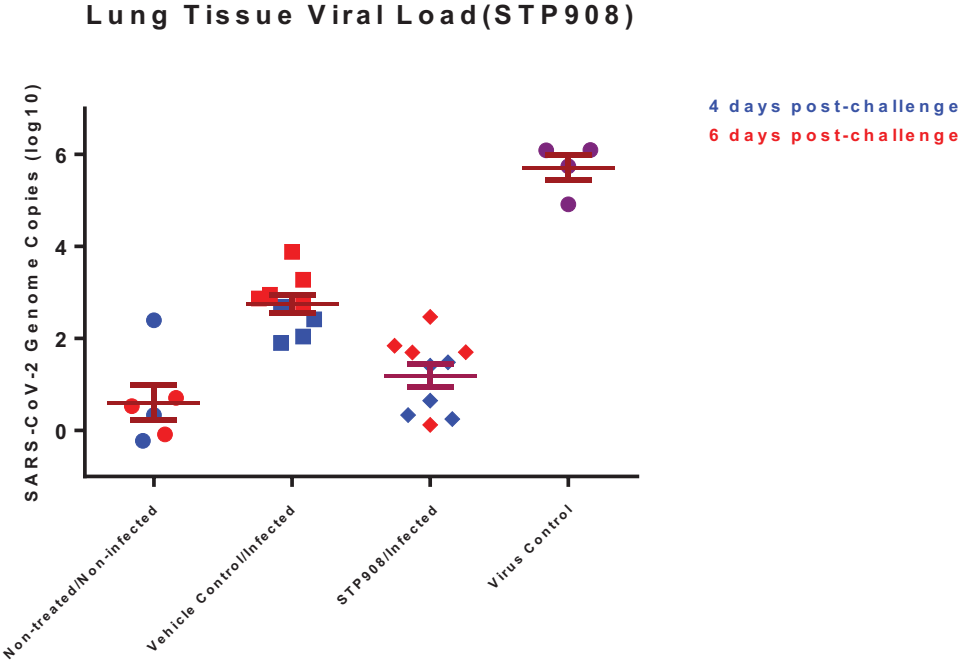
Competitive Advantages

We believe that STP908 has potential competitive advantages compared to the available therapeutics for COVID-19 or other SARS coronavirus infection. STP908 demonstrated excellent potency in an in vitro live virus infectivity assay. Each of the siRNAs for ORF1Ab and N-protein separately produced >75% inhibition of virus at concentrations of 41pM. When combined, the combination showed even greater potency. The siRNAs in STP908 are designed against conserved regions of SARS-CoV-2 and other viruses, including SARS and several specific bat strains.

The target indication will be patients infected with SARS-CoV-2 or SARS viruses. We intend to develop STP908 for both prophylactic and therapeutic uses. Intravenous administration avoids the need to inhale the product by sick patients who already have difficulty breathing; however, aerosol delivery will enable use as a prophylactic.

By targeting two different gene segments within the SARS-CoV-2 viral genome allows immense specificity against the virus and we expect it will inhibit the virus while minimizing the ability for the virus to escape therapeutic pressure through mutation because the virus would require not only simultaneous mutation at two different gene segments, but also mutations at the exact sequence being targeted by each siRNA. We designed the siRNAs using highly conserved regions of many viruses in the SARS family to target regions that we expect will not readily undergo mutation.

Our preclinical results in a mouse model show both prophylactic and therapeutic efficacy. We evaluated STP908 against a sublethal dose of the Italian strain of SARS-CoV-2 in a prophylactic model using mice expressing human ACE2 in their lungs, as ACE2 acts as a receptor for viral entry. Virus was administered intranasally at day 0. STP908 (2mgs/Kg) was administered intravenously at days -5 and -2 (prior to virus administration) and again at day 1 and day 3. At day 4 and day 6 of the treatment regimen mice were sacrificed, the lungs were removed and quantitative RT-PCR used to determine the viral load present at those time points. Animals treated with STP707 were used as a control to show the level of virus present in untreated animals. We observed in animals treated with STP908 a reduction in viral titer almost to baseline. We believe that these results suggest that STP908 is able to silence the viral genes and prevent the growth of the virus in the lungs.



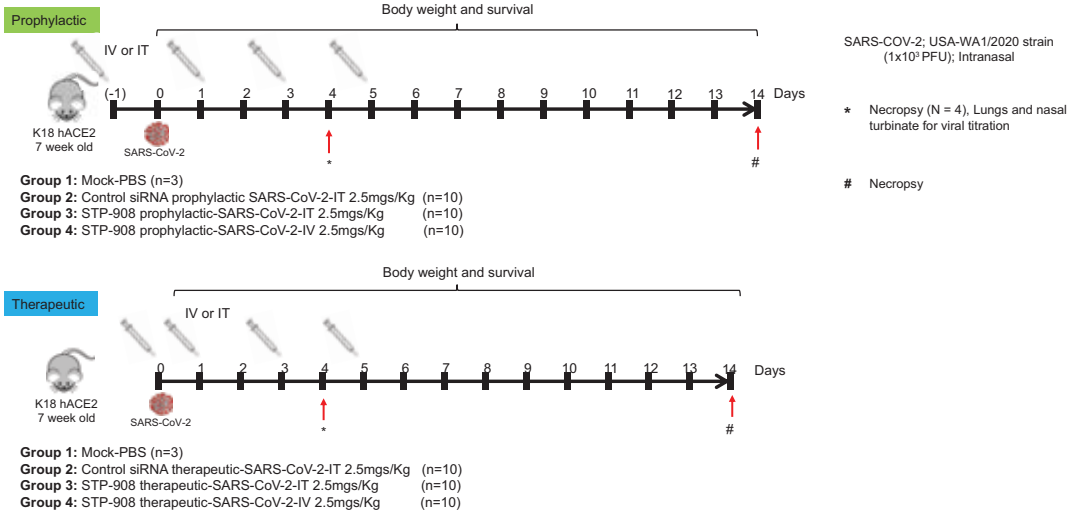
Source: Company data

We also conducted experiments using the Washington strain of SARS-CoV-2 administered intranasally at a lethal dose to mice expressing the human ACE2 in their lungs. We analyzed two regimens of STP908 administration (as illustrated in A in the figure below): first, a prophylactic regimen where STP908 was administered 1 day prior to virus administration (day -1) and then again at days 1, 3 and 5 and second, a therapeutic regimen where virus was administered at day 0 and the first injection of STP908 was given 1 hour after infection and again at days 1, 3 and 5. We also compared intratracheal and intravenous administration of STP908. Our results showed that all animals infected with virus exhibited significant weight loss over the first 5-7 days, and weight regain in treated animals was used to determine the efficacy of STP908. Control animals (not treated with STP908) were all dead by day 7-8 after administration. As shown in B in the figure below, in the prophylactic model STP908 reversed the weight loss back to 95% of uninfected controls by day 14. In the

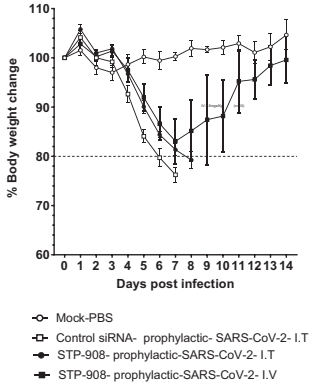
therapeutic model (shown in C in the figure below), STP908 reversed weight loss back to 100% of control (uninfected) animals by day 9. Both therapeutic and prophylactic regimens showed a rescue of 50% of the animals from death by day 14 (shown in D in the figure below). In our comparisons of intractracheal and intravenous administration, we observed that animals administered STP908 intratracheally (lung) at 2.5mgs/kg lost greater than 20% body weight within 6-7 days and were euthanized. In contrast, animals administered STP908 intravenously at 2.5mg/kg demonstrated a significant regain of body weight between days 7-9 with 50% of the animals rescued from death at day 14 when the experiment was concluded. We believe that our preclinical results demonstrate that both prophylactic and therapeutic administration protocols can be used with STP908 to treat SARS-COV2 infections.

Prophylactic and therapeutic efficacy of STP908 against SARS-CoV-2

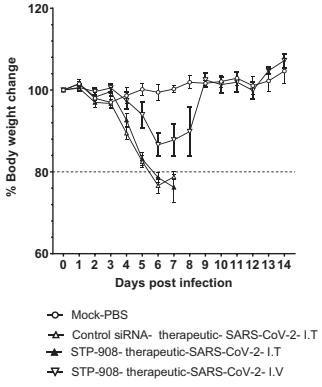
A. Prophylactic and therapeutic treatment regimens



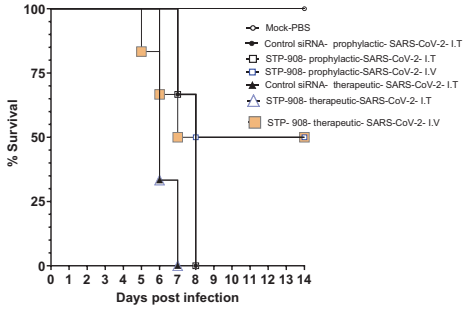
B. Morbidity data (prophylactic)



C. Morbidity data (therapeutic)



D. Mortality data (both)



Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP908.

RIM730

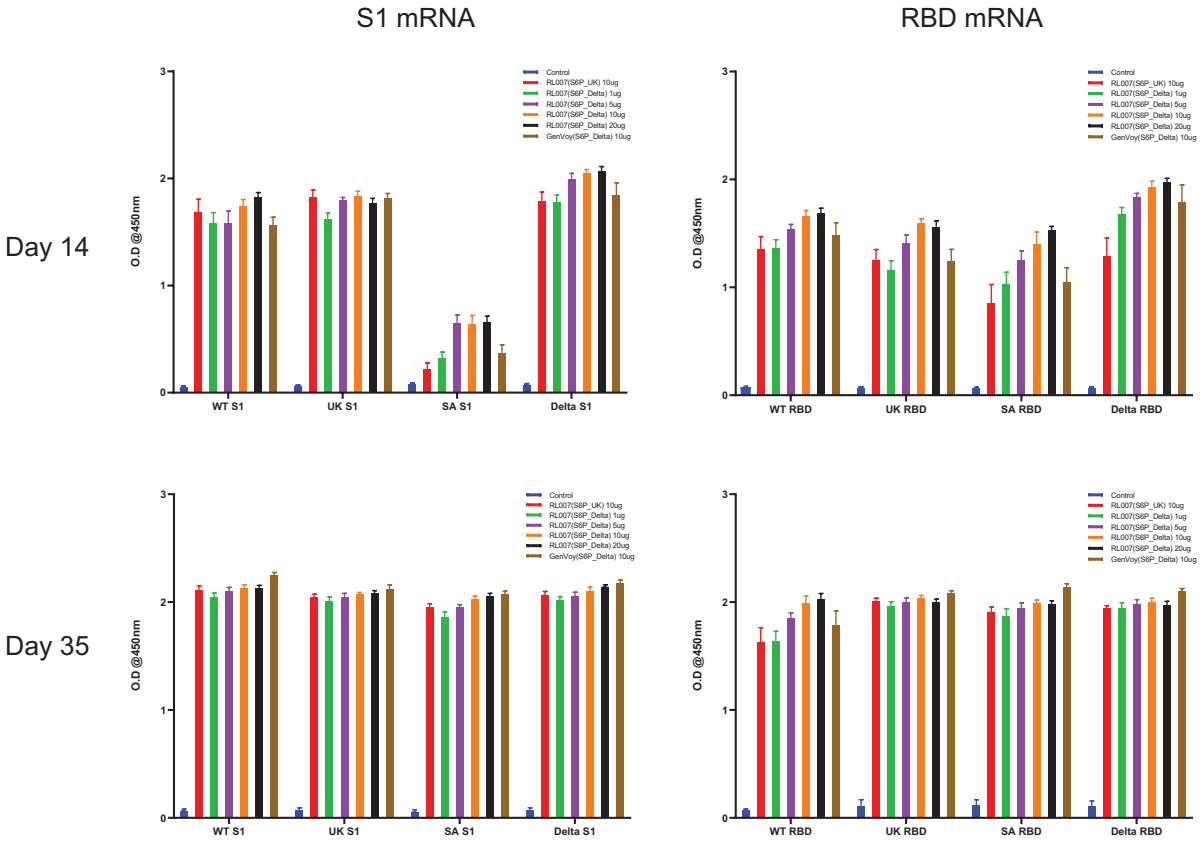
RIM730 comprises mRNA coding for SARS-CoV-2 full length spike protein from the Delta variant formulated with LNP delivery technology for intramuscular administration. We are developing RIM730 as a prophylactic vaccine for the prevention of COVID-19. We have submitted a pre-IND package to U.S. FDA on October 1, 2021. We maintain the global rights to develop and commercialize RIM730.

Our preclinical results in an in vivo mouse model show induction of a strong immune response by RIM730. Female Balb/c mice were immunized on Day 0 and Day 21 with the Alpha (UK) variant S mRNA (10ug) and the Delta variant S mRNA (1ug, 5ug, 10ug, 20ug), formulated with LNP mRNA delivery technology (RL007), and with the Delta variant S mRNA (10ug) formulated with commercially available GenVoy LNP (Precision Nanosystems). Blood was collected by submandibular bleeding using a lancet after 14 days of each injection (blood taken at Day 14 and Day 35).

The figure below (A - C) shows that 14 days after each dose (Day 14 and Day 35), elicited strong IgG titer against multiple SARS-CoV-2 viral variants, including full length spike protein (S1) and the receptor binding domain (RBD) of wild-type, Alpha, Beta (South Africa) and Delta variants. Furthermore, as shown in (C), the neutralization antibody titer against SARS-CoV-2 pseudovirus particles showed that RIM730 elicited strong neuralization IgG titer in all tested SARS-CoV-2 variants.

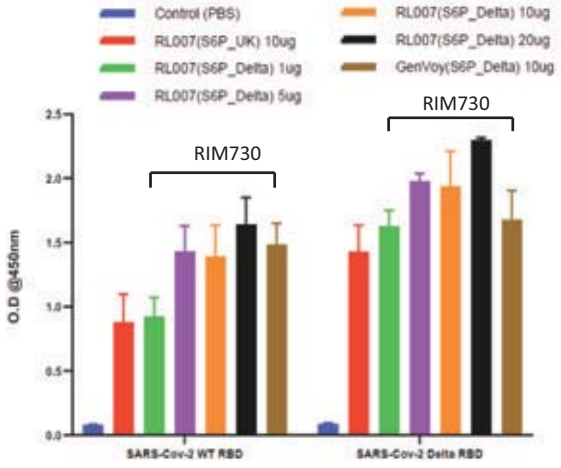
RIM730 is a Covid-19 mRNA Vaccine with Delta S Antigen:
Full length S protein mRNA formulated with RL007 LNP

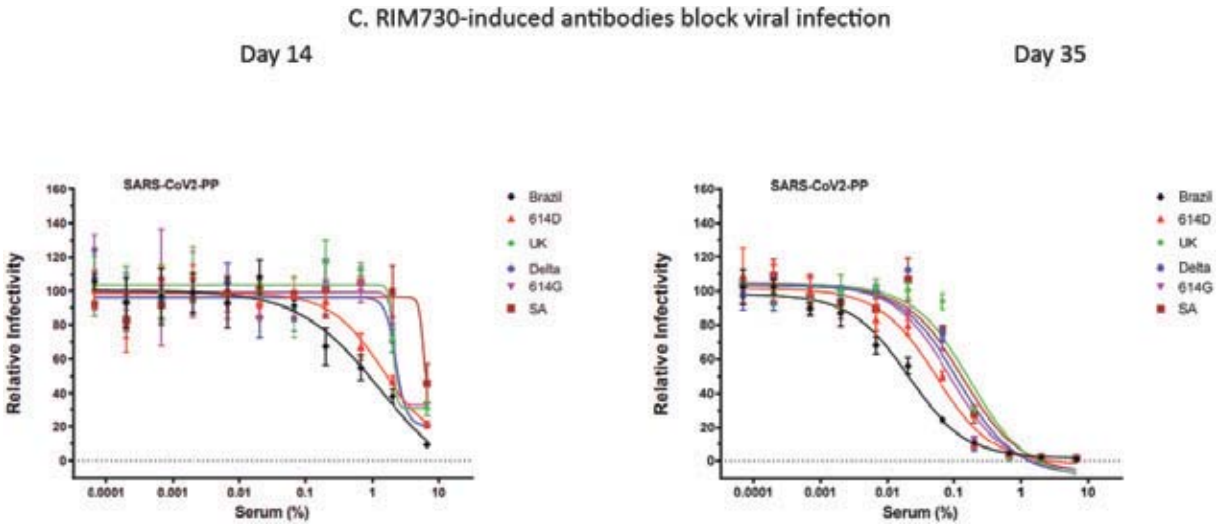
A. RIM730-induced antibodies present broad activity across variants



Source: Company data

B. RIM730-induced antibodies bind to RBD





WT = wildtype, S1 = full length spike protein, RBD = receptor binding protein of the spike protein, UK = UK or alpha variant, SA = South African or beta variant, Brazil = Brazil or gamma variant, Delta = delta variant, 614G = D614G missense mutation variant, 614D = Wuhan wildtype.
Source: Company data

STP909

STP909 comprises siRNA targeting human papillomavirus (HPV) sequences formulated with our PNP delivery platform for intravenous and topical administration. We are developing STP909 as a prophylactic vaccine for prevention of cervical cancer and other disease caused by HPV. We maintain the global rights to develop and commercialize STP909.

Our preclinical drug candidates that we are developing using our GalNAc delivery platforms include:

STP122G

STP122G comprises RNAi triggers targeting Factor XI and formulated with our GalAhead™ (GalNAc-based) delivery platform for subcutaneous administration. We are developing STP122G as an anticoagulant therapeutic. We anticipate filing an IND in the U.S. for STP122G in the first half of 2022.

Mechanism of Action

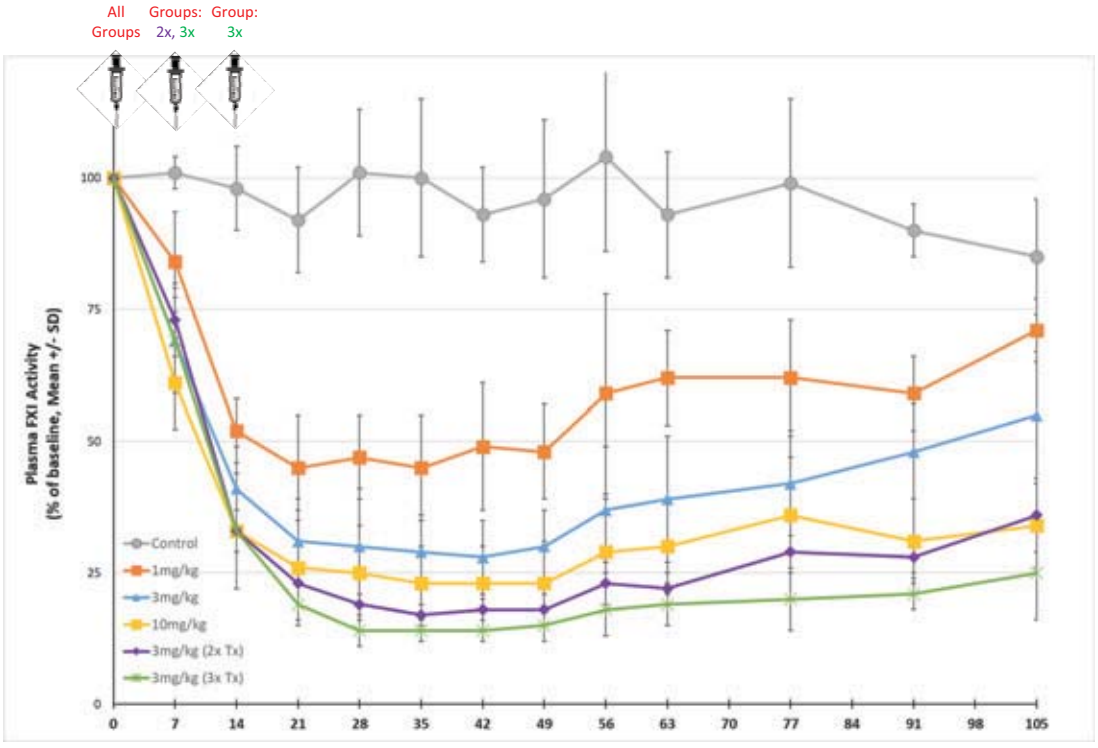
STP122G comprises RNAi triggers targeting Factor XI. Factor XI is a plasma glycoprotein that is primarily synthesized in the liver and is part of the coagulation cascade, playing a role in clot stabilization and expansion. Factor XI is an attractive target for anticoagulant therapy because while individuals deficient in Factor XI have reduced risk of thrombosis-related events, they exhibit little increase in bleeding, thus providing the potential to separate antithrombotic activity from bleeding risk.

Competitive Advantages

We believe that STP122G has potential competitive advantages over other anticoagulant therapies. Based on the low risk for increased bleeding in patients deficient in Factor XI due to genetic disorders, we believe that STP122G is likely to have a favorable safety profile. Further, we believe that STP122G may be useful broadly across different therapeutic settings where anti-coagulant therapies are needed.

Our preclinical results in an extended 13-week study in non-human primates demonstrate that STP122G has the potential for long-lasting therapeutic effects based on our results showing continuous knockdown of the target gene through week 13. Continuous knockdown effect is a potential advantage for the treatment of chronic diseases.

STP122G Preclinical Results Demonstrate Long-Lasting Knockdown Effect



Source: Company data

Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP122G.

STP133G

STP133G comprises RNAi triggers simultaneously targeting PCSK9 and ApoC3, formulated with our GalAhead™ delivery platform for subcutaneous administration. We are

developing STP133G as part of our cardiometabolic disease program. We anticipate filing an IND in the U.S. for STP133G in the second half of 2022.

Mechanism of Action

Proprotein convertase subtilisin/kexin type 9, or PCSK9, is expressed in the liver and is involved in the regulation of LDL-cholesterol. Apolipoprotein C-3, of ApoC3 is also expressed in the liver and is involved in the regulation of triglyceride metabolism.

Competitive Advantages

We believe that STP133G has competitive advantages over other drugs developed for cardiometabolic disease therapy because of its ability to achieve additive effects by targeting both LDL cholesterol and triglyceride regulating pathways.

Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP133G.

STP144G

STP144G comprises RNAi triggers targeting Complement Factor B, formulated with our GalAhead™ delivery platform for subcutaneous administration. We are developing STP144G for use in treating complement-mediated diseases. We maintain the global rights to develop and commercialize STP144G. We anticipate filing an IND in the U.S. for STP144G in the second half of 2022.

Mechanism of Action

Complement Factor B is expressed in the liver and circulates throughout the body. Complement Factor B is a key component of the innate immune system; its dysregulation may cause a number of diseases, including age-related macular degeneration, paroxysmal nocturnal hemoglobinuria, and C3 glomerulopathy.

Competitive Advantages

We believe that STP144G has potential competitive advantages over many commercialized drugs. STP144G may be administered far less frequently than small molecule therapeutics because of the longer half-life exhibited by RNAi therapeutics compared to small molecules. We believe that STP144G may be useful for treatment of complement-mediated diseases in many different therapeutic settings. See "– Our Research and Development Platforms – Our GalNAc RNAi Platform."

Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP144G.

STP135G

STP135G comprises siRNA targeting PCSK9, formulated with our PDoV-GalNAc RNAi delivery platform for subcutaneous administration. We are developing STP135G as part of our cardiometabolic disease program.

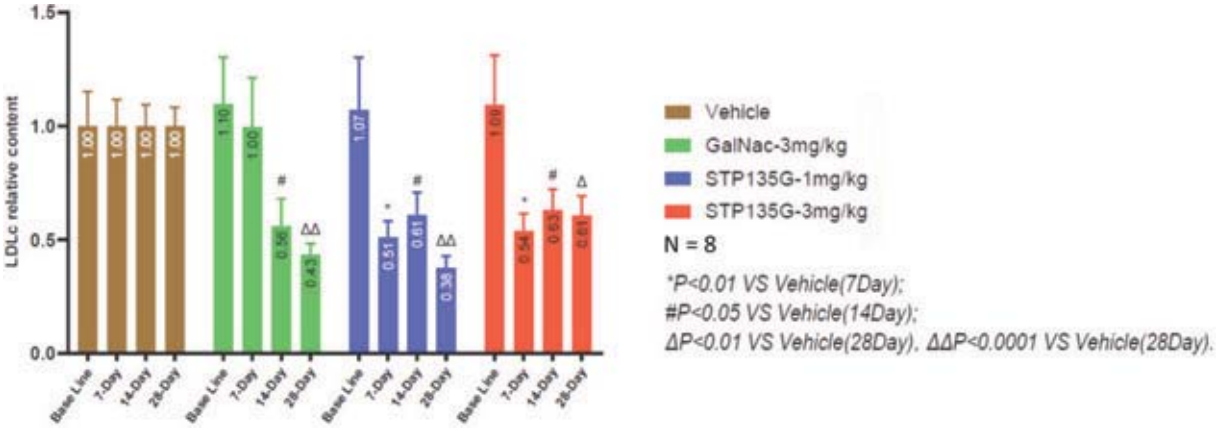
Mechanism of Action

Proprotein convertase subtilisin/kexin type 9, or PCSK9, is expressed in the liver and is involved in the regulation of LDL-cholesterol.

Competitive Advantages

We believe STP135G has potential competitive advantages for therapeutic efficacy. STP135G leverages our PDoV-GalNAc delivery platform, which has the benefits provided by the PDoV peptide to protonate in the acidic endosomal environment and improve the endosomal escape of the released siRNA. As described in "—Our Research and Development Platforms –GalNAc-Peptide Docking Vehicle (PDoV) Delivery Platform," two siRNAs may be coupled to the PDoV backbone thus introducing twice the amount of functional siRNA per molecule and halving the amount required per therapeutic dose. As shown in the figure below, we observe the benefits of promoted endosomal escape produced by the PDoV backbone and observe a much more rapid silencing effect (blue and red bars) than that observed with GalNac coupled directly to the siRNA (green bars). This means that the therapeutic effect will be observed much more rapidly than with standard GalNac conjugates that take up to 21 days to show maximal silencing. Maximal silencing effect was observed with the PDoV constructs after just 7 days compared with traditional GalNac (coupled to a single siRNA) used in this experiment of 28 days.

STP135G Preclinical Results Demonstrate Therapeutic Reduction of LDLc



A single dose of STP135G was administered by subcutaneous injection in a mouse LDLc model. Plasma LDLc was measured at days 7, 14 and 28.

Source: Company data

Licenses, Rights and Obligations

We maintain the global rights to develop and commercialize STP135G.

STP155G

STP155G comprises siRNA targeting hepatitis B viral sequences formulated with our PDoV-GalNAc RNAi delivery platform for subcutaneous administration. We are developing STP155G for the treatment of hepatitis B. We maintain the global rights to develop and commercialize STP155G.

RESEARCH AND DEVELOPMENT

We are committed to developing innovative biopharmaceutical drugs leveraging our novel delivery platforms in a wide variety of disease indications, including oncology, fibrotic diseases and conditions, viral diseases and cardiometabolic diseases. We are focused on developing new delivery platforms for RNA therapeutics to maintain and broaden the scope of our product pipeline, and to overcome the limitations of conventional RNA delivery tools. Once our targets have been selected based on clear scientific rationale, we apply a proprietary algorithm based on our understanding of the biochemical mechanisms involved in RNA interference to identify promising candidate RNAi trigger sequences against the selected target gene and employ high throughput processes to design, screen and rigorously test future pipeline products. We had research and development expenses of US$10.2 million and US$14.9 million in 2019 and 2020, respectively, and US$9.8 million and US$22.0 million in the nine months ended September 30, 2020 and 2021, respectively.

Our Research and Development Platforms

We have built our biopharmaceutical research development capabilities to enable our strategic focus on building delivery platforms for RNA therapeutics to enable the research, development and commercialization of innovative RNA-based therapies, including RNAi triggers and mRNA, across a broad range of therapeutic indications. Our platform encompasses research and development into RNA delivery technology, design and selection of RNAi triggers and mRNAs for product candidates, preclinical development, clinical development and manufacturing.

We identify targets implicated in driving disease and use our design algorithm to predict, and then rapidly test multiple RNAi triggers for their potency in inhibiting the expression of

the gene. We select the most potent sequences and then use these sequences to examine the effect of combining the RNAi trigger against a first target gene with a second RNAi trigger against a second target gene to identify those RNAi triggers that exhibit improved potency or efficacy when combined. The capability to provide simultaneous targeting is an important advantage when treating cancer since cancers often upregulate resistance pathways that prevent the action of a single agent. Those combinations of two RNAi triggers demonstrating improved efficacy and potency are then tested across multiple cell types (from the same and different tumor types) in in vitro assays to determine breadth of efficacy. Those that demonstrate potency in a large number of tumor cells are then progressed through in vivo testing to validate their ability to function in an appropriate setting.

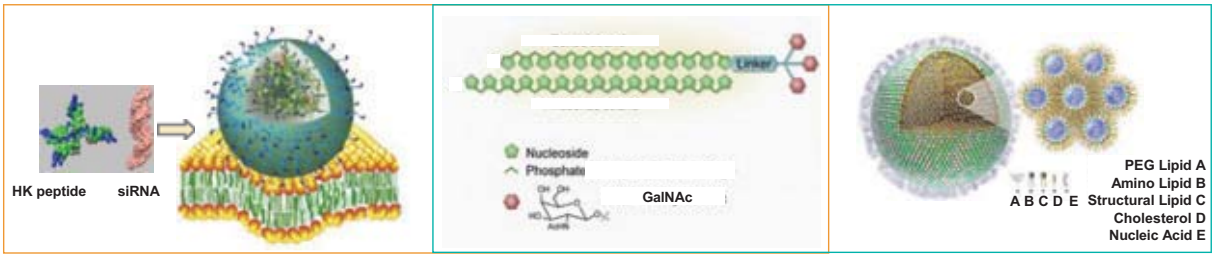
RNA interference (RNAi) is a natural cellular defense mechanism that is activated in response to the invasion of exogenous genes, such as viral DNA or RNA. RNAi therapeutics, taking advantage of this natural mechanism, are designed to use double-stranded RNA oligonucleotides, small interfering RNA (siRNA), or single-stranded RNA oligonucleotides such as microRNA (miRNA), to activate an intracellular enzyme complex, referred to as the RNA-Induced Silencing Complex, or RISC. The oligonucleotides are designed as a copy of a short region of the mRNA for a gene that has been targeted for silencing. Once delivered to the relevant tissues or cells, siRNA are loaded into RISC. Although single-stranded, miRNA oligonucleotides double-back on themselves forming a double-stranded region, and are first processed to yield a double-stranded RNA oligonucleotide that is then loaded into RISC. RISC then processes the double-stranded oligonucleotide to release one strand, usually the so-called "sense" strand that has the same sequence as the corresponding target gene mRNA. RISC uses the antisense strand as a guide to locate the mRNA with the complementary sequence that is targeted for silencing, ultimately leading to cleavage of the entire target mRNA. The consequence of the cleavage of the target mRNA is that the protein that would have been translated and produced from target mRNA is not translated and produced, thereby "silencing" the gene.

RNAi therapeutics employing siRNA or miRNA formulated into drugs have the potential to form a third major class of drugs, in addition to conventional small molecule and antibody drugs. Unlike small molecules or antibodies that must act by neutralizing the function of proteins implicated in disease through physical interaction with the protein, RNAi therapeutics prevent those proteins from being made in the first place. RNAi therapeutics are designed based on the genetic sequence of the target protein, and thus are capable of inhibiting disease-causing proteins once considered undruggable. The sequence-level targeting allows potential for protein isoform-specific knockdown. Drug discovery is also significantly faster using RNAi therapeutics, since developing a new product is based on design and synthesis of oligonucleotides rather than screening small molecules or generating antibodies against the protein.

One of the primary challenges in harnessing RNAi to create therapeutics is formulating the siRNA (or miRNA) to protect it from degradation when administered to the patient while

also permitting efficient uptake into the target cell and delivery into the cytoplasm where it needs to be available to act on the target mRNA. Naked RNA is prone to nuclease degradation, may activate the immune system and is too large and negatively charged to passively cross the cell membrane. Delivery platforms protect the RNA, may selectively deliver it to selectively targeted tissues or cell types, and may improve uptake into the cytoplasm. RNAi therapeutics currently marketed by our competitors use either lipid nanoparticles (LNP) or GalNAc for formulation of siRNAs. LNP technology can be used to deliver RNAs targeting multiple organs and tissues by way of intramuscular, intravenous or subcutaneous administration. Manufacturing LNP-based therapeutics is highly complex, requiring the use of multiple components and the finished dosage form has limited stability of about six months, requiring cold chain storage and transport. GalNAc RNAi technology chemically links the N-acetylgalactosamine (GalNAc) molecules to an RNAi oligonucleotide trigger and actively targets delivery to liver hepatocytes where the GalNAc moieties bind to the asialoglycoprotein receptors (ASGPR). GalNAc RNAi drugs can be administered subcutaneously or intravenously. Manufacturing GalNAc-based RNAi therapeutics is less complex than LNP-based therapeutics and the finished dosage form can be lyophilized for increased stability with no cold chain storage and transport is necessary. Our innovative and proprietary delivery platforms include polypeptide nanoparticle (PNP) technology and improved GalNAc RNAi technology platforms.

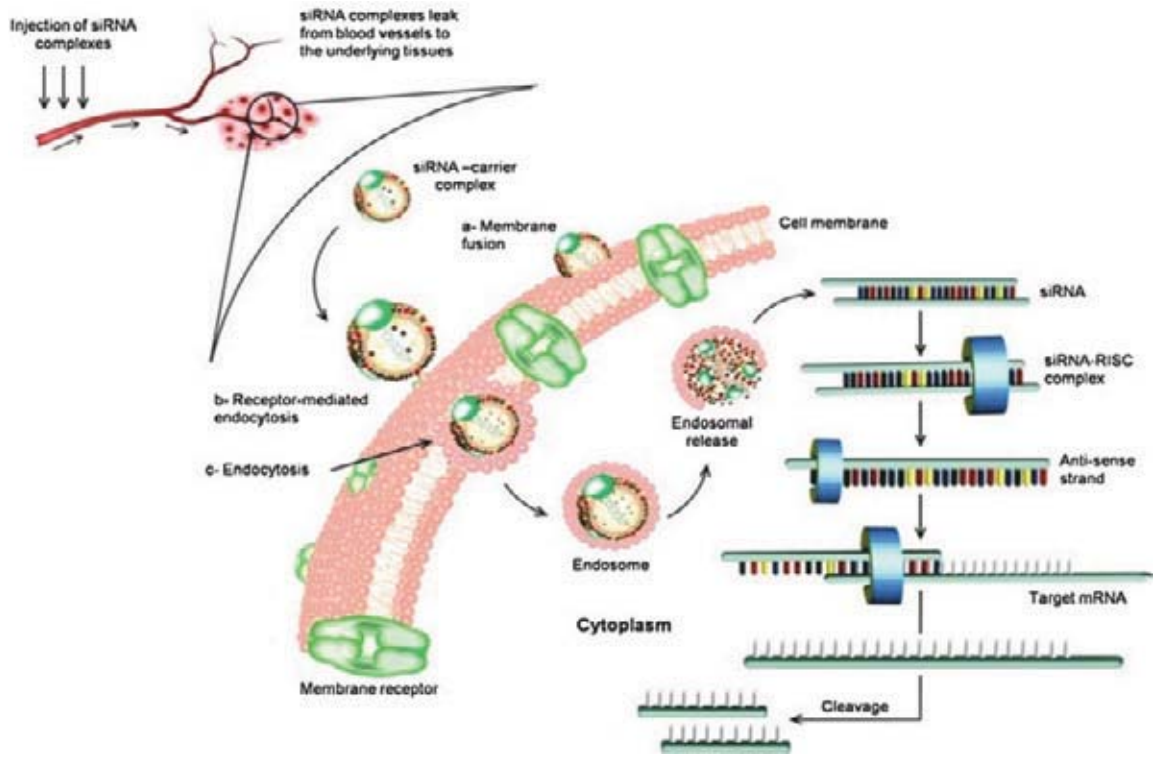
Comparison between RNAi delivery platforms



PNP Delivery Platform | GalNAc RNAi Technology | LNP RNAi Technology

Sources: Chou, S.-T. et al. Biomaterials, 2014: 35, 846-855; Arrowhead Pharmaceutical; Samaridou, E. et al. Adv. Drug Deliv. Rev. 2020: 154-155, 37-63.

Mechanism of Delivery for siRNA



Source: Draz, M. et al.. Theranostics, 2014:4(9), 872 – 892.

Our Polypeptide Nanoparticle (PNP) Delivery Platform

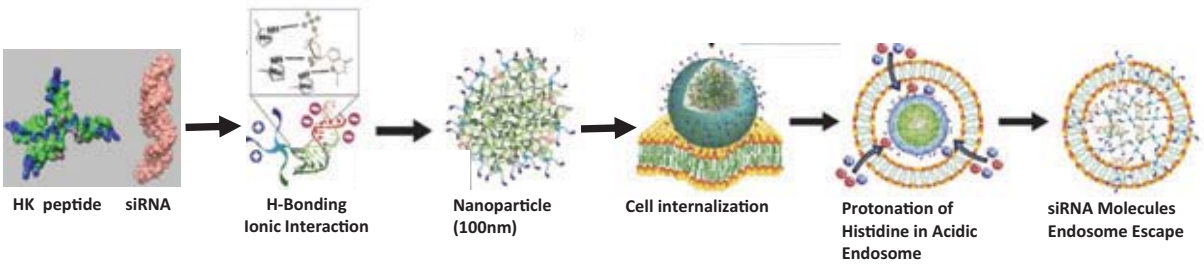
Our PNP delivery platform is based on a naturally biodegradable polypeptide molecule, a histidine-lysine (HK) polymer. The HK polymers vary in the pattern of repeating histidines and lysines and may be branched. When admixed at the appropriate ratio with RNA, the HK polymers self-assemble into nanoparticles that encapsulate the RNA. siRNA, miRNA and mRNA can all be used with our PNP delivery platform. Importantly, the nanoparticles capture and encapsulate multiple RNA molecules at once such that more than one distinct RNA oligonucleotide can be carried within the PNP. We leverage the capability of the PNP delivery platform to carry distinct RNA oligonucleotides in our development efforts that focus on identification of siRNAs (or miRNAs) that produce synergistic effects when simultaneously silencing two distinct target genes. We estimate there can be thousands of RNA molecules in a single 100 nm PNP. The lysine component of the HK peptide is important for binding the HK polymer with the negatively charged phosphates of the nucleic acids, while the histidines act not only to condense the nucleic acids to some extent, but also facilitate the release of the RNA into the cytoplasm once the PNP enters the cell. The PNP formulation is designed to ensure that the RNA cargo is neither degraded by nucleases nor filtered out by the kidney when administered systemically before it reaches its intended target tissue. The PNP can be

gradually taken up by target cells at the administration site when locally administered, or by the target cells in the blood circulation when administered systemically.

Endocytosis is the primary mechanism for movement of extracellular material across the cellular membrane. Once endocytosed, the material is engulfed within an endosome where is it sequestered within the cell. Under normal circumstances, endosomes eventually fuse with lysosomes, which create an acidic microenvironment for degradation of the material within the endosome. With the pKa of histidines reaching 6.3 or lower in the endosome, we speculate that electrostatic repulsion between the histidines upon protonation in the acidic endosomes plays the dominant role in disrupting and/or unpacking the PNP polyplexes. Unpacking of the polyplex could occur with further polyplex disruption into smaller and less dense smaller polyplexes, with monomeric HK siRNA units as part of the continuum. Upon unpacking of the polyplex, the protonated HK peptides would likely interact with negatively charged endosomal membranes, which would thus act similarly to detergents to aid in the escape of siRNA from the endosome. Once the RNA payload is released, the HK polymers disassemble into polypeptide chains and are readily broken down into natural amino acids by proteases in the cell.

There are two main mechanisms mediating PNP entry into cells by endocytosis. First, the PNP can enter the cell through non-clathrin mediated endocytosis. Second, the HK polypeptide is recognized by the Neuropilin 1 (NRP1) receptor on the cell surface, as demonstrated in experiments that show PNP entry into cells is blocked when the cellular NRP1 receptor is masked by an antibody.

PNP Delivery Platform Structure and Mechanism of Delivery



Source: Chou, S.-T. et al. Biomaterials, 2014: 35, 846-855.

Our PNP delivery platform is effective in delivering PNP-encapsulated RNA to a variety of tumor cell types when delivered through systemic administration, including breast cancer tumors (MDA-MB-231 cells), cholangiocarcinoma tumors (HuCCt cells), mouse primary liver cancer tumors (Hepa1-6 cells), as well as human primary hepatic stellate cells, human primary brain cells, mouse alveolar epidermal cells, lung cells and others. Topical administration of PNP formulated RNA therapeutics are also effective, as demonstrated by the positive results thus far of our STP705 product candidate in treating isSCC, BCC, keloids and HTS. Transfection efficiency is highest for hepatic stellate cells (better than lipofectamine) and tumor cells also take it up with relatively high efficiency. We believe that the PNP is

preferentially taken up by activated endothelial cells, such as tumor neovascular endothelial cells and fibrotic liver vascular endothelial cells, through upregulated NRP1 receptors or other receptors.

The safety profile for our PNP delivery platform is highly encouraging. We have conducted a large number of in vitro and in vivo studies in mammals over the course of several years confirming that the HK peptide is highly effective at delivering RNA with low toxicity. Our Phase IIa clinical trial for STP705 for treatment of isSCC demonstrated both safety and efficacy in humans. Our product candidate STP707 exhibited a favorable safety profile in a GLP toxicity study using non-human primates with intravenous administration of PNP-formulated siRNA. No drug-related toxicities were observed in any dose groups. No drug-related adverse events were found in the treatment groups. A safety pharmacology study found no impairments of cardiovascular and respiratory functions in monkeys receiving the injection of STP707. No dose limiting toxicity was observed in non-human primates at a dose representing roughly 30 times the human equivalent dose proposed for a clinical trial for treatment of solid tumors by intravenous administration, thus demonstrating that our PNP delivery platform is capable of developing drugs with wide therapeutic windows.

Our PNP delivery platform generates a highly stable RNA-based drug product and it is manufactured using a relatively low complexity, controllable and scalable process. The drug product is manufactured using two ingredients, synthesized oligonucleotides and synthesized peptides. We use a microfluidic platform that allows the peptide nanoparticles to encapsulate the RNA at a high packaging efficiency, with greater than 97% loading. Our microfluidic process can generate consistent PNP particle sizes within a narrow distributions, an important feature for nanoparticulate drugs administered intravenously. In a lyophilized powder state, the PNP-formulated drug product is stable for 36 months, and the aqueous solution for six months. No cold chain transportation or storage are necessary.

Our GalNAc RNAi Delivery Platforms

N-acetyl galactosamine, or GalNAc, is the ligand of choice for delivery of RNAi drugs to the hepatocytes within the liver, and the basis of conventional delivery platforms used by our competitors. GalNAc ligands bind to the asialoglycoprotein receptor, or ASGPR, which is preferentially expressed in hepatocytes in the liver. We have developed two novel proprietary siRNA delivery platforms that improve upon traditional GalNAc RNAi delivery platforms.

GalAhead™ Delivery Platform

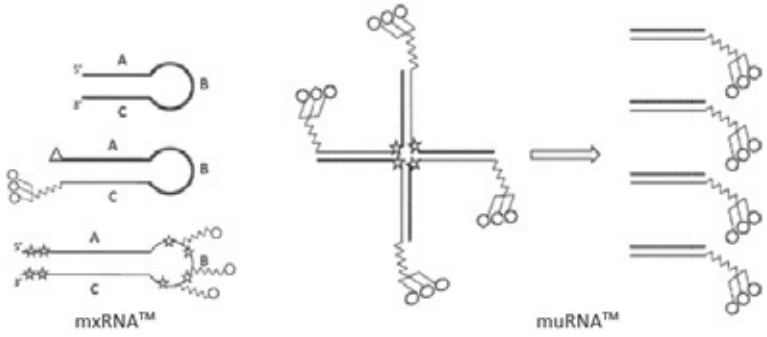
Our proprietary GalAhead™ delivery platform utilizes two technologies: the mxRNA™ (miniaturized RNAi triggers) that is designed to downregulate single genes, and the muRNA™ (multi-unit RNAi triggers) designed to downregulate multiple genes simultaneously.

The mxRNAs™ are composed of single-stranded oligonucleotides of approximately 32 nucleotides in length, which form small hairpin structures. GalNAc moieties can be covalently

attached at one or more positions on the oligonucleotide. We believe that mxRNAs™ are among the smallest RNAi triggers used. They also promise to be easier to manufacture than conventional GalNAc-siRNAs, since they require synthesis of only one oligonucleotide per RNAi trigger, rather than two oligonucleotides used in conventional GalNAc-siRNA drug products.

The muRNA™ molecules are comprised of multiple single-stranded oligonucleotides of approximately 32 nucleotides in length, with covalently attached GalNAc moieties. When mixed, the oligonucleotides self-assemble into multiplexed structures. Upon exposure to intra- and/or extra-cellular biological fluids the oligonucleotide particles controllably disassemble, producing multiple individual RNAi triggers, thus allowing knock-down of multiple targets simultaneously. Multitargeting with single drug molecules potentially opens wide therapeutic horizons.

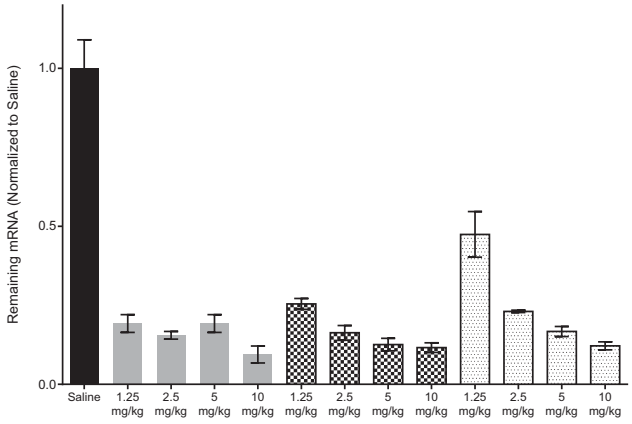
Schematic of GalAhead™ Delivery Platform



Source: Company

Both mxRNA™ and muRNA™ molecules demonstrate outstanding in vivo activities that match or exceed those of conventional GalNAc-siRNAs. In the figure below, in vivo activity in mice is shown using mxRNA™ where silencing of the target gene in the liver was observed in a dose responsive manner on analysis five days after administration. In the study, three molecules having the same targeting sequence, but using slightly different chemical modification patterns were administered to mice. Even at the lowest tested dose (1.25 mg/kg), constructs were capable of producing more than 80% knockdown of the target mRNA.

Knockdown of Gene Expression Using GalAhead™ Delivery Platform

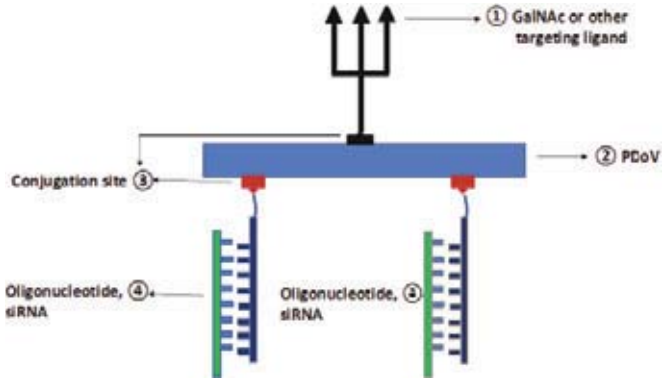


Source: Company data

GalNAc-Peptide Docking Vehicle (PDoV) Delivery Platform

We have also developed a Peptide Docking Vehicle (PDoV) delivery platform that consists of a histidine-lysine peptide sequence, similar to the peptide used in our PNP delivery platform, that is modified with GalNAc at one location and one to two siRNA sequences coupled via their sense strands to the backbone of the peptide at other locations. The figure below illustrates our GalNAc-PDoV platform.

Schematic of GalNAc-PDoV Delivery Platform



Source: Company

While the GalNAc ligand targets the vehicle to liver cells, we believe the PDoV moiety enhances the process of endosome escape of the siRNA once the vehicle is internalized into the cell and the endosome. As in our PNP delivery platform, the histidine moieties in the PDoV moiety have the ability to protonate in the acidic environment, which induces a proton mediated repulsion causing the release of the contents of the endosome into the cytoplasm

where the siRNAs can induce silencing. We expect our GalNAc-PDoV platform to result in improved efficiency of delivery to the intracellular target based on the enhanced endosomal escape created by the peptide moiety and thus anticipate that an increased concentration of siRNA will reach the cytoplasm to effect target gene silencing as compared to conventional GalNAc platforms. In addition, as with our other delivery platforms, our PDoV-GalNAc RNAi delivery platform is capable of leveraging the synergy of silencing two distinct targets by simultaneously delivering two siRNAs to the cell.

PLNP Delivery Platform and Other Delivery Platforms

We continue to invest in research and development of new delivery platform technology. RNAimmune is developing a novel PLNP delivery platform that modifies our PNP delivery platform to combine proprietary HK peptides with ionizable amino lipids for encapsulation of mRNA for novel mRNA vaccines and therapeutics. We believe the combination of the HK polypeptide and liposome components in the PLNP improve the efficiency of cellular delivery of the mRNA cargo through better endosomal escape once the PLNP enters the cell. In addition, manufacture of products using our PLNP delivery platform is simpler than products using LNP platforms, since there are fewer components and, unlike current LNP platforms, our PLNP delivery platform does not utilize polyethylene glycol (PEG), which is thought to cause severe adverse effects in some patients receiving LNP-based mRNA vaccines. Our PLNP delivery platform results in products that are stable at ambient temperatures and do not require cold chain storage and transportation. Our novel PLNP-mRNA platform has been validated in in vitro studies and preclinical in vivo mouse and non-human primate studies.

We are developing advanced conjugates of siRNA and drugs and peptide-drug conjugates where drugs are conjugated to the HK polymer in the PNP for enhanced combination therapies. Moreover, we are further enhancing our PNP delivery platform by researching and developing tumor cell targeted PNPs. We are also researching novel formulations for airway delivery for the treatment of respiratory viruses.

Our Research and Development Team

Our research and development function is led by Dr. Lu, our Founder, President and CEO, Dr. David Mark Evans, our Chief Scientific Officer, and Dr. Dmitry Samarsky, our Chief Technology Officer. Dr. Lu has more than 25 years of experience in nucleic acid drug development, and has led our research and development teams from our early discovery efforts through to our current clinical stage programs. Dr. David Mark Evans has worked in pharmaceutical drug discovery, primarily in oncology for over 25 years and has worked in the RNAi field since 2003. Dr. Dmitry Samarsky has been involved in scientific research in the RNAi field since 2001. Dr. David Mark Evans leads our teams focused on target gene discovery, siRNA therapeutic design, development, and in vitro and in vivo testing and toxicology. Dr. Dmitry Samarsky leads our team focused on our novel GalAhead™ (GalNAc-based RNAi delivery) platform technology and therapeutic programs. Dr. Zhifeng Long, our

Chief Development Officer, leads our teams focused on preclinical studies and Dr. Edward Yongxiang Wang, our Chief Production Officer, leads our teams focused on manufacturing and regulatory compliance.

We have research laboratory facilities in Suzhou, China and Gaithersburg, Maryland. Our facilities in Suzhou consists of approximately 1800 square meters of laboratory and office space. The laboratory space includes biological laboratories, a chemistry laboratory and a GLP testing laboratory. Our facilities in Gaithersburg consist of approximately 1280 square meters of leased laboratory and office space with each representing about half of the space. The laboratory space includes a main biology laboratory, a tissue culture laboratory, a chemistry laboratory shared laboratory space. Our Gaithersburg laboratory space also includes a cold room and a central space as well as utility and storage space.

Leveraging these in-house laboratories we have research capabilities and engage in research activities such as rapid design and testing of siRNAs against selected targets in vitro and then migration of these products to in vivo testing. We also work closely with CROs for large scale production of our therapeutic candidates, validation of efficacy of our products against an array of tumor types in vivo and toxicity testing in appropriate animal models. Our clinical development function is led by Dr. Michael V. Molyneaux, our Chief Medical Officer, and builds on Dr. Michael V. Molyneaux's expertise and familiarity with all aspects of preclinical, clinical operations, medical affairs and regulatory affairs in clinical stage biopharmaceutical companies. As of the Latest Practicable Date, our clinical operations and regulatory teams consist of 11 employees and consultants, including five based in the U.S. and six based in China. Our clinical operations team ensures timely execution of all clinical trial deliverables and also provides detailed oversight of our CROs and vendor selection and management. Our clinical operations team oversees the selection and management of clinical trial sites, and implementation of our clinical trials. Our regulatory team is responsible for development of clinical trial protocols and other key documentation as well as managing the global regulatory submission process. Our regulatory team works with various stakeholders to deliver high quality and timely regulatory submissions for our product candidates, which require filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. We possess ample knowledge and experience with regard to regulatory filings in China and the U.S.

As of the Latest Practicable Date, our research and development team (including preclinical research, clinical and manufacturing but excluding RNAimmune) in China consists of 87 employees and consultants with eleven members holding doctorate degrees and 22 members holding masters degrees, and in the U.S. our team consists of 32 employees and consultants, with 18 members holding doctorate degrees and seven members holding masters degrees. The following table sets forth the membership of our research and development team, including both employees and consultants, across China and the U.S. during the Track Record Period according to functional areas:

	As of December 31,		As of September 30,
	2019	2020	2021
Preclinical research	37	33	66
Clinical	1	2	8
Manufacturing	8	15	27

Our change in headcounts for employees and consultants involved in preclinical and clinical activities between 2020 and 2021 reflects the expansion of our pipeline of product candidates and the growth of our clinical trials over that time period, as well as the funding increase as a result of the completed Series D financing in 2020. Our change in headcount for employees and consultants involved in manufacturing reflects the increase in product candidates at the IND-enabling stage of development as well as the increase in ongoing clinical trials and the build out of our Guangzhou facility. Our preclinical research staff are primarily responsible for in-house design, planning and conducting research experiments, as well as the management and oversight of the relevant CROs, CDMOs and research and medical institutions, with respect to the identification of novel siRNAs and RNAi triggers, development of our delivery platforms and our product candidates that utilize our delivery platforms. Our clinical research staff are primarily responsible for regulatory filings, and planning of clinical trials and protocols and the management and oversight of the relevant CROs and research and medical institutions. Our manufacturing staff are primarily responsible for optimizing manufacturing of nanoparticles for our PNP delivery platforms, quality control and quality assurance management, manufacturing process development for our delivery platforms and product candidates and the management and oversight of CDMOs and CMOs.

Our research and development cash operating costs during the Track Record Period, as allocated between our core product and other products, are set forth in the table below.

	Year ended December 31,		Nine months ended September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Research and development costs for core product			
Preclinical test expenses	679	583	284
Chemistry, manufacturing and controls expenses	1,909	2,795	708
Clinical trials expenses	1,264	1,572	3,388
Materials consumed	509	611	701
Directors' emolument and staff costs	1,520	1,538	2,143
Consultancy fee	702	721	696
Others	536	412	250
Research and development costs for other products			
Preclinical test expenses	90	1,026	3,537
Chemistry, manufacturing and controls expenses	995	631	4,796
Clinical trials expenses	–	–	–
Materials consumed	271	371	2,301
Directors' emolument and staff costs	2,057	2,054	3,154
Consultancy fee	212	264	483
Others	582	328	1,348
Total	11,326	12,906	23,789

Our research and development costs reflect the steady advance of our research and development program and the expanding pipeline of product candidates. For our research and development costs for our core product, STP705:

- Preclinical test expenses reflect that activities for our core product STP705 decreased as the multiple programs gradually reach clinical phase during the Track Record Period.

- Chemistry, manufacturing and controls expenses for our core product increased from 2019 to 2020 to prepare drug material for the multiple clinical trials for STP705.

- Clinical trial expenses reflect that the Phase IIa clinical trial for isSCC commenced in 2019 and was completed in 2020, followed by the Phase IIb clinical trials which commenced in 2021. Expenses increased from 2020 onwards as we initiated multiple trials for keloid scarless healing, BCC, and liver cancer.

- Materials consumed expenses increased between 2019 and 2020 in line with the expansion of our research and development program and our chemistry, manufacturing and controls team.

- Directors' emolument and staff costs were incurred in 2021 to expand our research and development and clinical programs after we obtained our funding from our Series D Financing in 2020.

- Consultancy fees have increased between 2019 and 2020 in line with the expansion of our research and development program.

- The remaining operating costs include without limitation equipment rental, laboratory space rental and utilities allocated to our core product.

For our research and development costs for our other products:

- Preclinical test expenses reflect that development of our GalNAc delivery platform programs were initiated in 2019, expanding in 2020. The expenses incurred during the first nine months of 2021 were incurred after we obtained funding from our Series D financing in 2020.

- The chemistry, manufacturing and controls cash operating costs were higher in 2019 as compared to 2020 is a result of multiple advance payments made during the year for contracts performed in 2020. The expenses incurred during the first nine months of 2021 were primarily in support of conducting safety studies for our other products.

- No other products except for STP705 has entered into clinical phase yet.

- Directors' emolument and staff costs were incurred in 2021 to expand our research and development program after we obtained our funding from our Series D Financing in 2020.

- Materials consumed and consultancy fees have increased between 2019 and 2020 in line with the expansion of our research and development program.

- The remaining operating costs mainly include equipment rental, space rental and utilities, license fee and traveling expenses.

Engagement of Third Parties in Research and Development

We engage reputable CROs, CDMOs, CMOs and research and medical institutions to manage and support our clinical trial and preclinical studies. CROs provide us with an array of products and services necessary for preclinical experimentation and complex clinical trials. We select CROs by reviewing various factors, including their professional qualifications, research experience and industry reputation. We have selected CROs that have experience

serving large international pharmaceutical companies. In order to protect integrity and authenticity of the data from our trials and studies, we closely supervise our CROs to ensure that they perform their obligations in a manner that complies with our protocols and applicable laws.

Our CROs are responsible for providing services including in vivo testing of products to validate their efficacy in suitable models and to test our later stage products in toxicity testing in two species (typically mice and NHPs). We also engage CROs for submission of ethical documents, data management, and statistical analysis for clinical trials. We will make payments after fulfillment of certain milestones under the relevant agreements. Key terms of an agreement we typically enter into with our CROs are summarized as below:

- *Services*. The CRO provides us with services related to a preclinical or clinical research project as specified in the agreement or a work order.

- *Term*. The CRO is required to complete the preclinical or clinical research project within the prescribed time limit.

- *Payments*. We are required to make payments to the CRO in accordance with the payment schedule agreed by the parties.

- *Intellectual property rights*. We own all intellectual property rights arising from the preclinical or clinical research project.

Our CDMOs are responsible for manufacturing drug candidates for preclinical studies and provide manufacturing process development and optimization services.

Our CMOs are responsible for manufacturing drug candidates for preclinical studies and clinical trials.

Research and medical institutions include academic and other research institutions that conduct preclinical studies for us, as well as a medical institution that provides clinical trial facilities and related services.

We are the owner of the drug candidates and the sponsor of the relevant clinical development activities. We are in charge of the full lifecycle management of the drug candidate including research and development, manufacturing and future commercialization. We make key decisions regarding the overall development direction, clinical trial plans and procedures, and provide funding.

The involvement and roles of third party service providers in the development of novel molecule drug candidates are typically standardized and similar among different projects. The work scope of these third parties in the development of our drug candidates may have slight variation, subject to our overall management and instructions.

The following table sets forth the number of independent CROs, CDMOs, CMOs and research and medical institutions we have engaged during the Track Record Period:

	Year ended December 31,		Nine months ended September 30,
	2019	2020	2021
CRO	16	23	26
CDMO	9	7	5
CMO	5	8	8
Research and medical institutions	4	7	7

The following table sets forth the total fees incurred by us with respect to all CROs, CDMOs, CMOs and research and medical institutions for the Track Record Period:

	Year ended December 31,		Nine months ended September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
CRO	1,329	2,459	5,067
CDMO	1,393	3,972	3,991
CMO	679	978	1,373
Research and medical institutions	270	236	775

During the Track Record Period, our expenses attributable to CROs, CDMOs, CMOs and research and medical institutions have increased, reflecting the growth of our research and development capability, expansion of our preclinical product pipeline, initiation of clinical trials and the success of our proprietary delivery platforms in generating new product candidates for further development in the clinical stage.

The following table sets forth the identities and background of CROs, CDMOs and CMOs engaged by us wherein aggregate expenses incurred exceeded US$500,000 during the Track Record Period. We note that the amount of expenses incurred to research and medical institutions did not exceed US$500,000 in aggregate for any one institution during the Track Record Period.

	Name/Background	Expenses incurred by us during the Track Record Period
		(US$,000)
CRO	A Maryland based clinical research services company	2,126
	A Beijing based clinical research services company	1,862
	An Arizona based clinical research services company	1,293
	A Massachusetts based clinical research services company	865
CDMO	A Massachusetts based manufacturing and development services company	3,462
	A Guangzhou based oligonucleotide manufacturing and development services company	2,172
	A Switzerland based peptide manufacturing and development services company	1,154
	A US based oligonucleotide manufacturing and development services company	1,633
CMO	A UK based manufacturing services company	978
	A Canadian based manufacturing services company	700

To the knowledge of our Directors, other than the ordinary business relationship, none of our CROs, CDMOs and CMOs nor the research and medical institutions engaged by us (including their directors, shareholders and senior management), had any past or present relationships (including, without limitation, business, employment, family, trust, financing or otherwise) with our Group, our shareholders, Directors, senior management or any of their respective associates during the Track Record Period.

COLLABORATION AND LICENSING ARRANGEMENTS

Collaboration with Innovent

In January 2020, US Sirnaomics entered into a collaboration agreement (the "Innovent Agreement") with Innovent to develop a combination therapy consisting of STP705 and sintilimab, an anti-PD-1 monoclonal antibody, for use in advanced cancers, including NSCLC ("Combination Therapy") in the U.S. Commercialization of the Combination Therapy will be the subject of a separate definitive agreement to be negotiated between the parties. Innovent is a biopharmaceutical company that develops and commercializes medicines for the treatment of oncology, autoimmune, metabolic and other major diseases. US Sirnaomics approached Innovent for a potential collaboration after obtaining an understanding of the mechanism of

action for STP705 based on its own preclinical research and learning of sintilimab. Preclinical studies prior to the parties entering into the Innovent Agreement showed that US Sirnaomics' siRNA dual-targeted (TGF-ß1 and COX-2) product candidate, STP705, when combined with an anti-PD-L1 antibody demonstrated enhanced anti-tumor activities in the mouse xenograft tumor model of human cholangiocarcinoma and orthotopic mouse liver cancer model. Based on the anti-tumor activities exhibited by the combinations between US Sirnaomics' siRNA therapeutic candidates and the immune checkpoint inhibitory antibody, Innovent and US Sirnaomics entered into an agreement for evaluating the scientific rationales and potential clinical value of a combination therapy that utilizes both parties' products. Neither party has payment obligations under the Innovent Agreement. Since early 2020, US Sirnaomics has completed multiple preclinical combination studies with animal liver cancer models that illustrate potent antitumor activities. The parties are separately advancing clinical trials with their own products, which will necessarily be relied on for future clinical trials evaluating the combination therapy. As of the Latest Practicable Date, no clinical trials under the collaboration have been initiated.

Joint Development Committee: US Sirnaomics, together with Innovent, shall establish a joint development committee consisting of three representatives from each party. The committee shall review, discuss and adopt any proposed development plans, or amendments to any development plan. The development plan sets out the activities for the preclinical studies and clinical trials using sintilimab and STP705 to be performed that are necessary to obtain regulatory approval for the Combination Therapy. The committee shall oversee all material activities under the development plan, discuss and approve terminating any development plan and formulate, facilitate and approve regulatory strategy for each part to obtain regulatory approval of the Combination Therapy. US Sirnaomics has the final decision-making authority to approve the initiation of the initial development plan and the initiation of the subsequent development plan if the pre-agreed and defined success criteria for the outcome of the initial development plan have been met. If the criteria have not been met, then mutual agreement is required. If the joint development committee fails to reach a decision, disputes are referred to the chief executive officers of the respective parties, and if disputes are not resolved through good faith negotiation, either party may seek to resolve the dispute through arbitration.

Obligations of the Parties: US Sirnaomics is responsible for preparing the development plan and oversight of the activities under the development plan, subject to oversight by the joint development committee. US Sirnaomics and Innovent are each obligated to provide clinical supplies of STP705 or sintilimab at their own expense. US Sirnaomics shall use commercially reasonable efforts to conduct and lead the preclinical and clinical trials under the development plan and shall be responsible for preparing and submitting all correspondence, filings and other submissions of its collaboration molecule to a regulatory authority. If it is preferable for Innovent to conduct clinical trials for combination therapy, the parties will coordinate with each other to obtain regulatory approval to conduct clinical trials in that jurisdiction. Each party grants to the other party a right of reference for all data included in the regulatory submissions and regulatory approvals in the territory controlled by

such party for use to obtain regulatory approval on clinical trials for combination therapy. Each party has non-exclusive rights to develop sintilimab and STP705 with any other third parties with written notice to the other party in 60 days' prior notice.

Intellectual Property Ownership: US Sirnaomics and Innovent shall jointly own all intellectual property created, conceived or reduced to practice by either party solely or jointly in the performance of the development activities under the Innovent Agreement that relate to the method of use of the Combination Therapy or that consists of clinical data or results (the "Joint Technology"), except for any Joint Technology that is created, conceived or reduced to practice solely by US Sirnaomics through clinical trials with respect to the combination therapy, including the clinical data (the "Combination Clinical Trial Technology"), which shall be owned by US Sirnaomics. US Sirnaomics shall own all intellectual property created, conceived or reduced to practice by either party solely or jointly in the performance of the development activities under the Innovent Agreement that is not Joint Technology and relates solely to STP705. Innovent shall own all intellectual property created, conceived or reduced to practice by either party solely or jointly in the performance of the development activities under the Innovent Agreement that is not Joint Technology and relates solely to sintilimab.

Nature of the rights: Under the Innovent Agreement,

a) Innovent grants US Sirnaomics a non-exclusive, royalty-free, sublicensable license under intellectual property rights owned or controlled by Innovent that are necessary to use sintilimab in the conduct of the development activities under the Innovent Agreement solely to use sintilimab in the performance of the development activities to be conducted by US Sirnaomics in accordance with the relevant development plan.

b) US Sirnaomics grants Innovent a non-exclusive, royalty-free, sublicensable license under intellectual property rights owned or controlled by US Sirnaomics that are necessary to use STP705 in the conduct of the development activities under the Innovent Agreement solely to use STP705 in the performance of the development activities to be conducted by Innovent in accordance with the relevant development plan.

c) US Sirnaomics grants Innovent a non-exclusive, royalty-free, non-transferable, non-sublicensable (except to Innovent's affiliates and to Eli Lilly and Company ("Eli Lilly") to the extent Eli Lilly retain rights in sintilimab and such sublicense is in accordance with then-effective agreement between Innovent and Eli Lilly) perpetual and irrevocable license to use and access the Combination Clinical Trial Technology.

Sublicensing: Both parties have the right to sublicense solely to its affiliates and third parties who are performing development activities under the Innovent Agreement.

Term and Termination: The Innovent Agreement will remain effective until the earlier of the completion of the development activities under the development plan or when there is no development plan in progress and the joint development committee fails to adopt any new development plan within 60 days of the termination of the last development plan. Each party has termination rights for uncured breach of material obligations and bankruptcy of the other party.

Collaboration with Shanghai Junshi

In January 2020, US Sirnaomics entered into a collaboration agreement (the "Shanghai Junshi Agreement") with Shanghai Junshi to develop a combination therapy consisting of STP705 and Shanghai Junshi's anti-PD-1 monoclonal antibody, toripalimab (the "Shanghai Junshi Product") for use in advanced melanoma, squamous cell carcinoma and other agreed clinical applications ("Combination Therapy") in mainland China, Hong Kong, Macau, Taiwan and the United States. Commercialization of the Combination Therapy will be the subject of a separate definitive agreement to be negotiated between the parties. Shanghai Junshi is a biopharmaceutical company that develops and commercializes medicines for the treatment of oncology, and other major diseases and is mainly engaged in the research and development of therapeutic antibodies. US Sirnaomics approached Shanghai Junshi for a potential collaboration after obtaining an understanding of the mechanism of action for STP705 based on its own preclinical research and learning of the Shanghai Junshi Product. Preclinical studies prior to the parties entering into the Shanghai Junshi Agreement showed that US Sirnaomics' siRNA dual-targeted (TGF-ß1 and COX-2) product candidate, STP705, when combined with an anti-PD-L1 antibody demonstrated enhanced anti-tumor activities in the mouse xenograft tumor model of human cholangiocarcinoma and orthotopic mouse liver cancer model. Based on the anti-tumor activities exhibited by the combinations between US Sirnaomics' siRNA therapeutic candidates and the immune checkpoint inhibitory antibody, Shanghai Junshi and US Sirnaomics entered into an agreement for evaluating the scientific rationales and potential clinical value of a combination therapy that utilized both parties' products. Neither party has payment obligations under the Shanghai Junshi Agreement. Since early 2020, US Sirnaomics has completed multiple preclinical combination studies with animal liver cancer models that illustrate potent antitumor activities. The parties are separately advancing clinical trials with their own products, which will necessarily be relied on for future clinical trials evaluating the combination therapy. As of the Latest Practicable Date, no clinical trials under the collaboration have been planned or initiated.

Joint Development Committee: US Sirnaomics, together with Shanghai Junshi, shall establish a joint development committee consisting of three representatives from each party. The committee shall review, discuss and adopt any proposed development plans, or amendments to any development plan. The development plan sets out the activities for the preclinical studies and clinical trials using the Shanghai Junshi Product and STP705 to be performed that are necessary to obtain regulatory approval for the Combination Therapy. The committee shall oversee all material activities under the development plan, discuss and

approve terminating any development plan and formulate, facilitate and approve regulatory strategy for each party to obtain regulatory approval of the Combination Therapy. US Sirnaomics has the final decision making authority to approve the initiation of the initial development plan and the initiation of the subsequent development plan if the pre-agreed and defined success criteria for the outcome of the initial development plan have been met. If the criteria have not been met, then mutual agreement is required. If the joint development committee fails to reach a decision, disputes are referred to the chief executive officers of the respective parties, and if disputes are not resolved through good faith negotiation, either party may seek to resolve the dispute through arbitration.

Obligations of the Parties: US Sirnaomics is responsible for preparing the development plan and oversight of the activities under the development plan, subject to oversight by the joint development committee. US Sirnaomics and Shanghai Junshi are each obligated to provide clinical supplies of STP705 or the Shanghai Junshi Product at their own expense. US Sirnaomics shall use commercially reasonable efforts to conduct and lead the preclinical and clinical trials under the development plan and is responsible for all material communications with regulatory authorities. If it is preferable for Shanghai Junshi to conduct clinical trials for combination therapy, the parties will coordinate with each other to obtain regulatory approval to conduct clinical trials in that jurisdiction. Each party grants to the other party a right of reference for all data included in the regulatory submissions and regulatory approvals in the territory controlled by such party for use to obtain regulatory approval on clinical trials for combination therapy. Each party has non-exclusive rights to develop Shanghai Junshi Product and STP705, as applicable, with any other third parties with written notice to the other party in 60 days' prior notice.

Intellectual Property Ownership: US Sirnaomics and Shanghai Junshi shall jointly own all intellectual property created, conceived or reduced to practice by either party solely or jointly in the performance of the development activities under the Shanghai Junshi Agreement that relate to the method of use of the Combination Therapy or that consists of clinical data or results (the "Joint Technology"). US Sirnaomics shall own all intellectual property created, conceived or reduced to practice by either party solely or jointly in the performance of the development activities under the Shanghai Junshi Agreement that is not Joint Technology and relates solely to STP705. Shanghai Junshi shall own all intellectual property created, conceived or reduced to practice by either party solely or jointly in the performance of the development activities under the Shanghai Junshi Agreement that is not Joint Technology and relates solely to the Shanghai Junshi Product.

Nature of the rights: Under the Shanghai Junshi Agreement,

a) Shanghai Junshi grants US Sirnaomics a non-exclusive, royalty-free, sublicensable license under intellectual property rights owned or controlled by Shanghai Junshi that are necessary to use the Shanghai Junshi Product in the conduct of the

development activities under the Shanghai Junshi Agreement solely to use the Shanghai Junshi Product in the performance of the development activities to be conducted by US Sirnaomics in accordance with the relevant development plan.

b) US Sirnaomics grants Shanghai Junshi a non-exclusive, royalty-free, sublicensable license under intellectual property rights owned or controlled by US Sirnaomics that are necessary to use STP705 in the conduct of the development activities under the Shanghai Junshi Agreement solely to use STP705 in the performance of the development activities to be conducted by Shanghai Junshi in accordance with the relevant development plan.

Sublicensing: Both parties have the right to sublicense solely to its affiliates and third parties who are performing development activities under the Shanghai Junshi Agreement.

Term and Termination: The Shanghai Junshi Agreement will remain effective until the earlier of the completion of the development activities under the development plan or when there is no development plan in progress and the joint development committee fails to adopt any new development plan within 60 days of the termination of the last development plan. Each party has termination rights for uncured breach of material obligations and bankruptcy of the other party.

Licensing Arrangement with Walvax

In April 2021, Suzhou Sirnaomics, US Sirnaomics (Suzhou Sirnaomics and US Sirnaomics together, the "Sirnaomics Party") and Walvax entered into a co-development and license agreement (the "Walvax Agreement") to co-develop siRNA drugs targeting the influenza virus (the "Target Drug"). Walvax is a biopharmaceutical company specialized in research and development, manufacturing and distribution of vaccines and is an investor in our Series D Financing in 2020. During a program review meeting for the scientific teams from both parties, the management teams of both parties reached a consensus to collaborate on the influenza virus program, to combine the strength from the Sirnaomics Party's RNAi research and development expertise and Walvax's manufacturing and marketing capability, for a novel anti-influenza RNAi therapeutics product (STP702). Because of the Sirnaomics Party's expertise in RNAi therapeutics research and development and Walvax's capability in large scale pharmaceutical product manufacturing and in marketing antiviral vaccines/drugs in China, both parties agreed to have the Sirnaomics Party license out the greater China rights for STP702 for treatment of common influenza virus infection to Walvax, and Walvax has committed to pay an upfront payment plus milestone payment payments. The Sirnaomics Party is responsible for all preclinical research and development operations and Walvax will take over all clinical related responsibility at the appropriate time. As of the Latest Practicable Date, collaboration efforts for STP702 are ongoing. The Sirnaomics Party's scientific team is responsible for all preclinical related studies and IND-enabling study has been initiated, with large quantity of drug product and excipient in production. The vendors for a GLP

pharmacology/toxicity safety study have been identified and engaged for contract negotiation. As of the Latest Practicable Date, no clinical trials related to STP702 been planned or initiated.

Nature of rights: Under the Walvax Agreement, the Sirnaomics Party granted to Walvax the exclusive rights in the Target Drug in mainland China, Hong Kong, Macau and Taiwan (the "Territory"), including but not limited to clinical development, registration, manufacturing, and commercialization. The Sirnaomics Party retains nonexclusive rights to the relevant technologies developed in relevant fields of the Target Drugs and to apply those technologies in the Territory for research purposes only. The Sirnaomics Party retains the exclusive rights for the Target Drug outside the Territory.

Walvax has the first right to match any third-party offer to Sirnaomics to obtain manufacturing rights for the Target Drug outside the Territory if the Sirnaomics Party chooses to outsource drug manufacturing. Walvax also has the first right to match any third-party offer to the Sirnaomics Party to obtain sales and marketing rights for each Target Drug outside the Territory if the Sirnaomics Party chooses outsourcing product sales and marketing.

Sublicensing: Walvax may sublicense its rights to the Target Drug in the Territory to a third party after the IND filing. No further sublicensing by the sublicensee is permitted. The Sirnaomics Party shall have the first right to match the third party's offer to acquire the sublicense rights. The Sirnaomics Party may sublicense its rights to the Target Drug outside the Territory to a third party after the IND filing. Walvax shall have the first right to match the third party's offer to acquire the sublicense rights outside the Territory, including manufacturing and marketing rights.

Obligations of the Parties: The Sirnaomics Party is responsible for conducting all preclinical research and development studies that meet the clinical filing requirements in the Territory, which will be paid for by Walvax. Walvax will be responsible for all clinical filings, clinical trials and new drug applications for the Target Drug in the Territory at its own cost and expense. The parties may cooperate for filing international multicenter clinical trials, with clinical costs outside the Territory paid by the Sirnaomics Party. Walvax will allow the Sirnaomics Party to use all the preclinical research data for the Target Drug for joint clinical applications for international multicenter or separate clinical trial applications outside the Territory and the Sirnaomics Party will allow Walvax to use all the clinical research data for the Target Drug for the BLA filing in the Territory. The Sirnaomics Party will initiate the technology transfer to Walvax of production technology, formulation process and manufacturing technology for the Target Drug upon the completion of a Phase II clinical trial for the Target Drug.

The parties will agree in a separate agreement obligations and budget for Sirnaomics to assist in manufacture of the Target Drug for Phase I and Phase II clinical trials.

Project Management Committee: The Sirnaomics Party, together with Walvax, will establish a project management committee responsible for the project development plan formulation, project progress review, project management, communication and coordination.

Intellectual Property Ownership: The preclinical results related to the Target Drug and any intellectual property rights arising therefrom shall be jointly owned by the parties, regardless of whether independently or jointly developed by the parties, except Sirnaomics will own all the preclinical results developed alone and related intellectual property filed before signing the agreement. After the project is transferred to Walvax, Walvax will own all intellectual property rights arising from the commercialization of the Target Drug, including without limitation product technology and formulation process, and Walvax shall have the right to apply for patents.

Payments: Walvax shall pay to the Sirnaomics Party: (i) a one-time upfront payment of RMB 5 million, (ii) milestone payments upon achieving certain development and regulatory milestones, including filing, acceptance and/or approval of regulatory and marketing applications and completion of clinical trials, in the aggregate amount of RMB 136.5 million, and (iii) royalty payments of middle single-digit percentage of gross sales of the Target Drug. Royalty payments shall be made to Suzhou Sirnaomics and shall be paid for ten years after the commercial launch of the Target Drug in the Territory or until the expiration of the related licensed patents in the Territory covering the Target Drug, whichever is later. The Sirnaomics Party has no payment obligations in favor of Walvax under the Walvax Agreement.

Term and Termination: The agreement shall remain valid until terminated. Either party may terminate the Walvax Agreement on uncured material breach by the other party, bankruptcy of the other party or misrepresentation or violation of a warranty made by either party. If the parties mutually agree to terminate a project or the entire agreement if the preclinical study results are unsatisfactory or the clinical trial results do not meet expectations despite the joint efforts, then Sirnaomics agrees to return to Walvax all unused research and development funds related to the relevant project or the entire agreement.

Licensing Arrangement with the University of Maryland

In December 2020, US Sirnaomics and the University of Maryland (the "University") entered into a patent license agreement (the "University of Maryland Agreement") to license to US Sirnaomics certain patent rights related to a provisional patent application for improved delivery of mRNA with polymers (the "Patent Rights").

Nature of rights: Under the University of Maryland Agreement, the University granted to US Sirnaomics an exclusive, worldwide, sublicensable license during the term to make, use, sell, offer to sell and import any product, service or process covered by one or more claims of the Patent Rights (the "Licensed Product") and practice the patent rights.

The University retains royalty-free rights to practice the Patent Rights for non-commercial purposes and to license such rights to other governmental, academic and non-profit organizations for non-commercial purposes.

Intellectual Property Ownership: Improvements to the Patent Rights are owned according to inventorship. US Sirnaomics holds an option to obtain an exclusive license to any improvement owned solely by the University or the University's rights under any jointly owned improvement, subject to any rights held by third parties in those improvements. US Sirnaomics grants the University a non-exclusive, non-transferable, irrevocable, non-sublicensable and royalty-free license to practice improvements developed solely by US Sirnaomics solely for non-commercial purposes.

Sublicensing: US Sirnaomics may grant sublicenses to third parties subject to payment to the University of certain fees on any sublicensing income.

Diligence Obligations: US Sirnaomics is obligated to achieve certain diligence milestones set forth in a commercialization plan, including completion of preclinical safety and efficacy studies in animal disease model within one year of the effective date, GMP production and animal testing of the first Licensed Product within two and half years, filing an IND (or foreign equivalent) for the first Licensed Product within three and half years, dosing of first patient in a Phase I clinical trial of the first Licensed Product within five years, dosing of first patient in a Phase II clinical trial of the first Licensed Product within seven years, filing an NDA (or foreign equivalent) for the first Licensed Product within eight and a half years, first commercial sale of the first Licensed Product within ten years.

Payments: US Sirnaomics shall pay to the University: (i) a one-time upfront payment of US$20,000, (ii) a milestone payment of US$30,000 following the first patent issuing in any country, (iii) milestone payments upon achieving certain development, regulatory and commercial milestones for the first Licensed Product to reach such milestones in the aggregate amount of up to US$1.65 million, and (iv) royalty payments in low single-digit percentage of net revenues, provided that US Sirnaomics is obligated to pay minimum annual royalties. US Sirnaomics shall also pay to the University royalties payments on sublicense income. US Sirnaomics paid the one-time upfront payment in February 2021, but has not yet achieved any of the milestones triggering further payments. We anticipate that development of our RNAimmune product candidates may trigger further payments to the University.

Term and Termination: The term is effective until earlier termination or expiration. The term of the University of Maryland Agreement expires on a Licensed Product by Licensed Product and country by country basis until the later of (i) expiration of the last to expire of the Patent Rights covering such Licensed Product in such country, (ii) the expiration of any marketing or regulatory exclusivity or (iii) ten years after first commercial sale of the Licensed Product in that country. The term of the University of Maryland Agreement expires 15 years after the effective date with respect to any country in which (a) there were never any

patent rights, (b) there was never any marketing or regulatory exclusivity or (c) there was never a first commercial sale of a Licensed Product. The University may terminate the University of Maryland Agreement on US Sirnaomics' uncured material breach or Sirnaomics' bankruptcy or insolvency. US Sirnaomics may terminate the University of Maryland Agreement as to one or more countries for convenience.

Licensing Arrangement with Mixson

In 2015 and 2019, US Sirnaomics and A. James Mixson ("Mixson") entered into a patent license agreements (the "Mixson Agreement") granting US Sirnaomics a license to certain patent rights relating to polymers used in the PNP formulations of US Sirnaomics (the "Patent Rights"). The Mixson Agreement replaced earlier agreements from 2007 and 2009 between the parties on the same subject matter. Dr. Mixson is a professor at the University of Maryland School of Medicine and serves on the scientific advisory board for US Sirnaomics as an independent third party. US Sirnaomics initially became acquainted with Dr. Mixson through his academic publications and reputation in the field of academic drug discovery and development. US Sirnaomics determined to license the intellectual property developed by Dr. Mixson based on the potential of the histidine-lysine delivery technology developed by Dr. Mixson to provide advantages over the then-current state of the art. Dr. Mixson's current advisory role includes strengthening our understanding of theoretical and practical matters related to histidine lysine copolymers for siRNA and mRNA delivery to the cell and supervising our collaborative research program with the University of Maryland. To the knowledge of our Directors, other than the foregoing business relationships, Dr. Mixson has had no past or present relationship (including, without limitation, business, employment, family, trust, financing or otherwise) with our Group, our shareholders, Directors, senior management or any of their respective associates during the Track Record Period.

Nature of Rights: In 2015 Mixson granted to US Sirnaomics an exclusive, worldwide, sublicensable license to practice the Patent Rights in the Licensed Field including to make, have made, use, sell, offer for sale, import and otherwise exploit any product covered by the Patent Rights (the "Licensed Product"), where the Licensed Field is all therapeutic and non-therapeutic applications for the treatment, prevention, prophylaxis or diagnosis of ocular diseases, skin wound healing and scar, respiratory diseases, CNS diseases, tumor and cancer, organ fibrosis, metabolic diseases and organ transplantation, except for therapeutic and non-therapeutic applications of the following: (1) gene therapy, (2) antimicrobial and anti-infectious uses with histidine-lysine (HK) polymer alone or in combination with non-nucleic acids (such as amphotericin), and (3) use of HK polymer for delivery of non-nucleic acids in the tumor and cancer field. In 2019, Mixson and US Sirnaomics expanded the Licensed Field to include the fields defined in clauses (1) and (3) above.

During the first ten years of the term, Mixson may grant to a third party an exclusive license under the Patent Rights in other fields, provided that if Mixson does not enter into an agreement with a third party, US Sirnaomics shall have a right of first refusal for a licensing opportunity for such other fields.

Mixson retains a non-exclusive, non-transferable right under the Patent Rights for Mixson's own academic and educational purposes. During the first ten years of the term, Mixson has the right to practice the Patent Rights in the Licensed Field and such right includes without limitation the right to make and sell kits for animal models for laboratory and commercial purposes indicated for use in the Other Fields.

Intellectual Property Ownership: While Mixson owns the Patent Rights, the Mixson Agreement is silent regarding ownership of improvements to the Patent Rights, and does not prevent US Sirnaomics from developing improvements. Under U.S. patent laws, absent contractual provisions to the contrary, ownership of improvements vests in the inventor. Accordingly, having discussed with the legal advisors with regard to intellectual property, the Company is of the view that as between Mixson and US Sirnaomics, US Sirnaomics owns all rights in any intellectual property, including patents, invented by US Sirnaomics, whether or not such intellectual property qualifies as an improvement on patents owned by Mixson.

Payments: US Sirnaomics shall pay to Mixson: (i) an upfront fee of US$125,000, (ii) milestone payments upon achieving certain development, regulatory and commercial milestones in the aggregate amount of US$400,000 for each Licensed Product, (iii) royalty payments of less than one percent of net sales and (iv) certain non-statutory fully-vested options of common stock. US Sirnaomics paid the one-time upfront payment in May 2019, but has not yet achieved any of the milestones triggering further payments. We expect to make a payment of US$50,000 to Mixson during the second half of 2021 or first quarter of 2022 based on the achievement of a product development milestone.

Term and Termination: The term of the Mixson Agreement extends until the expiration of the last valid claim of the Patent Rights. Either party has the right to terminate the Mixson Agreement for the other party's uncured material breach. US Sirnaomics has the right to terminate the Mixson Agreement for convenience.

Collaboration Agreement with Guangzhou Xiangxue

In October 2010, Suzhou Sirnaomics and US Sirnaomics entered into a collaboration agreement with Guangzhou Xiangxue regarding the joint development of a small interfering RNA drug (STP705) for the treatment of Hypertrophic Scar (HTS) with a market right for greater China territory, including mainland China, Hong Kong, Macau and Taiwan. Under the collaboration agreement, Guangzhou Xiangxue was committed to an investment of RMB15.0 million into the project, while Suzhou Sirnaomics agreed to provide the relevant intellectual property and research and development team support equivalent to an aggregated value of RMB7.0 million. Consequently, Guangzhou Xiangxue and Suzhou Sirnaomics owned 68.18% and 31.82% interests in the collaboration respectively.

In November 2013, after investing RMB12.0 million into the collaboration, Guangzhou Xiangxue decided to provide further funding in the form of advances of RMB4.8 million (equivalently to approximately US$0.7 million) in proportion to our respective interests in the

collaboration. Suzhou Sirnaomics and US Sirnaomics therefore entered into a supplemental agreement with Guangzhou Xiangxue, using these advances to fund the project. In October 2014, Guangzhou Xiangxue and Suzhou Sirnaomics jointly filed an IND application to China Food and Drug Administration (CFDA) using STP705 to treat HTS. In April 2017, Guangzhou Xiangxue and Suzhou Sirnaomics obtained an approval from CFDA to conduct a Phase I clinical trial for the treatment of HTS using STP705 in China.

In the meantime, US Sirnaomics independently filed an IND application with US FDA in October 2016 for a clinical trial using STP705 to treat HTS, and received IND approval for a Phase IIa clinical trial in November 2016. Since then, US Sirnaomics pushed this Phase IIa clinical trial forward and expanded it into the skin cancer application. Since US FDA approval for the IND for STP705 to treat HTS was received earlier and allowed STP705 to directly enter into the Phase IIa clinical trial, we decided to permit the IND for the Phase I clinical trial approved by CFDA to lapse in April 2020.

In order to strategically seek full control over the project rights for STP705 in China and reach a full closure of the collaboration efforts between Suzhou Sirnaomics and Guangzhou Xiangxue, in October 2020, we entered into a termination agreement with Guangzhou Xiangxue, where Guangzhou Xiangxue agreed to surrender all its relevant project rights regarding STP705 for the treatment of HTS in mainland China, Hong Kong, Macau and Taiwan. Pursuant to the termination agreement, we agreed to pay Guangzhou Xiangxue a total amount of RMB57.8 million (equivalent to approximately US$8.5 million) and as a result we now have 100% of the rights and interests for STP705 for the treatment HTS in mainland China, Hong Kong, Macau and Taiwan under the agreement. The RMB57.8 million covered our settlement for advances of RMB4.8 million from Guangzhou Xiangxue in 2013 under the supplemental agreement. The parties' respective obligations regarding development did not survive termination of the collaboration agreement and supplemental agreement with Guangzhou Xiangxue.

Of the consideration of RMB57.8 million, Suzhou Sirnaomics agreed to (1) pay RMB12.0 million in cash to Guangzhou Xiangxue, and (2) issue a convertible loan in the amount of RMB45.8 million in 2020 which was later converted into Series D Preferred Shares.

In our view, the prior collaborations between Suzhou Sirnaomics and Guangzhou Xiangxue have provided strong support for Sirnaomics' growth in its early days. The termination of this collaboration is a strategic move allowing Sirnaomics to obtain full control over the research and development programs and related rights for STP705. We believe such termination has no material adverse impact on our business operations, financial performance, intellectual property position, or future growth. Also, according to our communications with Guangzhou Xiangxue, they agreed that this approach is the best to maximize the benefits of both parties and collaborated with us to complete related transactions with their best efforts.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights, including patents and trade secrets are critical to our business and in biotechnology in general. Our success depends in part on our ability to obtain and maintain proprietary intellectual property protection for our drug candidates, discoveries, product development technologies, inventions, improvements and know-how, whether developed internally or acquired or licensed from third parties. Our success also depends in part on our ability to defend and enforce our patents including any patent that we have or may issue from our patent applications, preserve the confidentiality of our trade secrets and other confidential or proprietary information, and operate without infringing, misappropriating or otherwise violating intellectual property rights of other parties.

We rely on a combination of patent, and other intellectual property protection laws in China and the U.S., including trade secrets and fair trade practice, as well as confidentiality procedures and contractual provisions to protect our intellectual property with respect to our drug candidates and technology. Despite our precautions, third parties may infringe our intellectual property rights. Unauthorized use of our intellectual property by third parties and the expenses that we may incur in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors – Risks Relating To Our Intellectual Property Rights – We may also initiate lawsuits to protect or enforce our patents and other intellectual property, which could be expensive, time-consuming and unsuccessful."

The area of patent and other intellectual property rights in biotechnology is an evolving one with many risks and uncertainties. We cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents that may be granted to us in the future will be commercially useful in protecting any of our platforms, product candidates, discovery programs and processes. Furthermore, the terms of individual patents depends upon the legal term of the patents in the countries in which they are obtained and extend for varying periods depending on the date of filing of the patent application or the date of patent issuance. In most countries in which we file, the invention patent term is 20 years from the earliest non-provisional filing date. The life of a patent, and the protection it affords, is therefore limited and once the patent life of our issued patents has expired, we may face competition, including from other competing technologies. In China, the expiration of an invention patent is 20 years from its filing date, the expiration of a utility model patent is ten years from its filing date and the expiration of an industrial design patent is 15 years from its filing date. The Amendment to the PRC Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, which may enable the patent owner to submit applications for a patent term extension. The precise length of any such extension is uncertain though the extended length has a maximum of five years. For more information regarding the risks related to our intellectual property, see "Risk Factors – Risks Relating To Our Intellectual Property Rights."

Based on the freedom to operate (FTO) analysis of our core product (STP705), we are not aware of any issued patents that may affect our rights to conduct research and development or commercialize our core product in China or the U.S. FTO analysis is a patent investigation, based on a search of patent databases, that is commonly used to determine whether any existing patents cover a company's product, and whether that product would infringe any existing patents. However, we cannot provide any assurance that all relevant third party patents were identified or that conflicting patents will not be issued in the future. For more information, see "Risk Factors – Risks Relating To Our Intellectual Property Rights."

From the early establishment of our company, we in-licensed patents pursuant to an exclusive, worldwide license under patent rights from Dr. A. James Mixson, a professor at the University of Maryland School of Medicine who also currently serves on our scientific advisory board as an independent third party. Of the three patents that were granted during the term of the agreement, all were granted in the U.S. and two out of the three of of those patents are now expired. The subject matter of these patent served as a jumping off point for our further development of our PNP delivery platform. Both expired patents broadly covered: (i) branched transport polymers containing a high proportion of histidine residues, (ii) pharmaceutical compositions containing the polymers and a pharmaceutical agent such as a nucleic acid, and (iii) methods of in vivo therapy by injection of the pharmaceutical compositions. The claims of the expired patents also covered the specific polymers used our products in clinical development. These expired patents had limited claims using the specific polymers for nucleic acid delivery generally. The claims of the third patent (scheduled to expire in 2026) recite methods of transfecting cells (i.e., delivering nucleic acids into the cell or infecting the cell with nucleic acids) with compositions containing siRNA and specific HKP molecules. Patents cannot be extended after expiration. Our products that are currently under development do not contain the specific HKP molecules recited in the claims although we may elect to use such HKP molecules in future products. To strengthen the protection of our PNP technology platform, we have filed multiple patent applications using modifications of peptide polymers with targeting ligands, chemodrugs, other amino acids and improved formulation methods. We also filed a number of patent applications (and have been issued patents) specifically for siRNA therapeutics in defined therapeutic areas, e.g. anti-cancer, anti-fibrosis and anti-viral, and others. Despite the fact that the now expired patents covered compositions that formed the basis of our PNP delivery platform, given that the patents are now in the public domain and that we have filed our own patent applications that aim to protect new developments and advancements built on top of and improving the original technology covered by the expired patents, these expired patents are therefore not material to our PNP delivery platform now enhanced by virtue of our research and development efforts. None of our patent applications conflicts or will conflict with any of our collaboration and licensing arrangements, including our licensing arrangement with Dr. Mixson.

Our PNP delivery platform used for STP705, STP707 and our other product candidates is an enhanced delivery platform built on top of the technology in-licensed from Dr. Mixson. Our research and development efforts built on the in-licensed technology to develop it into an

effective pharmaceutical delivery platform. In essence, the key improvements that have been made to the in-licensed technology were to take technology that is useful as a laboratory tool and develop it into a pharmaceutical delivery platform that can be combined with siRNAs to be safely administered to humans to achieve a therapeutic effect as a pharmaceutical product. We established high purity manufacturing processes and developed pharmaceutical-level formulation technology, including through the use of microfluidic technology. We developed specific formulations for local administration, including topical, intradermal and intratumoral delivery, and systemic administration including intravenous, subcutaneous and airway delivery. We have devoted our research and development efforts to developing improved pharmaceutical compositions containing the polymers described in the now-expired patents, and improved methods for making those compositions. More specifically, our efforts have resulted in, inter alia, the development of methods for formulating siRNAs into nanoparticles of a desired size distribution and zeta potential, which affects the pharmaceutical properties of the compositions. These methods include (i) optimizing the HKP:siRNA ratios used during nanoparticle formulation; (ii) determining the additional excipients required to prepare the compositions; and (iii) how to mix the various components of the compositions to produce pharmaceutically useful PNP compositions having the desired particle size, size distribution and zeta potential. In addition, we have developed methods of preparing PNP compositions that avoid aggregation of the nanoparticles, which prevents the significant toxicity that can result from nanoparticle aggregation. Our developments covering the PNP delivery platform itself (without regard to any particular product or product family) are covered by three pending patent applications that were filed in 2021 and are exclusively owned by us. We believe that each of these improvements represents a significant advance over the technology described in the Mixson patents.

In addition to our patents and patent applications, we also rely on confidential and proprietary know-how and trade secret protection for proprietary aspects of the manufacturing and pharmaceutical formulation technology and we are also in the process of filing further patent applications on aspects that we deem strategically appropriate for patent protection. Our filings include applications that cover improved manufacturing methods and improved pharmaceutical formulations that relate to our PNP delivery platform. The in-licensed patents that cover certain pharmaceutical compositions of our PNP delivery platform expired in 2021 (and the third in-licensed patent will expire in 2026) and therefore have entered the public domain. Anyone in the public (including us) may use the inventions claimed in the patents without Dr. Mixson's consent. According to the CIC Report, as of the Latest Practicable Date, no other biopharmaceutical companies are engaged in the research and development of RNA therapeutics using technologies that were formerly protected by the two expired patents. Given that we had the benefit of an exclusive license under the two now-expired patents, no third parties could conduct any activities under those patents without our authorization. As of the Latest Practicable Date, we have not authorized any third parties to conduct any activities under those patents. We no longer rely on the expired patents for the further research and development of our PNP delivery platform, but instead rely on our pending patent applications that we have filed in respect of our new advances and developments to our PNP delivery

platform. We expect that the expiration of those patents will have no material adverse impact on the Group's business operations, finance performance and prospects going forward because we continue to have the right to make and use the technology covered by the now expired patents (and will continue to after the 2026 expiration of the third in-licensed patent) and our business and products, including our core product, rely on a combination of our own patents and patent applications and other intellectual property protection laws, including trade secrets and fair trade practice. We believe that the combination of patent protection directed to each of our product candidates individually as well as our patent protection, trade secret and proprietary know-how in our PNP delivery platform will provide sufficient protection to prevent competitors from developing and commercializing copies of our product candidates in the future.

We have a comprehensive portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we owned (i) nine issued patents in China, (ii) nine issued patents in the U.S., (iii) two issued patents in Europe (validated in 11 and eight countries, respectively), and (iv) 119 pending patent applications, including 19 Chinese patent applications, 43 U.S. patent applications (including 32 U.S. provisional patent applications), eight patent applications under the Patent Cooperation Treaty, six patent applications in Europe and 43 patent applications in other jurisdictions. Our patents and patent applications span methods of delivering RNAi triggers and mRNA to cells, compositions of matter and devices used in our RNAi and mRNA delivery platforms, siRNA or RNAi trigger compositions, manufacturing processes, usage and indications. Our owned issued patents and any patents issuing from our pending patent applications are scheduled to expire on various dates from 2024 through 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other governmental fees. Further details on certain segments of our patent portfolio are included below.

PNP Delivery Platform

We exclusively license an issued patent from Dr. James Mixson and own three pending patent applications that cover our PNP delivery platform. As of the Latest Practicable Date, our licensed patent portfolio included one issued patent in the U.S. directed to compositions and methods of use and we own three pending U.S. provisional patent applications directed to methods of manufacturing pharmaceutical compositions. More particularly, the patent and patent applications are directed to pharmaceutical agent delivery compositions comprising histidine-lysine polymers, methods of making and delivering the compositions; methods of delivering siRNA to cells using a histidine-lysine polymer carrier. The expected expiration for the issued patent is 2026 and for any patents that may issue from the currently pending patent applications is 2042.

GalAhead™ Delivery Platform

With regard to our GalAhead™ delivery platform that includes the GalNAc ligand, as of the Latest Practicable Date, we owned 26 patent applications, including two pending patent applications in China, two pending patent applications in the U.S. and 22 pending patent applications in other jurisdictions directed to compositions, methods of use and processes to make the compositions. The expected expiration for any patents that may issue from the currently pending patent applications is 2039, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

PDoV-GalNAc RNAi Delivery Platform

With regard to our PDoV-GalNAc RNAi delivery platform that includes the GalNAc ligand, as of the Latest Practicable Date, we owned two pending patent applications, including one pending patent application in the U.S. and one patent application under the Patent Cooperation Treaty directed to compositions and methods of use. The expected expiration for any patents that may issue from the currently pending patent applications is 2040, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP705/707

With regard to our STP705/707 product candidates, as of the Latest Practicable Date, we owned two issued patents in the U.S., and 20 pending patent applications, including three Chinese patent applications, seven U.S. patent applications (including five U.S. provisional patent applications), one European patent application and nine patent applications in other jurisdictions. Our patents and patent applications covering STP705/707 are directed to the drug product compositions and their methods of use. More particularly, our patents and patent applications are directed to the RNA sequences that comprise the drug substance (two patent families*), pharmaceutical formulations containing those RNA sequences (seven patent families), methods of using the combination of RNA sequences targeting the combination of TGFß1 and COX2 genes for the treatment of wound healing (e.g., HTS, keloid scarless healing (two patent families)) and cancer treatments (e.g., skin cancers such as isSCC) (two patent families). All of the foregoing cover what we view as the key characteristics of STP705 and STP707 separate from the PNP Delivery Platform. The expected expiration for the issued patents and any patents that may issue from the pending patent applications range from 2029 to 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP355

With regard to our STP355 product candidate, as of the Latest Practicable Date, we owned one Chinese patent application and one U.S. provisional patent application. Our patent

* Several of the patents and patent applications include subject matter that overlaps more than one of the categories.

applications covering STP355 are directed to the drug composition, drug product composition and methods of use. The expected expirations for any patents that may issue from the pending patent application range from 2041 to 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fee.

STP369

With regard to our STP369 product candidates, as of the Latest Practicable Date, we owned one pending U.S. provisional patent application. Our patent applications covering STP369 are directed to the drug composition, drug product composition and methods of use. The expected expiration any patents that may issue from the pending patent application is 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP779

With regard to our STP779 product candidate, as of the Latest Practicable Date, we owned one pending U.S. provisional patent application. Our patent application covering STP779 is directed to the drug composition, drug product composition and methods of use. The expected expiration any patents that may issue from the pending patent application is 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP302

With regard to our STP302 product candidate, as of the Latest Practicable Date, we owned one issued patent in Europe (validated in eight countries), and two pending patent applications, including one pending patent application in China and one pending patent application in the U.S. Our issued patents and pending patent applications covering STP302 are directed to the drug product composition and methods of use. The expected expiration for the issued patents and any patents that may issue from the pending patent applications range from 2035 to 2036, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP902

With regard to our STP902 product candidate, as of the Latest Practicable Date, we owned one issued U.S. patent. Our patent covering STP902 is directed to the drug composition and drug product composition. The expected expiration for this patent is 2030 without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP702

With regard to our STP702 product candidate, as of the Latest Practicable Date, we owned one issued patent in the U.S. and one pending Chinese patent application. Our patents covering STP702 are directed to the drug product compositions and their methods of use. The expected expiration for the issued patents and pending patent application range from 2033 to 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP908

With regard to our STP908 product candidate, as of the Latest Practicable Date, we owned three pending patent applications, including two pending patent application in the U.S. (including one U.S. provisional patent application) and one patent application under the Patent Cooperation Treaty. Our patent applications covering STP908 are directed to the drug composition, drug product composition and methods of use. The expected expiration for any patents that may issue from the currently pending patent applications is 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

RIM730

With regard to our RIM730 product candidate, as of the Latest Practicable Date, we owned three pending U.S. patent applications (including two U.S. provisional patent applications), and one patent application under the Patent Cooperation Treaty. Our patent applications covering RIM730 are directed to the drug composition, drug product composition and methods of use. The expected expiration any patents that may issue from the pending patent applications is 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP909

With regard to our STP909 product candidate, as of the Latest Practicable Date, we owned one issued patent in the U.S. and one pending patent application in China. Our issued patent and pending patent application covering STP909 are directed to the drug product composition and methods of use. The expected expiration the issued patent and any patents that may issue from the pending patent application range from 2031 to 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP122G

With regard to our STP122G product candidate, as of the Latest Practicable Date, we owned two pending U.S. provisional patent applications. Our patent applications covering STP122G is directed to the drug composition, drug product composition and methods of use. The expected expiration for any patents that may issue from the pending patent applications is 2042 without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP133G

With regard to our STP133G product candidate, as of the Latest Practicable Date, we owned three pending U.S. provisional patent applications. Our patent applications covering STP133G are directed to the drug composition, drug product composition and methods of use. The expected expiration for any patents that may issue from the pending patent applications is 2042 without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP135G

With regard to our STP135G product candidate, as of the Latest Practicable Date, we owned two pending patent applications including one pending patent application in China and one U.S. provisional patent application. Our patent applications covering STP135G are directed to the drug product composition and methods of use. The expected expiration any patents that may issue from the pending patent applications range from 2041 to 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP144G

With regard to our STP144G product candidate, as of the Latest Practicable Date, we owned one pending U.S. provisional patent application. Our patent application covering STP144G is directed to drug product composition and methods of use. The expected expiration of any patents that may issue from the pending patent application is 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

STP155G

With regard to our STP155G product candidate, as of the Latest Practicable Date, we owned two pending patent applications including one pending patent application in China and one U.S. provisional patent application. Our patent applications covering STP155G are directed to the drug product composition and methods of use. The expected expiration any patents that may issue from the pending patent applications range from 2041 to 2042, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

The following table summarizes the details of the material granted patents and filed patent applications owned by us or licensed to us on our clinical stage product candidates and certain preclinical product candidates (Unless otherwise indicated, all patents and patent applications are invention patents or applications therefor):

Subject Area	Title	Country	Status	Expiration Date[1]	Applicant
PNP delivery platform	Highly Branched HK Peptides As Effective Carriers of siRNA	U.S.	Issued	2026	A. James Mixson
PNP delivery platform	Improved Methods For Preparing Nanoparticle Compositions Containing Histidine-Lysine Copolymers	U.S.[2]	Pending	2042	US Sirnaomics
PNP delivery platform	Nanoparticle Pharmaceutical Compositions With Reduced Nanoparticle Size And Improved Polydispersity Index	U.S.[2]	Pending	2042	US Sirnaomics
PNP delivery platform	Improved Nanoparticle Formulations Formed From Histidine-Lysine Copolymers	U.S.[2]	Pending	2042	US Sirnaomics
GalAhead delivery platform	Multi-Targeting Nucleic Acid Constructs Composed Of Multiple Oligonucleotides That Modulate Gene Expression Through Complimentary Interactions With Targets	CN, U.S., AU, BR, CA, EP, IL, IN, JP, KR, NZ, RU, ZA	Pending	2039	US Sirnaomics
GalAhead delivery platform	Miniaturized Hairpin RNAi Triggers (mxRNA) and Methods of Uses Thereof	CN, U.S., AU, BR, CA, EP, IL, IN, JP, KR, NZ, RU	Pending	2039	US Sirnaomics
PDoV-GalNAc delivery platform	Peptide Docking Vehicle for Targeted Nucleic Acid Delivery	U.S., PCT	Pending	2040	US Sirnaomics
STP705	Multi-Targeted RNAi Therapeutics for Scarless Wound Healing of Skin	U.S.	Issued	2029	US Sirnaomics

Subject Area	Title	Country	Status	Expiration Date[1]	Applicant
STP705, STP707	Combinations of TGFß and COX-2 Inhibitors and Methods for Their Therapeutic Application	U.S.	Issued	2031	US Sirnaomics
STP705, STP707	Pharmaceutical Compositions and Methods of Use for Activation of Human Fibroblast and Myofibroblast Apoptosis	U.S., CN	Pending	2037	US Sirnaomics & Shanghai Ninth People's Hospital, Shanghai Jiao Tong University School of Medicine
STP707	Silencing TGFBeta 1 and Cox2 Using siRNAs Delivered in Combination with Immune Checkpoint Inhibitors to Treat Cancer	U.S., CN, EP, ZA	Pending	2039	US Sirnaomics
STP705	The Composition of Matter and Methods for Treatment of Skin Cancers by RNAi Therapeutics	U.S.[2]	Pending	2042	US Sirnaomics
STP705, STP707	An siRNA Drug Composition and Formulation for Treatment of Skin Cancers	CN	Pending	2041	US Sirnaomics; Suzhou Sirnaomics; Guangzhou Sirnaomics
STP705	siRNA-Copolymer Compositions and Methods of Use for the Treatment of Liver Cancer	U.S.[2]	Pending	2042	US Sirnaomics
STP707	Methods for Prophylactic and Therapeutic Treatment of 2019-nCoV using siRNAs against TGFB1 and Cox2	U.S.[2]	Pending	2042	US Sirnaomics
STP705	Methods for inducing adipose tissue remodeling using RNAi Therapeutics	U.S.[2]	Pending	2042	US Sirnaomics
STP705	Methods for inducing adipose tissue remodeling using RNAi Therapeutics	U.S.[2]	Pending	2042	US Sirnaomics

Subject Area	Title	Country	Status	Expiration Date[1]	Applicant
STP355	Composition and use of siRNAs against VEGFR2 and TGF-beta1 in combination theraphy for cancer	U.S.[2]	Pending	2042	US Sirnaomics
STP 355	Small interfering ribonucleic acid-containing pharmaceutical composition for the treatment of multiple tumors	CN	Pending	2041	Suzhou Sirnaomics
STP369	Methods of cancer treatment by delivery of siRNAs against BCLxL and MCL1 using a polypeptide nanoparticle	U.S.[2]	Pending	2042	US Sirnaomics
STP779	Combinations of siRNAs with siRNAs against SULF2 or GPC3 for use in treating cancer	U.S.[2]	Pending	2042	US Sirnaomics
STP302	A Pharmaceutical Composition and its Therapeutic Application Thereof	CN	Pending	2035	Suzhou Sirnaomics
STP302	Pharmaceutical Composition and Applications Thereof	U.S. BE, DK, DE, FR, CH, ES, IT, GB	Pending Issued	2036	US Sirnaomics
STP902	Compositions and Methods Using siRNA Molecules and siRNA Cocktails for the Treatment of Breast Cancer	U.S.	Issued	2030	US Sirnaomics
STP702	Compositions and Methods for "Resistance-Proof" siRNA Therapeutics for Influenza	U.S.	Issued	2033	US Sirnaomics

Subject Area	Title	Country	Status	Expiration Date[1]	Applicant
STP702	siRNA Drug, Pharmaceutical Composition, siRNA-small Molecule Drug Conjugates and its Application	CN	Pending	2041	Suzhou Sirnaomics; Guangzhou Sirnaomics
STP908	Composition And Methods Of RNAi Prophylactics And Therapeutics For Treatment Of Severe Acute Respiratory Infection Caused By 2019 Novel Coronavirus (2019-nCoV)	U.S., PCT	Pending	2041	US Sirnaomics
STP908	Methods for prophylactic and therapeutic treatment of 2019-nCoV using siRNAs against ORF1AB and N-protein	U.S.[2]	Pending	2042	US Sirnaomics
RIM730	Composition And Methods Of mRNA Vaccines Against Novel Coronavirus Infection	U.S., PCT	Pending	2041	RNAimmune
RIM730	Composition and Methods of mRNA Vaccines Against Novel Coronavirus Infection	U.S.[2]	Pending	2041	RNAimmune
RIM730	Composition and Methods of mRNA Vaccines Against Novel Coronavirus Infection	U.S.[2]	Pending	2042	RNAimmune
STP909	siRNA Compositions and Methods for Treatment of HPV and Other Infections	U.S.	Issued	2031	US Sirnaomics
STP909	A nucleic acid polypeptide nanomedicine for the treatment and prevention of HPV infection	CN	Pending	2041	US Sirnaomics; Suzhou Sirnaomics; Guangzhou Sirnaomics

Subject Area	Title	Country	Status	Expiration Date[1]	Applicant
STP122G	Products and Compositions	U.S.[2]	Pending	2042	US Sirnaomics
STP122G	Products and Compositions	U.S.[2]	Pending	2042	US Sirnaomics
STP133G	Products and Compositions	U.S.[2]	Pending	2042	US Sirnaomics
STP133G	Products and Compositions	U.S.[2]	Pending	2042	US Sirnaomics
STP133G	Products and Compositions	U.S.[2]	Pending	2042	US Sirnaomics
STP144G	Products and Compositions	U.S.[2]	Pending	2042	US Sirnaomics
STP135G	Compositions and methods for inhibiting expression of PCSK9	U.S.[2]	Pending	2042	US Sirnaomics
STP135G	Compositions and methods for inhibiting expression of PCSK9	CN	Pending	2041	US Sirnaomics; Suzhou Sirnaomics
STP155G	Targeted Nucleic Acid Therapy For Hepatitis B	U.S.[2]	Pending	2042	US Sirnaomics
STP155G	A drug composition and formulation targeting HBV	CN	Pending	2041	US Sirnaomics; Guangzhou Sirnaomics

1 Patent expiration date is estimated based on current filing status, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

2 Provisional patent application.

As of the Latest Practicable Date, our Directors confirm that we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringements of, any third-party intellectual property that are threatened or pending.

PROCUREMENT

We procure raw materials, as well as technical services, equipment and infrastructure construction services needed for the operation of our business from qualified suppliers. The main raw materials that we procure for manufacturing and our clinical trials include oligonucleotides and polypeptides. As of the Latest Practicable Date, our product candidates for clinical trials were supplied by third-party CMOs.

In addition, we procure equipment for the development and manufacturing of our product candidates from reputable manufacturers and suppliers. We also procure technical services,

such as CRO services and consulting services that support our clinical trials and preclinical studies. See "– Research and Development – Engagement of Third Parties in Research and Development."

We engage experienced and qualified third parties such as CROs, CDMOs and consultants to support our research and clinical trials. We supervise these third-party service providers closely to ensure their compliance with our quality control procedures and applicable laws and the integrity of the data resulting from our trials and studies. See "– Suppliers."

MANUFACTURING AND QUALITY CONTROL

Chemistry, Manufacturing and Control

Since our inception, we have established an internal CMC team which is currently led by Dr. Zhifeng Long, our Chief Development Officer. Our CMC capability includes the following functions: (i) delivery platform research and development and optimization; (ii) formulation development; (iii) analytical sciences – our analytical science team implements a science-driven, phase-appropriate and commercial oriented approach to the development and application of both classic and state-of-the-art analytical techniques and tools throughout the development life cycle of each of our product candidates, including but not limited to development and validation of analytical methods for drug substance and drug product, technical transfer of process and analytical methods, establishment of specifications, testing and releasing of each batch of drug product; and (iv) quality control and assurance – with well-documented and comprehensive quality system, the quality control and assurance team is responsible for testing and verifying the product quality with predefined standards to assure the quality of all the batches, manufactured at every stage of manufacturing/processing drug substance and drug products.

We currently work with qualified CMOs to manufacture product candidates for preclinical and clinical supply. We have established GMP-compliant manufacturing processes in the U.S. with CMOs accredited by the U.S. FDA, and these CMOs will contribute, in total, an annual capacity of at least two million vials per year to our manufacturing process. We have adopted procedures to ensure that the production qualifications, facilities and processes of our CMOs comply with the relevant regulatory requirements and our internal guidelines. We select our CMOs by reviewing a number of factors, including their qualifications, relevant expertise, production capacity and product quality. As of the Latest Practicable Date, we have not experienced any difficulties in engaging our CMOs. As we maintain good relationships with the CMOs we worked with and there exist adequate alternative sources for such CMOs, we do not foresee any difficulties in engaging qualified CMOs in the future. To monitor and evaluate service performed by our CMOs, we set a series of pre-defined specifications on in-process control and release tests, and review manufacturing related documents including batch records and quality control test results to ensure specifications are met.

Our Manufacturing Facilities

We recently completed building our pilot manufacturing facility in Guangzhou, which is expected to have an anticipated annual production capacity of 50,000 vials of lyophilized doses for injection, which we expect to be sufficient to support all clinical trials we have in our current planning. We have not yet commenced production during the Track Record Period, but anticipate commencing GMP production in the first quarter of 2022.

Our Guangzhou facility will be capable of GMP-compliant manufacturing of our pipeline products, including formulation, fill and finish, test and release and will be sufficient to support our clinical trials in China, and potentially to supply our clinical trials globally in the future. We are currently planning to build a commercial scale manufacturing facility in China which will provide products for future commercialization needs. Our manufacturing team in Guangzhou consists of 18 employees and consultants as of the Latest Practicable Date, including quality control and quality assurance functions to support GMP manufacturing. Our manufacturing facilities are equipped with systems and equipment from industry leading, highly reputable manufacturers and suppliers around the world.

We expect to have in-house capabilities to manufacture our drug candidates by the first half of 2022. We expect our manufacturing facilities in Guangzhou will have sufficient capacity to meet our clinical manufacturing needs in the foreseeable future.

To secure our product supply and meet potential increasing business demands, we may also adopt a hybrid manufacturing model in the future that primarily utilizes our in-house manufacturing capabilities while employing CMOs for the manufacturing of our drug candidates. We expect that the manufacturing capacity of our new facility as well as our cooperation with qualified CMOs can provide sufficient supply for our clinical trials and meet the commercial sales demands of our drug candidates.

COMMERCIALIZATION AND BUSINESS DEVELOPMENT

Commercialization

We believe the scale and effectiveness of our commercial operation will be crucial to our business. We intend to commercialize our drug candidates, if approved, by utilizing both direct sales force and strategic partnerships to achieve geographical and channel coverage.

We will conduct marketing activities in both China and the U.S. We expect to facilitate academic engagement and education around our products by establishing relationships with KOLs, hospitals, and renowned doctors through clinical trials, R&D collaboration, and academic conferences. We also intend to enter into strategic partnerships with biopharmaceutical companies with advantageous sales and marketing networks. We plan to build up our sales and marketing team by recruiting professionals with extensive industry

knowledge and biopharmaceutical marketing skills to engage in the academic promotion, marketing, commercialization and channel management of our pipeline products. While our product candidates represent a relatively new class of therapeutics, RNAi therapeutics, our sales and marketing team will consist of medical directors and medical science liaisons who would be responsible for medical education, medical conference management and investigator-initiated study support, which facilitates the advocacy of our product candidates as RNAi therapeutics. Team members shall also be responsible for exploring collaboration patterns and promoting collaboration with strategic partners, as well as the academic promotion of our products to hospitals and doctors, which helps expand our distribution channels to commercialize our products. Along with the clinical development of our pipeline products, we will schedule the recruitment, training and evaluation of our sales and marketing team in accordance with the clinical development progress of our pipeline products, aiming to ensure the timely commercialization of our pipeline products once we obtain relevant approvals.

We are also evaluating partnership options to maximize market potential of our products. We intend to seek partners by setting comprehensive selection criteria, primarily including commercialization teams with extensive biopharmaceutical industry backgrounds, superior track record in commercialization partnership, and recognition of our vision and commitment to our pipeline products. We aim to gain market coverage by leveraging our current and future business partners' expertise and business network.

Business Development

Our strategy and business development team explores global and local cooperation opportunities with other industry players. 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. See "– Collaboration and Licensing Arrangements."

SUPPLIERS

Our suppliers are primarily reputable CROs, CMOs, CDMOs and research and medical institutions with whom we collaborate on preclinical and clinical trials in China and overseas, and from whom we procure raw materials and equipment to support the manufacturing of our drug products. We select our suppliers by taking into account a number of factors, including their qualifications, industry reputation, cost competitiveness and compliance with relevant laws and regulations. In 2019, 2020 and the nine months ended September 30, 2021, our purchases from our five largest suppliers in the aggregate accounted for 35.3%, 42.7% and 38.5% of our total purchases, respectively, while purchases from our largest supplier in each period accounted for 11.2%, 16.7% and 12.0% of our total purchases, respectively.

The following table sets forth certain information of our five largest suppliers for each period during the Track Record Period:

Supplier	Supplier type	Purchase amount (US$ in thousands)	Percentage of total purchase
Year ended December 31, 2019			
Supplier A	CRO	704	11.2%
Supplier B	CDMO	523	8.4%
Supplier C	CDMO	385	6.2%
Supplier D	Lab equipment and consumables supplier	318	5.1%
Supplier E	CMO	276	4.4%
Total		2,206	35.3%
Year ended December 31, 2020			
Supplier F	CDMO	1,907	16.7%
Supplier C	CDMO	1,160	10.2%
Supplier B	CDMO	621	5.4%
Supplier G	CRO	618	5.4%
Supplier H	Manufacturing equipment supplier	571	5.0%
Total		4,877	42.7%
Nine months ended September 30, 2021			
Supplier I	CDMO	2,028	12.0%
Supplier F	CDMO	1,539	9.1%
Supplier G	CRO	1,199	7.1%
Supplier A	CRO	901	5.3%
Supplier J	CRO	846	5.0%
Total		6,513	38.5%

All of our five largest suppliers during the Track Record Period were Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. Other than the agreements with certain CROs, CDMOs and CMOs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

CUSTOMERS

During the Track Record Period and up to the Latest Practicable Date, we had not generated any revenue from product sales and do not expect to generate any revenue from product sales before the commercialization of one or more of our drug candidates.

COMPETITION

The biopharmaceutical industry is characterized by rapid market growth, fierce competition and a strong emphasis on proprietary drugs. While we believe that our strong research and development capabilities enable us to establish a favorable position in the industry, we encounter competition from international and China-based biopharmaceutical companies and specialty pharmaceutical and biotechnology companies of various sizes, as well as academic institutions and research institutions. Any drug candidates that we successfully develop and commercialize will compete with existing drugs or any new drugs that may become available in the future. See "Industry Overview."

LAND AND PROPERTIES

Our headquarters office is located at 401 Professional Drive, Gaithersburg, Maryland, U.S. We lease properties in China and the U.S. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we did not own any property in China or in the U.S.

Leased Properties

As of the Latest Practicable Date, we leased 12 properties in China with an aggregate gross floor area of approximately 5,923.36 sq.m., which were primarily used for offices and research and development. Among them, we had obtained valid title certificates from relevant landlords of 12 leased properties with an aggregate gross floor area of approximately 5,923.36 sq.m., accounting for 100% of the aggregate gross floor area of our leased properties. In addition, as of the Latest Practicable Date, we leased four properties in the U.S. with an aggregate site area of approximately 69,884 rentable square feet, which was primarily used for office as well as laboratory facility purpose.

As of the Latest Practicable Date, we had not completed lease registration of some lease agreements with the relevant regulatory authorities. According to PRC law, the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements. During the Track Record Period, we did not experience any dispute arising out of our leased properties.

INTERNAL CONTROL AND RISK MANAGEMENT

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies, procedures and risk management methods that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We have adopted and implemented comprehensive internal control and risk management policies in various aspects of our business operations such as financial reporting, information system, quality control and human resources management.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies and budget management policies. We have various procedures in place to implement accounting policies and our finance department reviews our management accounts based on such procedures.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data is avoided. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user data. We provide information security training to our employees and conduct ongoing trainings and discuss any issues or necessary updates from time to time.

Quality Control Risk Management

Our quality control system is an essential component of our risk management and internal control system. Our quality control measures cover all aspects of our manufacturing operations, including design and construction of manufacturing facilities, the installation and maintenance of manufacturing equipment, procurement of raw materials and packaging materials, quality checks of raw materials, work-in-progress and finished products, monitoring

adverse drug reactions and verification of documentation. The procedures and methodologies of our quality control system are based on GMP standards, and other applicable domestic and international standards.

Human Resources Risk Management

We formulate recruitment plan for the upcoming year based on our future business plan, and we constantly improve our recruitment process. We have formulated anti-bribery and corruption policy to ensure that our employees' skill sets and knowledge regarding anti-bribery and corruption policy remain up to date.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings which would have a material and adverse impact on our business, financial condition or results of operations, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Our PRC Legal Advisors confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable PRC laws and regulations in all material aspects.

Licenses and Permits

We have obtained all material licenses, permits, approvals and certificates that are material for our business operations and such licenses, permits, approvals and certificates are valid and subsisting.

The following table sets forth the major certificates, permits, licenses and other approvals held by us as of the Latest Practicable Date:

Certificates/License/ Permit	Holder	Authority	Date of Grant	Expiry Date
Registration certificate of pollutant discharge for fixed pollution sources	Suzhou Sirnaomics	Ministry of Ecology and Environment of the People's Republic of China	March 31, 2020	March 30, 2025
Registration certificate of pollutant discharge for fixed pollution sources	Guangzhou Sirnaomics	Ministry of Ecology and Environment of the People's Republic of China	June 9, 2020	June 8, 2025
High and New Technology Enterprises Certificate	Guangzhou Sirnaomics	Jointly by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, Guangdong State Taxation Bureau	December 9, 2020	December 8, 2023
Montgomery County, MD Hazardous Materials Use Certificate Number 41296	Sirnaomics, Inc.	Montgomery County, Maryland Office of Emergency Management & Homeland Security	December 20, 2020	September 1, 2022[(1)]
Certificate of Treatment, Disposal and Destruction	Sirnaomics, Inc.	Environmental Enterprises Incorporated	December 18, 2020	N/A[(2)]

Notes:

(1) We were initially granted the certificate in December 2020, which expired in September 2021. We thereafter applied for a renewal of the certificate and received the renewed certificate in December 2021. The renewed permit period runs from September 2021 to September 2022. As advised by our U.S. Legal Advisor, the failure to have had the certificate for a limited period of time from September 2021 to December 2021 does not have a material adverse impact on our business.

(2) The Environmental Enterprises Incorporated ("EEI") conducts sampling inspections to ensure certificate holder's compliance with regard to waste treatment, disposal and destruction services. Our Certificate of Treatment Disposal and Destruction would remain valid unless we fail such inspection.

We intend to apply for renewal of the above key license prior to its expiry date. The successful renewal of our existing licenses, permits and certifications will be subject to our fulfillment of relevant requirements. Our Directors are not aware of any reason that would cause or lead to the non-renewal of the licenses, permits and certificates. As of the Latest

Practicable Date, there was no legal impediment for us to renew the licenses, permits and certificates as long as we comply with the relevant legal requirements.

EMPLOYEES

As of the Latest Practicable Date, we had 157 full-time employees.

The following table sets out a breakdown of our employees by business function as of the Latest Practicable Date:

	Number of Employees
Management	9
Research	76
Manufacturing	29
Clinical and Regulation	10
General and Administrative	33
Total	157

Our company leadership places great importance on the retention of key staff and talent. We endeavor to attract and retain our employees by offering stock options to employees and employee benefits including but not limited to medical plan, dental plan and other benefits, providing tuition assistance and training opportunities, offering flexible worksite schedules and recognizing employee commitment and achievement by offering bonus and cash incentive award on performance basis and promotions based on annual performance appraisal process. The research and development of novel therapeutic products utilizing new drug modalities such as RNAi therapeutics is a complex process that requires collaborative efforts at each step of the drug development and production process between professional and scientific personnel having a range of expertise and knowledge. Our company leadership recognizes that the key members of our company with unique skills and niche knowledge are important assets in the growth of our business.

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of employment.

We provide regular and specialized trainings tailored to the needs of our employees in different departments. We regularly organize training sessions conducted by senior employees or third-party consultants covering various aspects of our business operations including overall management, project execution and technical know-how.

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

We provide various incentives and benefits to our employees. Employees typically receive welfare benefits, including medical care, pension, occupational injury insurance and other miscellaneous benefits.

We believe that we maintain a good working relationship with our employees. During the Track Record Period, we did not have any strikes, protests or other material labor conflicts that may materially affect our business and image. As of the Latest Practicable Date, we had not established any labor union.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover our key persons and AEs in clinical trials. See "Risk Factors – Risks Relating to our Operations – We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources."

ENVIRONMENTAL MATTERS, SOCIAL RESPONSIBILITY AND WORKPLACE SAFETY

We are committed to operating our business in a manner that protects the environment and providing our employees with a healthy and safe workplace. We have implemented a set of policies on environment, employee welfare and corporate governance, which we believe are in line with industry standards and in compliance with the requirements of the Listing Rules.

In order to ensure that our operations are in compliance with the applicable laws and regulations, we have implemented group-wide environmental, health and safety policies and standard operating procedures, mainly comprising management systems and procedures relating to wastewater generation and treatment, management of process safety and hazardous substances, employee health and safety requirements, third-party safety management and emergency planning and response. We conduct environmental evaluation and take environmental protection measures relating to emissions of air and wastewater generation and treatment. In particular, to manage and mitigate climate-related risks, we strictly comply with the GMP qualification requirements and relevant pollutant emission standards during our production process. We implemented safety guidelines setting out information about potential safety hazards and procedures for operating in the laboratory and manufacturing facilities. We also store hazardous substances in special warehouse and contract with qualified third parties for the disposal of hazardous materials and wastes. As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the relevant PRC environmental and occupational health and safety laws and regulations in all material aspects and we have not had any significant workplace accidents in the PRC.

In respect of social responsibilities, we have entered into employment agreements with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their qualifications and experiences and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities.

In addition, we have implemented measures to identify and address potential risks relating to environment, health and work safety. These measures include continuous employee trainings to enhance our employees' awareness of environment, health and work safety issues and skills to comply with safety and operation guidelines, timely provision of protection equipment to our employees, periodic inspection of our operational facilities, special health examinations for employees who may have contact with hazards, medical examination for employees and establishment of procedures to appropriately handle work safety incidents. We have installed video surveillance systems inside our facilities to monitor the operation process.

Our safety committee is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. Upon identification of any EHS risks, our safety committee will make filings with local governmental authority if required under local laws and regulations, and take all applicable measures to reduce the impact of such risks or incidents.

AWARDS AND RECOGNITIONS

We have received recognition for our research and development achievements. The table below sets forth our selected awards and recognitions as of the Latest Practicable Date.

Year	Name of award or recognition	Awarding entity
2017	Small Giant Enterprise in Science and Technology of Guangzhou Province of 2016 2016年度廣州市科技創新小巨人企業	Guangzhou Science Technology and Innovation Commission廣州市科技創新委員會
2017	Third Prize of the Sixth National Innovation & Entrepreneurship Competition (Biopharmaceutical Growth Group) 第六届中國創新創業大賽生物醫藥行業成長組三等獎	National Innovation &Entrepreneurship Competition Committee中國創新創業大賽組委會
2017	National New and Advanced Technology Enterprise 國家高新技術企業	National Office of Leading Group for Administration of Hi-tech Enterprise Recognition全國高新技術企業認定管理工作領導小組辦公室
2020	National New and Advanced Technology Enterprise 國家高新技術企業	National Office of Leading Group for Administration of Hi-tech Enterprise Recognition全國高新技術企業認定管理工作領導小組辦公室

OVERVIEW

As of the Latest Practicable Date, Dr. Lu was interested in 12,649,625 Shares, representing approximately 15.71% of the total issued share capital of our Company (on a fully diluted basis). Immediately following the completion of the Global Offering, Dr. Lu will be interested in approximately 14.36% of our total share capital (assuming the Over-allotment Option is not exercised) or approximately 14.18% of our total share capital (assuming the Over-allotment Option is exercised in full).

Confirmation

None of our Directors was, as of the Latest Practicable Date, interested in any business which competes, or is likely to compete, directly or indirectly, with the business of our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independent from Dr. Lu, our single largest Shareholder, after the Listing.

Management Independence

Our daily operational and management decisions are made collectively by our executive Directors and our senior management, with our Board having an overall supervision of our management. Our Board consists of three executive Directors, five non-executive Directors and four independent non-executive Directors. We believe that our Directors and senior management can independently perform their duties in our Company and we can operate independently from Dr. Lu, our single largest Shareholder, for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

- in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and Dr. Lu or his associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

- our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with Dr. Lu or his associates; (b) our independent

non-executive Directors account for one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and

- we will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and Dr. Lu, which would support our independent management. See "– Corporate Governance Measures" in this Section.

Having considered the above factors, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from Dr. Lu after the Listing.

Operational Independence

Our Group holds all the relevant material intellectual property rights, licenses, qualifications and permits required for conducting our Group's business. Our Group has sufficient capital, facilities and employees to operate our business independently from Dr. Lu and his close associates. We have our own accounting and financial department, human resources and administration department, internal control department and technology department. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

We believe that we are capable of carrying on our business independently of Dr. Lu and his close associates. Our Directors confirmed that our Group would be able to operate independently from Dr. Lu and his close associates after the Listing.

Financial Independence

Our Group has an independent internal control, accounting and financial management system as well as an independent finance department which makes financial decisions according to our Group's own business needs. Our Group's accounting and finance functions are independent of Dr. Lu.

Based on the aforesaid, our Directors believe that we have the ability to conduct our business independently from Dr. Lu and his close associates from a financial perspective and are able to maintain financial independence from Dr. Lu and his close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and Dr. Lu:

(a) where a Shareholders' meeting is held for considering proposed transactions in which Dr. Lu has a material interest, Dr. Lu shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and Dr. Lu, Dr. Lu shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

(d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules;

(e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

(f) we have appointed Opus Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and Dr. Lu and/or other Directors to protect minority Shareholders' rights after the Listing.

OVERVIEW

Our Board consists of 12 Directors, including three executive Directors, five non-executive Directors and four independent non-executive Directors.

BOARD OF DIRECTORS

The following table sets forth certain information of our Directors:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal roles and responsibilities	Relationship with other Directors and senior management
Dr. Yang Lu (*alias* Patrick Lu) (陸陽)	66	Chairman of the Board, executive Director, president and chief executive officer	October 15, 2020	March 2007	Responsible for the overall affairs of the Board and general management of the Company, the formulation of the general corporate business plans, strategies and major decisions; and responsible for the identification, development and delivery of business solutions and services	None

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal roles and responsibilities	Relationship with other Directors and senior management
Dr. Michael V. Molyneaux	51	Executive Director and chief medical officer	January 25, 2021	November 2015	Responsible for the development of clinical operations, medical affairs and regulatory affairs; responsible for managing external vendors and consultants; and responsible for leading KOL engagement and activities to support multiple projects	None
Dr. David Mark Evans	59	Executive Director and chief scientific officer	July 12, 2021	March 2008 and July 2018[1]	Responsible for scientific, technological and research operations in oncology and fibrosis	None
Dr. Xiaochang Dai (戴曉暢)	58	Non-executive Director	January 25, 2021	April 2016	Participating in the formulation of the general corporate business plans, strategies and major decisions of our Company through the Board	None

[1] Dr. Evans firstly joined our Group in March 2008, served until January 2013 and rejoined our Group in July 2018.

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal roles and responsibilities	Relationship with other Directors and senior management
Mr. Mincong Huang (黃敏聰)	33	Non-executive Director	January 25, 2021	January 2021	Participating in the formulation of the general corporate business plans, strategies and major decisions of our Company through the Board	None
Mr. Da Liu (柳達)	51	Non-executive Director	January 25, 2021	November 2019	Participating in the formulation of the general corporate business plans, strategies and major decisions of our Company through the Board	None
Mr. Jiajun Lai (賴嘉俊)	33	Non-executive Director	January 25, 2021	January 2021	Participating in the formulation of the general corporate business plans, strategies and major decisions of our Company through the Board	None
Mr. Jiankang Zhang (章建康)	64	Non-executive Director	July 12, 2021	July 2021	Participating in the formulation of the general corporate business plans, strategies and major decisions of our Company through the Board	None

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal roles and responsibilities	Relationship with other Directors and senior management
Dr. Yu Cheung Hoi (于常海)	67	Independent non-executive Director	December 20, 2021	June 2021	Participating in the decision-making on major issues concerning our Company through the Board	None
Mr. Fengmao Hua (華風茂)	53	Independent non-executive Director	December 20, 2021	June 2021	Participating in the decision-making on major issues concerning our Company through the Board	None
Ms. Monin Ung (黃夢瑩)	53	Independent non-executive Director	December 20, 2021	June 2021	Participating in the decision-making on major issues concerning our Company through the Board	None
Ms. Shing Mo Han, Yvonne (*alias* Mrs. Yvonne Law) (盛慕嫻), *BBS, JP*	66	Independent non-executive Director	December 20, 2021	December 2021	Participating in the decision-making on major issues concerning our Company through the Board	None

Executive Directors

Dr. Yang Lu (*alias* Patrick Lu) (陸陽), aged 66, is the founder, the chairman of our Board, our executive Director, the president and the chief executive officer of our Group. Dr. Lu has led our Company from an early discovery effort to an siRNA therapeutics product company, with multiple programs currently at clinical stage.

Prior to establishing our Group, Dr. Lu served as a lab head and senior scientist at Genetic Therapy, Inc., a Novartis company in the U.S. from April 1994 to April 2000, and worked at Digene Corporation in the U.S. from May 2000 to May 2001. In June 2001, Dr. Lu co-founded Intradigm Corp. in the U.S. and served as the executive vice president and led research and development until January 2007.

Historically, Dr. Lu had also served as a senior scientific advisor for the South China Biotechnology Center, Sun Yat-sen University in Guangzhou in 1998, an adjunct professor (Industry) of Nanjing University from September 2009 to September 2012, the member of the task force to study nanobiotechnology by the governor of State of Maryland in the U.S. in 2010, and an adjunct professor of the South China Science and Technology University from December 2012 to November 2014. Dr. Lu has authored and co-authored more than 50 scientific publications, including a senior author for a research article in Nature Medicine, and is the inventor and/or co-inventor of more than 70 patents.

In 2008, Dr. Lu established Suzhou Sirnaomics to conduct research and development for RNAi based therapeutics in China. In 2012, Dr. Lu established Guangzhou Sirnaomics to conduct formulation and manufacture of its novel RNAi therapeutic product. Dr. Lu has received multiple awards and grants for his innovation effort and entrepreneurship from Suzhou Industry Park, Suzhou Municipal Government, Jiangsu Provincial Government, Guangzhou Economic Development Zoon and Guangzhou Municipal Government. Dr. Lu has also served as the primary investigator and received grants for the National 11-5 and 12-5 key scientific programs in China. Since 2008, Dr. Lu has led the company to raise more than US$270 million funding from venture capital groups.

Dr. Lu obtained a bachelor's degree in biology, a master's degree and a doctoral degree in botany from Sun Yat-sen University (中山大學) in the PRC in January 1982, December 1984 and June 1987, respectively. He also conducted postdoctoral research in molecular genetics at the University of Maryland at College Park in the U.S. from December 1987 to April 1990, where he was awarded a National Science Foundation Postdoctoral Fellowship Grant, and postdoctoral research in cancer at Georgetown University Medical Center in the U.S. from April 1990 to March 1992.

Dr. Michael V. Molyneaux, aged 51, is our executive Director and the chief medical officer of our Group. Dr. Molyneaux has unique experience of over 20 years in diverse clinical environments and industry, with proven results in clinical operations. Dr. Molyneaux currently holds the Board Certification granted by the College of Family Physicians of Canada and the American Board of Family Medicine Certification. Dr. Molyneaux is also a licensed physician in the State of California in the U.S.

Prior to joining our Group, Dr. Molyneaux served as an emergency room physician of Queen Elizabeth Hospital in Canada from 2002 to 2008. Dr. Molyneaux subsequently served at the Passavant Area Hospital in Illinois, U.S. as an emergency room physician and a medical director from 2008 to 2013. Dr. Molyneaux also served as a wound care physician of the Advance Wound Healing and Hyperbaric Center from 2008 to 2013. Dr. Molyneaux then served as the chief medical officer of Macrocure Inc. from March 2013 to November 2015.

Dr. Michael V. Molyneaux obtained a bachelor's degree of science from the University of Prince Edward Island in Canada in May 1991 and a doctor of medicine degree from Dalhousie

University in Canada in May 1996. He completed the residency training in family medicine of Dalhousie University in Canada in June 1998 and then obtained a master's degree of business administration in Washington University, St. Louis in the U.S. in May 2012.

Dr. David Mark Evans, aged 59, is our Executive Director and chief scientific officer. Dr. Evans served as an executive vice president of research and development of our Group from March 2008 to January 2013. Dr. Evans has rich experience in pharmaceutical research and focuses on the development of siRNA therapeutics in oncology and fibrosis.

Prior to joining our Group, Dr. Evans served as (i) the head of in vitro screening group at Frederick National Lab for Cancer Research, a federally funded research and development center sponsored by the National Cancer Institution in the U.S., from February 2013 to April 2018; (ii) the vice president of operations at Emerald Biostructures Inc. in the U.S. from February 2012 to December 2012; (iii) the senior director at Dharmacon Inc., a wholly owned subsidiary of Thermo Fisher Scientific Inc., a company listed on the New York Stock Exchange (stock code: TMO), in the U.S. in July 2016; and (iv) the senior investigator at the Translational Genomics Research Institute in the U.S. from June 2003 to December 2005. Dr. Evans also worked at Psychiatric Genomics Inc. in the U.S. in 2002.

Dr. Evans received a bachelor's degree of science in biochemistry, a degree of doctor in philosophy and a diploma in biochemistry from the Imperial College in the U.K. in August 1983, April 1988 and April 1988, respectively. He was also a postdoctoral scientist at the University of Maryland School of Medicine in the U.S. from November 1987 to December 1989 and a postdoctoral fellow at the Pharmacology Department of Saint Louis University School of Medicine in the U.S. from January 1990 to March 1993. Dr. Evans has authored and co-authored more than 20 scientific publications with the first one tracing back to 1986 and is the named inventor of more than 20 registered patents and patent applications.

Non-executive Directors

Dr. Xiaochang Dai (戴曉暢), aged 58, is our non-executive Director. Dr. Dai currently serves as a professor at School of Chemical Science and Engineering, Yunnan University since 2000, the executive director of Value Measure Investments Limited since January 2011 and the executive director of Trinity Power Limited since March 2012, respectively. Dr. Dai also serves as a director of Shenzhen Yunda Technology Industry Co., Ltd. (深圳市雲大科技產業有限公司) since August 2001. Prior to joining our Group, Dr. Dai served as the executive director, director of scientific advisory committee, director of postdoctoral workstation, chief scientist at Yunda Technology Co., Ltd. (雲大科技股份有限公司), a company used to be listed on Shanghai Stock Exchange (stock code: 600181) and delisted since June 1, 2007, from January 2000 to December 2001, the chairman and general manager of Dalian High-tech Biopharmaceutical Co., Ltd. (大連高新生物製藥有限公司) in 2001, the chairman of Yunnan Walvax Biopharmaceutical Co., Ltd. (雲南沃森生物製藥有限公司), the predecessor of Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), a company listed on Shenzhen Stock

Exchange (stock code: 300142) from 2002 to 2004, the managing director of Kunming Baker Norton Pharmaceutical Co., Ltd. (昆明貝克諾頓製藥有限公司) in 2005, and the president of Kunyao Group Co., Ltd. (昆藥集團股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 600422), from September 2015 to December 2017.

Dr. Dai obtained a bachelor's degree in chemistry in School of Chemistry, Yunnan Normal University in the PRC in July 1983, a master's degree in biochemistry in Shanghai Institute of Biochemistry, Chinese Academy of Sciences in the PRC in July 1988, and a doctoral degree in chemistry from The Scripps Research Institute in San Diego, California, U.S. in September 1998, respectively. He also conducted postdoctoral research in the laboratory of John N. Ablelson, Division of Biology and Biological Engineering, California Institute of Technology in the U.S. from November 1998 to December 1999.

Mr. Mincong Huang (黃敏聰), aged 33, is our non-executive Director. Mr. Huang has rich experience in investment management. Mr. Huang currently serves as the executive vice president of Shenzhen Oriental Land Group Co., Ltd. (深圳市東方置地集團有限公司) since March 2015, and the general manager of Shenzhen Oriental Ruijia Investment Partnership Enterprise Limited Partnership (深圳市東方瑞佳投資合夥企業有限合夥) since July 2016 and the director of Huang Family Capital since January 2019. Mr. Huang obtained his bachelor's degree in commerce from Macquarie University Australia in September 2013.

Mr. Da Liu (柳達), aged 51, is our non-executive Director. Mr. Liu has rich experience in investment management. Mr. Liu currently serves as the managing director of CR-CP Life Science Fund since October 2019. Prior to that, Mr. Liu served as the business director of Strategic Department at China Resources (Holdings) Co., Ltd. from April 2016 to December 2019. Mr. Liu obtained his master's degree in business administration from Thunderbird School of Global Management in Arizona, the U.S. in May 2002.

Mr. Jiajun Lai (賴嘉俊), aged 33, is our non-executive Director. Mr. Lai started his career at Guangzhou YUEXIU Industrial Investment Fund Management Co., Ltd. (廣州越秀產業投資基金管理股份有限公司) in December 2011, and currently serves as the managing director and head of equity investment department at Guangzhou YUEXIU Industrial Investment Fund Management Co., Ltd. since February 2021. Mr. Lai obtained his bachelor's degree in business management from Sun Yat-sen University in the PRC in July 2010 and his master's degree in economics from The Hong Kong University of Science and Technology in November 2011 in Hong Kong.

Mr. Jiankang Zhang (章建康), aged 64, is our non-executive Director.

Mr. Zhang has 39 years of professional experience in biotechnology industry and global public health field. From March 2017 to August 2019, Mr. Zhang worked as the executive vice president and chief operating officer in Ustar Biotechnologies (Hangzhou) Limited (杭州優思達生物技術有限公司). Prior to that, Mr. Zhang worked at the Program for Appropriate Technology

in Health (PATH), a global non-profit health organization as the chief representative in China from January 2007 to May 2016. From July 1999 to October 2006, he served as the general manager of Haemonetics China (美國血液技術公司). He was an editor of the International Journal of Biologicals from January 1982 to August 1990, which was operated by Shanghai Institute of Biological Products (上海生物製品研究所), where Mr. Zhang was the medical information specialist, project manager, assistant managing director and the executive deputy managing director for operation from January 1982 to June 1999 successively.

Mr. Zhang concurrently holds the following positions outside our Company:

- independent director of Shanghai Serum Bio-technology Co., Limited (上海賽倫生物技術股份有限公司) since August 2018;
- vice president and director of Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 300142) since June 2020; and
- president and director of Shanghai Zerun Biotechnology Co., Ltd. (上海澤潤生物科技有限公司) since June 2020.

Mr. Zhang obtained his master's degree of business administration from China Europe International Business School in April 2000. He obtained a master's degree in library and information sciences majored in medicine in January 1992 from Dominican University in Illinois, the U.S. He graduated from Fudan University in the PRC with a bachelor's degree of arts in French language and literature in January 1982. He also obtained a diploma in public health from Shanghai Health Bureau in September 1977. He obtained a professional title of associate research fellow in January 1995 from the former Ministry of Health, the PRC.

Independent non-executive Directors

Dr. Yu Cheung Hoi (于常海), aged 67, is our independent non-executive Director. Dr. Yu has rich experience in scientific research and business operations.

In addition to his position in our Group, Dr. Yu also serves as (i) a director of CR-CP Life Science Fund Management Limited since May 2021; (ii) the chairman of the Hong Kong Council for Testing and Certification since January 2016; (iii) a member of the Biotech Advisory Panel of the Stock Exchange of Hong Kong Limited since April 2018; (iv) a member of the board of trustees of Gordon Research Conference, a group of international scientific conferences covering biological, chemical and physical sciences and the related technologies, since July 2014; and (v) a director at Asian Fund for Cancer Research since November 2012. In addition to that, at Peking University (北京大學), Dr. Yu serves as (i) a professor and doctoral supervisor at the Neuroscience Research Institute (北京大學神經科學研究所) since January 2002, and its vice director since December 2006; (ii) a professor at the Infectious Disease Research Center (北京大學感染病中心) since September 2006; (iii) an vice director at the Key Neuroscience Laboratory designated by the Ministry of Education and Ministry of Health (教育部和衛計委神經科學重點實驗室); and (iv) the director at Translational Medicine

Laboratory of the Institute of Systems Biomedicine (北京大學系統生物醫學研究所轉化醫學實驗室) since September 2010.

Dr. Yu founded the Hong Kong Biotechnology Organization (HKBIO) in September 2009 and the Guangdong – Hong Kong – Macau Great Bar Area Biotechnology Alliance in December 2017, and has been serving as the presidents. Dr. Yu also founded Hong Kong DNA Chips Limited, presently Hai Kang Life Corporation Limited, in May 1999, and has been serving as the president of the board and chief executive officer.

Dr. Yu obtained a bachelor's degree of science, a master's degree of science, and a doctoral degree of philosophy, from the University of Saskatchewan in Canada, in May 1976, October 1980 and May 1984, respectively. Dr. Yu has published more than 170 scientific papers and is the inventor of more than 70 global patents.

Mr. Fengmao Hua (華風茂), aged 53, is our independent non-executive director. In addition to his position at our Group. Mr. Hua serves as the chairman of the board of China Finance Strategies Investment Holdings since August 2014 and the chief executive officer of Chempartner Pharmatech Co., Ltd., a company listed on Shenzhen Stock Exchange (stock code: 300149) since July 2021. Mr. Hua has more than 15 years of experience in the investment banking industry. Mr. Hua previously worked at a number of investment banking firms where he was mainly responsible for corporate finance, public offering, reorganization, merger and acquisitions as well as other financial consulting work, the details of which are set forth below:

- prior to August 2005, Mr. Hua held various positions in various investment banks, including CLSA Capital Market Limited and Standard Chartered Securities Hong Kong Limited;

- from April 2008 to August 2014, Mr. Hua served as the head of direct investment department and the head of investment banking department in BOCOM International Holdings Company Limited; and

- from July 2018 to June 2021, Mr. Hua served as an executive Director and the chief financial officer of Viva Biotech Holdings, a company listed on the Stock Exchange (stock code: 1873).

Mr. Hua obtained his bachelor's degree in English from Shanghai International Studies University (上海外國語大學) in the PRC in July 1989. He obtained his master's degree in business administration from the International University of Japan in June 1997 in Japan.

Ms. Monin Ung (黃夢瑩), aged 53, is our independent non-executive Director. In addition to her position at our Group, Ms. Ung also serves as a director at Adluux AI Group Limited

operated out of Germany since November 2019. Ms. Ung is the legal adviser to the Greater Bay Area Biotech Alliance since June 2020 and she founded the Oxford Futurists group for futuristic forum discussions. Ms. Ung founded Mung7Art in January 2021, which is an art collective of digital artists across the world. Ms. Ung established the boutique legal practice of MUNG (黃夢瑩律師事務所) in July 2018 and has been serving as the managing partner since then. Prior to that, Ms. Ung held several positions in U.K. and U.S. international law firms where she advised clients on corporate finance and private equity transactions and intellectual property disputes.

Ms. Ung received a bachelor's degree of law (LL.B.) from Brunel University in the U.K. in July 1991, a master's degree of law (LL.M.) in Chinese and Comparative Law from the City University of Hong Kong in November 2001, and has been on the executive master's degree of business administration (EMBA) from Said Business School at the University of Oxford since January 2017. Ms. Ung became an advocate and solicitor in Singapore in May 1994, and a solicitor in Hong Kong in May 1997. She is also a recipient of the Hong Kong Chief Executive's Commendation for Community Service Award in July 2015.

Ms. Shing Mo Han, Yvonne (*alias* Mrs. Yvonne Law) (盛慕嫻), *BBS, JP*, aged 66, is our independent non-executive Director.

In addition to her position at our Group, Mrs. Yvonne Law currently serves as the independent non-executive director of (i) China Resources Pharmaceutical Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3320) since August 2017; (ii) CSSC (Hong Kong) Shipping Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3877) since May 2019; (iii) AEON Credit Service (Asia) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 900) since June 2020; and (iv) China Merchants Energy Shipping Company Limited, a company listed on the Shanghai Stock Exchange (stock code: 601872) since October 2020.

Mrs. Yvonne Law's current public appointments include being the treasurer of the Council of the Hong Kong Academy for Performing Arts, Home Affairs Bureau, since January 2016, and a member of the 10th, 11th and 12th Jiangsu Provisional Committee of the Chinese People's Political Consultative Conference since January 2008. She has been appointed to serve on the Board of Trustees of the Hong Kong Polytechnic University Superannuation Fund since May 2018, and a court member of the Hong Kong Polytechnic University since April 2016. She also serves as the advisor and finance committee member of Our Hong Kong Foundation since November 2015.

In the past, her appointments also include being the chairperson of the Hospital Governing Committee of Shatin Hospital from April 2011 to March 2017, and a member of the Hong Kong Hospital Authority from December 2007 to November 2013.

Mrs. Yvonne Law was appointed as a Justice of the Peace in July 2013 and awarded the Bronze Bauhinia Star by the Hong Kong government in June 2017. She was named as one of the China's National Hundred Outstanding Women Entrepreneurs by China Association of Women Entrepreneurs (中國女企業家協會) in October 2006.

Mrs. Yvonne Law was a partner at Deloitte Touche Tohmatsu / Deloitte China from April 1990 to May 2016. She was admitted as an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in April 1980, a fellow member of the Chartered Association of Certified Accountants in December 1984 and an associate member and a fellow member of the Institute of Chartered Secretaries and Administrators in October 1980 and September 2001, respectively. She is also a founding member and past president of the Association of Women Accountants Hong Kong.

Mrs. Yvonne Law obtained a higher diploma in accountancy from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in October 1977, and she was conferred University Fellow of The Hong Kong Polytechnic University in the year 2016/2017.

SENIOR MANAGEMENT

The following table sets forth certain information of our senior management:

Name	**Age**	**Position**	**Date of appointment as senior management**	**Date of joining our Group**	**Principal roles and responsibilities**	**Relationship with other Directors and senior management**
Dr. Yang Lu (*alias* Patrick Lu) (陸陽)	66	Chairman of the Board, executive Director, president and chief executive officer	March 10, 2007	March 2007	Responsible for the overall affairs of the Board and general management of the Company, the formulation of the general corporate business plans, strategies and major decisions; and responsible for the identification, development and delivery of business solutions and services	None

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Principal roles and responsibilities	Relationship with other Directors and senior management
Dr. Michael V. Molyneaux	51	Executive Director, chief medical officer	January 1, 2016	November 2015	Responsible for the development of clinical operations, medical affairs and regulatory affairs; responsible for managing external vendors and consultants; and responsible for leading KOL engagement and activities to support multiple projects	None
Dr. David Mark Evans	59	Executive Director and chief scientific officer	July 14, 2018	March 2008 and July 2018[1]	Responsible for scientific, technological and research operations in oncology and fibrosis.	None
Dr. Zhifeng Long (*alias* Steven Long)	59	Chief development officer	July 1, 2018	July 2018	Responsible for CMC and clinical trials in China	None
Ms. Yun Zhang (張蘊) (*alias* Monica Zhang)	36	China chief operating officer, board secretary and joint company secretary	March 31, 2018	November 2015	Responsible for financing, IPO execution, investor relations and operation management of Greater China of our Group	None
Mr. Yip Wing Kei (葉永基)	35	Vice president of corporate finance and China chief financial officer	October 1, 2019	October 2018	Responsible for overall financial management and financial matters of our Group	None
Dr. Edward Yongxiang Wang	69	Chief Production Officer	August 17, 2020	August 2020	Responsible for CMC compliance and the operation engineering development in China	None

[1] Dr. Evans firstly joined our Group in March 2008, served until January 2013 and rejoined our Group in July 2018.

Dr. Yang Lu (*alias* Patrick Lu) (陸陽), aged 66, is our founder, the chairman of our Board, our executive director, the president and the chief executive officer. See "– Board of Directors" in this section for the biographical details of Dr. Lu.

Dr. Michael V. Molyneaux, aged 51, is our executive Director and the chief medical officer of our Group. See "– Board of Directors" in this section for the biographical details of Dr. Molyneaux.

Dr. David Mark Evans, aged 59, is the executive Director and chief scientific officer of our Group. See "– Board of Directors" in this section for the biographical details of Dr. Evans.

Dr. Zhifeng Long (*alias* Steven Long), aged 59, is our chief development officer. Dr. Long has more than 33 years industrial experience, including 30 years in directing translational research, drug development, preclinical pharmacotox studies, clinical research, molecular diagnostic assays, drug manufacturing, quality control and quality assurance. Prior to joining our Group, Dr. Long served as (i) the president and chief executive officer in Personal Diagnostix, Inc. from May 2010 to June 2018; (ii) the vice president of research and development and the vice president of manufacturing and quality control successively in AnGes, Inc. from March 2002 to May 2010; (iii) the director of clinical biosafety and quality control and the acting director of quality assurance from January 2000 to March 2002, the director of core technologies and molecular biology laboratories from February 1999 to January 2000, the unit head of clinical support and core technologies from February 1996 to January 1999, and the group leader of clinical support and core technologies from March 1994 and January 1996 in Genetic Therapy Inc., a Novartis Company; and (iv) the director of department of BioAnalytical Services from January 1994 to March 1994, the head of PCR core lab from January 1991 to January 1994, and the senior scientist September 1989 to January 1991 in Quality Biotech Inc (now known as WuXi AppTec Co., Ltd., a company listed on the Stock Exchange (stock code: 02359)).

Dr. Long received his bachelor's degree of science in genetics and biology in July 1982 from Fudan University in China and his doctorate degree in molecular genetics in April 1987 from University of Leeds in the U.K. He also conducted postdoctoral research in molecular biology and biochemistry in the Roche Pharmaceuticals Corporation in New Jersey, the U.S. from March 1987 to February 1989 and in the University of Pennsylvania in the U.S. from February 1989 to September 1989.

Ms. Yun Zhang (*alias* Monica Zhang) (張蘊), aged 36, is the China chief operating officer and board secretary of our Group and the joint company secretary of our Company. Ms. Zhang joined our Group in November 2015 as the deputy general manager of Guangzhou Sirnaomics and then served as the executive deputy general manager of Guangzhou Sirnaomics from January 2017 to November 2020. Ms. Zhang has been serving as the board secretary of our Group since March 2018, and was appointed as the chief operating officer (Greater China) of our Group in November 2020. Prior to joining our Group, Ms. Zhang worked at the National

Foundation for Cancer Research in Maryland, the U.S. from July 2009 to October 2015, with her last position serving as a program manager. Ms. Zhang is actively involved in the biopharmaceutical sectors in the U.S. and the PRC, serving as a director and the vice president of marketing and communication of the Chinese Biopharmaceutical Association in Maryland, the U.S. since January 2013, and the deputy general secretary of Guangzhou Biotechnology Organization (GZ-BIO) in the PRC since August 2017. Ms. Zhang is an active member of the Bayhelix Group.

Ms. Zhang obtained her bachelor's degree of English studies (Translation and Interpretation) from the Shanghai University of International Business and Economics in the PRC in June 2007 and her master's degree of international affairs from the American University in the U.S. in August 2009.

Mr. Yip Wing Kei (葉永基), aged 35, is the vice president of corporate finance and China chief financial officer of our Group. Mr. Yip has rich experience in corporate finance for over 12 years. Prior to joining our Group, Mr. Yip served as an analyst in the merger and acquisition department of KPMG Corporate Finance Limited from August 2008 to April 2010, and an associate in the investment banking division of Rothschild (Hong Kong) Limited from May 2010 to August 2015. Mr. Yip worked in Credit Suisse (Hong Kong) Limited from October 2015 to October 2018 and successively served as an associate in Investment Banking Division and a vice president in Ultra High Net Worth Entrepreneur Coverage Department.

Mr. Yip received his bachelor's degree of economics and finance from the University of Hong Kong in November 2008.

Dr. Edward Yongxiang Wang, aged 69, is our Chief Production Officer. Prior to joining our Group, Dr. Wang served as (i) the senior scientist in the National Cancer Institute - Biopharmaceutical development program in the U.S. from January 2001 to December 2004; (ii) the technology director of Charter Medical Ltd. from January 2005 to December 2006; (iii) the deputy director of engineering in the US AERAS Global Tuberculosis Vaccine Foundation R&D Base (a non-profit organization affiliated with the Bill & Melinda Gates Foundation) from May 2007 to October 2011; (iv) the technology consultant of Parexel International in Ben Venue Laboratory of Boehringer Ingelheim from October 2011 to October 2012; (v) the vice president of technical operations at Wuxi Biological Base of WuXi AppTec Co., Ltd., a company listed on the Stock Exchange (stock code: 2359), from October 2012 to February 2014; (vi) the director of vaccine production in Newlink Genetics Inc. for a special project to fight the Ebola Epidemic from August 2014 to June 2016; and (vii) the deputy general manager at Shanghai Furen Medicine R&D Co., Ltd. (上海輔仁醫藥醫藥研發有限公司) from October 2016 to June 2018.

Dr. Wang received his bachelor's degree of biophysics in University of Science and Technology of China in the PRC in November 1976, his master's degree of biochemistry in Tokyo Institute of Technology in Japan in September 1983, and his doctoral degree of

technology at the Department of Chemical Engineering in the Faculty of Engineering and Materials Science at the Helsinki University of Technology in Finland in December 1995.

Save as disclosed above, none of the Directors or senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date.

KINSHIP

There is no family or blood relationship among any of the Directors and senior management of our Company.

JOINT COMPANY SECRETARIES

Ms. Yun Zhang (張蘊), aged 36, is the China chief operating officer our Group and the joint company secretary of our Company. See "– Senior Management" in this section for the biographical details of Ms. Zhang.

Mr. Leung Ting Cheung (*alias* Leo Leung) (梁庭彰), aged 38, is the joint company secretary of the Company. Mr. Leung has over 15 years of experience in accounting and corporate compliance. From January 2006 to January 2008, he worked as an audit assistant at Horwath Hong Kong CPA Limited (now known as BDO Limited), a company which engages in the provision of assurance services. He joined KPMG as an accountant in January 2008 and was promoted to assistant audit manager in July 2008. He was later promoted to audit manager in October 2011 and left KPMG in May 2012. Thereafter, from May 2012 to August 2015, he worked as a senior manager at World Smart Accounting Services Limited, a company which engages in the provision of accountancy and company secretarial services. From January 2016 to November 2018, he worked as a financial consultant for Sun Cheong Creative Development Holdings Limited, a company listed on the Stock Exchange (stock code: 1781). From November 2018 to April 2020, he worked as the financial controller and company secretary of EuroEyes International Eye Clinic Limited (stock code: 1846), a company listed on the Stock Exchange.

Mr. Leung has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since February 2010 and May 2017, respectively. Mr. Leung obtained his bachelor's degree in commerce with a major in accounting and finance from the University of Auckland, New Zealand in May 2004. He further obtained a graduate diploma in commerce with commercial law specialization in May 2005 from the same university.

BOARD COMMITTEES

Our Company has established three Board Committees in accordance with the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

The Audit Committee of our Company consists of three members, including Mrs. Yvonne Law, Mr. Fengmao Hua and Mr. Mincong Huang. Mrs. Yvonne Law is the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and supervise our financial reporting process, including:

(a) to make recommendations to the Board on the appointment, replacement and removal of the external auditor, to consider and approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on engaging an external auditor to provide non-audit services;

(d) to monitor internal audit system of the Company and ensure the implementation of such systems;

(e) to facilitate communications between the internal audit department and external auditors;

(f) to review the financial information and relevant disclosures of the Company; and

(g) to monitor the Company in respect of financial reporting system, risk management and internal controls system.

Remuneration Committee

The Remuneration Committee of our Company consists of three Directors, including Ms. Monin Ung, Dr. Xiaochang Dai and Dr. Yu Cheung Hoi. Ms. Monin Ung is the chairman of the Remuneration Committee. The primary responsibilities of the Remuneration Committee include:

(a) to make recommendations to the Board on our Company's remuneration policy and structure for all Directors and senior management, and on the establishment of a formal and transparent procedure for developing the remuneration policy;

(b) to review and approve the remuneration proposals of senior management with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of the executive Director and senior management or to determine, with delegated responsibility, the remuneration packages of the executive Director and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group;

(f) to review and approve the compensation payable to the executive Director and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

(g) to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive; and

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

Nomination Committee

The Nomination Committee of our Company consists of three members, including Mr. Fengmao Hua, Dr. Lu and Dr. Yu Cheung Hoi. Mr. Fengmao Hua is the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee include:

(a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy;

(b) to identify individuals suitably qualified to become board members and select and make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman of the Board and the chief executive officer).

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, and (ii) an intellectual property and confidentiality agreement with our senior management members and other key personnel. Set forth below are the details of the key terms of these contracts.

Term

The term of employment contracts for our senior management members and other key personnel is normally three years.

Confidentiality and non-disclosure

At all times during their employment with the Group and thereafter, the employee shall hold in the strictest confidence and will not disclose, publish, communicate, or make available, directly or indirectly, any of the confidential information of the Group. The employee shall not use confidential information for his/her own benefit or for the benefit of any third party or to the detriment of the Group. Confidential information includes, but not limited to, all information not generally known to the public, in spoken, printed, electronic, or any other form or medium, relating directly or indirectly to: data, results, methods, plans, proposals, policies, practices, processes, protocols, strategies, techniques, articles, documents, drawings, graphics, manuals, biological materials, materials, publications, records, reports, operations, financing, products, services, agreements, contracts, arrangements, letters of intent, term sheets, understandings, transactions, corporate actions, negotiations, unpublished patent applications, works of authorship, disclosure statements, know-how, trade secrets, concepts, designs, developments, discoveries, experiments, ideas, improvements, inventions, models, research, technologies, work-in-process, systems, specifications, computer programs and software, applications, operating systems, software design, web design, databases, device configurations, embedded data, compilations, metadata, sources, accounting and financial information, financing and investor information, legal and regulatory information, distributor and manufacturing information, marketing and sales information, pricing and cost information, personnel information, market research, internal controls, and security procedures of the Group, of any existing or prospective investor, client, customer, partner, supplier or vendor of the Group, or of any other third party person that has entrusted information in confidence to the Group.

Employee-developed work product and intellectual property

Any and all right, title, and interest in and to all work product as well as all intellectual property therein and all improvements thereto shall be the sole and exclusive property of the Group. The employee assigns, conveys, and transfers, to the Group and its successors and assigns, for no additional consideration, the employee's entire right, title and interest in and to all work product and all intellectual property therein and all improvements thereto, including

the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world. Work product means all writings, data, results, methods, plans, proposals, policies, practices, processes, protocols, strategies, research, techniques, concepts, designs, developments, discoveries, experiments, ideas, improvements, inventions, materials, models, technologies, works-in-process, systems, and specifications, and all other work product of any nature whatsoever, that are created, invented, prepared, produced, authored, edited, amended, conceived, or reduced to practice by the employee, whether individually or jointly with others, at any time during the period commencing with the employee's engagement by or with Group and terminating six months after the termination of such engagement, and (i) relating in any way to the existing and prospective activities, business, development, finances, products, research or services of the Group; or (ii) resulting in any way from any services, assistance or collaboration performed by the employee of the Group (in each case, regardless of when or where the work product is prepared or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical, and electronic copies, and all other tangible embodiments thereof.

Non-compete

During, and for one year following, their employment, the employee will not, directly or indirectly, within the PRC, Hong Kong and the following jurisdictions within the U.S.: District of Columbia, Arizona, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Minnesota, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia and Washington, engage or invest in, own, manage, operate, finance, control, or participate in ownership, management, operation, financing, or control of, be employed by, associated with, connected in any manner with, lend the employee's name or any similar name to, lend the employee's credit to, render services or advice to, or collaborate with, any third person whose activities, research, products or services compete in whole or in part with the then existing and prospective activities, research, products or services of the Group.

Non-solicitation

During, and for one year following, their employment, the employee shall not, directly or indirectly, solicit, hire or recruit, or attempt to solicit, hire or recruit, directly or indirectly, (i) any director, officer, employee or consultant of Group; (ii) any prospective director, officer, employee or consultant of the Group; or (iii) any director, officer, employee or consultant who has been engaged by or with Group in the twelve months preceding the termination of the employee's engagement by or with the Group, regardless of the reason for such termination (the "**Covered Individual**"), and shall not induce the termination or modification of any engagement between a Covered Individual and Group.

During, and for one year following, their employment, the employee shall not solicit, connect or contact, or attempt to solicit, connect or contact, directly or indirectly, any of the

Group's current, former or prospective clients, customers, partners, suppliers and vendors for purposes of offering or providing, accepting or obtaining, or collaborating on goods or services similar to or competitive with those offered, provided, accepted or obtained or collaborated on by the Group.

REMUNERATION OF DIRECTORS

Our Company offers the executive Directors and members of senior management, who are also employees of our Company, emolument in the form of salaries, allowances, discretionary bonus and benefits in kind. Our non-executive Directors and independent non-executive Directors receive emolument taking into account their responsibilities. We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

The aggregate amount of remuneration paid to our Directors (including directors' fees, salaries, retirement benefit schemes contributions, performance and discretionary bonus, share-based payment expenses and other allowances) for the two years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 were approximately US$1,293,000, US$1,366,000 and US$1,427,000, respectively.

For each of the year ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, the aggregate amount of fees, salaries, retirement benefit schemes contributions performance and discretionary bonus, share-based payment expenses and other allowances (if applicable) paid to the five highest-paid individuals of our Group were approximately US$1,866,000, US$2,123,000 and US$2,170,000, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors has waived or agreed to waive any remuneration or benefits in kind for the past two years. Save as disclosed above, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors or the five highest-paid individuals during the Track Record Period.

Under the remuneration policy of our Company, the Remuneration Committee will consider various factors such as salaries paid by comparable companies, tenure, commitment, responsibilities and performance of our Directors and the senior management (as the case may be), in assessing the amount of remuneration payable to our Directors and such employees. It is estimated that under the arrangements currently in force, the aggregate amounts of

remuneration payable by our Company to our Directors for the year ending December 31, 2021 is approximately US$1.2 million (excluding any discretionary bonus and share-based payment expenses).

DIRECTORS' INTEREST

Each of Dr. Lu, Dr. Michael V. Molyneaux, Dr. David Mark Evans, Dr. Xiaochang Dai and Mr. Mincong Huang is interested in the share capital of our Company and its associated corporations. See "Statutory and General Information – C. Further Information about our Directors – 3. Disclosure of Interests." Save as disclosed in this prospectus, none of our Directors (i) held any other positions in our Company or any other members of our Group as of the Latest Practicable Date; (ii) had any other relationship with any Directors or senior management of our Company as of the Latest Practicable Date; and (iii) held any directorship in any other listed companies in the two years immediately prior to the date of this prospectus.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board is of the view that our current Board composition satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board. After the Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

MANAGEMENT PRESENCE

We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see the section headed "Waivers from Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance" in this prospectus.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to

achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules after the Listing except for Code Provision A.2.1 of the Corporate Governance Code, which provides that the roles of chairman of the Board and chief executive officer of the Company should be separate and should not be performed by the same individual.

The role of chairman of the Board and chief executive officer of our Company are currently performed by Dr. Lu. In view of Dr. Lu's substantial contribution to our 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 our 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 our chairman and chief executive officer after the Listing, and therefore currently do not propose to separate the functions of chairman and chief executive officer.

While this would constitute a deviation from Code Provision A.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises four independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. Lu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

COMPLIANCE ADVISER

We have appointed Opus Capital Limited as our compliance adviser pursuant to Rules 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we must consult with and, if necessary, seek advice from our compliance adviser on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus, or where the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment of our compliance adviser shall commence on the Listing Date and end on the date when we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors or chief executive officer as of the Latest Practicable Date, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons are expected to have an interest and/or short positions in our Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage in our Company**	**Number of Shares**	**Approximate percentage in our Company**
Dr. Lu[(1)]	Beneficial interest; founder of a discretionary trust	12,649,625	15.71%	12,649,625	14.36%
Dr. Xiaochang Dai[(2)]	Interest in controlled corporation	8,300,007	10.31%	8,300,007	9.42%

Notes:

(1) Dr. Lu is the settlor of Yang Lu Family Trust and the beneficiaries of Yang Lu Family Trust are Zheng Joan Wang and Laura Yao Lu, being Dr. Lu's spouse and daughter, respectively. Zheng Joan Wang and Laura Yao Lu are co-trustees of the Yang Lu Family Trust. Therefore, Dr. Lu is deemed to be interested in the 2,500,000 Shares held by Yang Lu Family Trust. Under the SFO, the deemed interest of Dr. Lu consists of (i) 2,500,000 Shares held by Yang Lu Family Trust; (ii) 7,624,625 Shares held by Dr. Lu himself; and (iii) options granted to Dr. Lu to subscribe for 2,525,000 Shares under the Pre-IPO Equity Incentive Plan.

(2) Value Measure Investments Limited and Trinity Power Limited are wholly-owned by Dr. Xiaochang Dai. Under the SFO, Dr. Dai is deemed to be interested in 3,687,316 Shares and 4,162,691 Shares held by Value Measure Investments Limited and Trinity Power Limited, respectively. Dr. Dai is also interested in options granted to him to subscribe for 450,000 Shares under the Pre-IPO Equity Incentive Plan.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, have any interest and/or short positions in our Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

As of the date of this prospectus, the authorized and issued share capital of our Company is as follows:

Authorized Share Capital:	**(US$)**
150,000,000 ordinary shares of US$0.001 each	150,000.00
2,024,860 series A preferred shares of US$0.001 each	2,024.86
7,374,632 series B preferred shares of US$0.001 each	7,374.63
14,600,142 series C preferred shares of US$0.001 each	14,600.14
16,249,174 series D preferred shares of US$0.001 each	16,249.18
18,000,000 series E preferred shares of US$0.001 each	18,000.00
21,751,192 undesignated shares of US$0.001 each	21,751.19
	230,000.00

Issued Share Capital(Note):	**(US$)**
14,879,638 ordinary shares of US$0.001 each	14,879.64
2,024,860 series A preferred shares of US$0.001 each	2,024.86
7,374,632 series B preferred shares of US$0.001 each	7,374.63
14,600,142 series C preferred shares of US$0.001 each	14,600.14
16,249,174 series D preferred shares of US$0.001 each	16,249.18
12,628,334 series E preferred shares of US$0.001 each	12,628.33
	67,756.78

Note: The above takes into account the 530,000 Shares issued pursuant to exercise of 530,000 options granted under the Pre-IPO Equity Incentive Plan but does not take into account the 12,770,000 Shares to be issued to the trustee under the Pre-IPO Equity Incentive Plan.

Immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised at all, the authorized share capital of our Company will be 230,000,000 Shares of US$0.001 each, and the issued share capital of our Company will be as follows:

Issued share capital:		**US$**	**Approximate percentage of issued share capital (%)**
80,526,780	Shares in issue immediately before the Global Offering	80,526.78	91.44
7,540,000	Shares to be issued under the Global Offering (excluding any Shares which may be issued under the Over-allotment Option)	7,540.00	8.56
88,066,780	Shares in total	88,066.78	100.00

Immediately following the completion of the Global Offering and assuming the Over-allotment Option is exercised in full, the authorized share capital of our Company will be

230,000,000 Shares of US$0.001 each, and the issued share capital of our Company will be as follows:

Issued share capital:		**US$**	**Approximate percentage of issued share capital (%)**
80,526,780	Shares in issue immediately before the Global Offering	80,526.78	90.28
8,671,000	Shares to be issued under the Global Offering and the Over-allotment Option[(2)]	8,671.00	9.72
89,197,780	Shares in total	89,197.78	100.00

Notes:

(1) The Shares referred to in the above table have been or will be fully paid or credited as fully paid when issued.

(2) Assuming a total of 1,131,000 Shares will be issued upon exercise of the Over-allotment Option in full.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on our Shares on a record date which falls after the date of this prospectus.

ALTERATION OF SHARE CAPITAL

Our Company may from time to time by ordinary resolution or special resolution (as the case may be) of shareholders alter the share capital of our Company. For a summary of the provisions in the Articles regarding alterations of share capital, please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law – 2. Articles of Association – 2.5 Alteration of Capital" in Appendix III to this prospectus for further information.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Upon the Listing, our Company will have only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its authorized share capital; (ii) consolidate and divide its share

capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken or agreed to be taken by any person. In addition, our Company may subject to the provisions of the Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. Please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company – 2. Articles of Association – 2.5 Alteration of capital" in Appendix III to this prospectus for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of our Shares in issue immediately following completion of the Global Offering; and

- the aggregate nominal value of Shares repurchased by us under the authority referred to in the paragraph headed "– General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Please refer to the section headed "Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 4. Resolutions of the Shareholders of Our Company dated December 6, 2021" in Appendix IV to this prospectus for further details of this general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering.

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information – Further Information about our Company and our Subsidiaries – 4. Resolutions of the Shareholders of Our Company dated December 6, 2021" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

Please refer to the section headed "Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 4. Resolutions of the Shareholders of Our Company dated December 6, 2021" in Appendix IV to this prospectus for further details of the repurchase mandate.

PRE-IPO EQUITY INCENTIVE PLAN

The Pre-IPO Equity Incentive Plan was adopted on January 21, 2021 to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the Company. Each Option granted under the Pre-IPO Equity Incentive Plan represents the right to purchase our Shares at a pre-determined exercise price, subject to vesting and other conditions provided for under the Pre-IPO Equity Incentive Plan. Our Company will issue and allot before the Listing 12,770,000 Shares in aggregate to a professional trustee which holds our Shares on trust under the Pre-IPO Equity Incentive Plan. Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), the number of Shares held by a professional trustee shall be 12,770,000 Shares, representing 14.50% of the issued Shares upon the Listing.

A summary of the principal terms of the Pre-IPO Equity Incentive Plan is set out in the section headed "Statutory and General Information – D. Incentive Plans" in Appendix IV to this prospectus.

You should read the following discussion and analysis together with our audited consolidated financial information, including the notes thereto, included in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

OVERVIEW

We are an RNA therapeutics biopharmaceutical company with product candidates in preclinical and clinical stages that focuses on the discovery and development of innovative drugs for indications with medical needs and large market opportunities. We were founded in 2007 with the establishment of US Sirnaomics and currently have a presence in both China and the U.S., with research and development centers in both countries.

Our mission is to become a fully-integrated international biopharmaceutical company, leveraging our deep experience in RNA therapeutics and novel delivery platform technologies to rapidly discover, develop and, if approved, commercialize a portfolio of transformative therapeutics and vaccines for patients suffering from a wide range of both rare and large market diseases. As of the Latest Practicable Date, we had evaluated the safety and efficacy profile of STP705 in the completed Phase I/II clinical trial for isSCC and are conducting five ongoing trials covering various indications. In addition, as of the Latest Practicable Date, we were evaluating five of our innovative product candidates in IND-enabling preclinical studies and are evaluating more than nine of our product candidates in earlier stage studies.

We have not generated any revenue from product sales. In 2019, 2020 and the nine months ended September 30, 2021, we recorded a total net loss of US$17.1 million, US$46.4 million and US$50.0 million, respectively. Substantially all of our net losses resulted from research and development expenses, changes in fair value of financial liabilities at fair value through profit or loss and administrative expenses.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

Our historical financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

We have consistently applied the accounting policies which conform with the IFRSs, which are effective for the accounting period beginning on January 1, 2021, throughout the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

General Factors

Our business and operating results are affected by general factors affecting the global and China biopharmaceutical market, which include:

- relevant laws and regulations, governmental policies and initiatives affecting the global and China biopharmaceutical market;
- growth and competition environment of the global and China biopharmaceutical market; and
- political, economic and social instability of different local markets.

Company Specific Factors

While our business is affected by the foregoing general factors, our results of operations are also affected by company specific factors, including the following:

Our Ability to Successfully Develop and Commercialize our Drug Candidates

Our business and results of operations depend on the successful development and commercialization of our drug candidates. As of the Latest Practicable Date, we had evaluated the safety and efficacy profile of STP705 in the completed Phase I/II clinical trial for isSCC and are conducting five ongoing trials covering various indications. In addition, as of the Latest Practicable Date, we were evaluating five of our innovative product candidates in IND-enabling preclinical studies and are evaluating more than nine of our product candidates in earlier stage studies. See "Business – Our Drug Candidates" and "Business – Preclinical Drug Candidates." Whether our drug candidates can demonstrate favorable safety and efficacy clinical trial results, whether we can successfully complete clinical development and whether

we can obtain the requisite regulatory approvals for our drug candidates, are crucial to our business and results of operations. In addition, once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and sales of our commercialized drugs, which could be affected by: (i) the level of government spending on healthcare and the coverage of our drugs under government medical insurance schemes; (ii) our potential sales channels through our partners and in-house personnel; (iii) our pricing policies; and (iv) our production capacity to meet the commercial demand.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses.

The discovery and development of drugs requires a significant investment of resources over a prolonged period of time, and we intend to continue making sustained investments in this area. We have devoted significant resources to research and development activities, and our pipeline of drug candidates has been steadily advancing and expanding. We had research and development expenses of US$10.2 million, US$14.9 million and US$22.0 million in 2019, 2020 and the nine months ended September 30, 2021, respectively, accounting for 67.6%, 73.4% and 71.9%, respectively, of our total expenses in the same periods. We had research and development expenses of US$6.0 million, US$9.2 million and US$8.1 million attributable to our core product STP705 in 2019, 2020 and the nine months ended September 30, 2021, respectively. Our research and development expenses primarily consist of: (i) directors' emolument and staff costs; (ii) chemistry, manufacturing and controls expenses; (iii) clinical trials expenses; and (iv) preclinical test expenses. See "– Description of Major Components of Our Results of Operations – Research and Development Expenses." Our research and development expenses are affected by factors such as: (i) the expansion of our product pipeline as well as potential indications; (ii) the complexity of the requirements for conducting clinical trials of the drug candidates; (iii) the number of patients required for clinical trials; (iv) the location of the clinical trials (for example, whether the clinical trials are conducted in China or in the U.S.); (v) our preclinical efforts; (vi) the number of our research and development staff; and (vii) any additional requirements imposed by competent regulatory authorities in relation to our preclinical and clinical trials. See "Risk Factors – Risks Relating to the Research and Development of Our Drug Candidates." We intend to continue to advance the development of our drug candidates, and research and development expenses are therefore expected to continue to be a major component of our operating expenses.

We had administrative expenses of US$4.7 million, US$5.2 million and US$8.4 million in 2019, 2020 and the nine months ended September 30, 2021, respectively. Our administrative expenses primarily consist of: (i) directors' emolument and staff costs; and (ii) professional and consultancy fees. See "– Description of Major Components of Our Results of Operations – Administrative Expenses."

We expect to incur significant expenses and net losses for at least the next several years as we further our preclinical and clinical research and development efforts, continue the clinical development of and seek regulatory approval for our drug candidates, launch

commercialization of our pipeline products, and recruit new personnel necessary to operate our business. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, regulatory approval timelines and commercialization of our drug candidates after approval. Subsequent to the Listing, we expect to incur costs associated with operating as a public company.

Funding for Our Operation

During the Track Record Period, we primarily funded our working capital requirements through private equity financing. Going forward, we expect to fund our operations in part with revenue generated from sales of our drug products in the event of any successful commercialization, as well as royalties and milestone payments from any collaboration and licensing arrangements. With the continuing expansion of our business, we may require further funding through public or private offerings, debt financing or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our historical financial information. For details of significant accounting policies and critical accounting judgments and key sources of estimation uncertainties involved in the preparation of historical financial information of our Group, see Notes 4 and 5 of Appendix I to this prospectus.

Significant Accounting Policies

Intangible Assets Acquired Separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization. Amortization for intangible assets with finite useful lives is

recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment on Property and Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, we review the carrying amounts of our property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amounts of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate the recoverable amount of the cash-generating unit to which the asset belongs. See Note 4 of Appendix I to this prospectus.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

For the details of the classification of financial assets and financial liabilities, see Note 4 of Appendix I to this prospectus.

Critical Accounting Judgments and Key Sources of Estimation Uncertainties

Research and Development Expenditures

Development expenses incurred on our product pipelines are capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible assets so that they will be available for use or sale, our intention to complete and our ability to use or

sell the assets, how the assets will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during development. Development expenses which do not meet these criteria are expensed when incurred. Our management assesses the progress of each of the research and development projects. During the Track Record Period, all the development costs were expensed when incurred. See Note 5 of Appendix I to this prospectus.

Fair Value of Financial Liabilities at Fair Value through Profit or Loss

We have issued a series of preferred shares, SAFE and convertible loans and Series C and Series D warrants over a subsidiary's registered capital to a group of investors prior to and during the Track Record Period as set out in Note 25 of Appendix I to this prospectus. We recognized these financial instruments as financial liabilities at fair value through profit or loss in which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include the back-solve method and equity allocation based on the Black-Scholes Option Pricing Model involving various parameters and inputs. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. For details, see Note 5 of Appendix I to this prospectus.

Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, we take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value, we use market-observable data of the extent it is available. Where Level 1 inputs are not available, we determine the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model. Some of our financial assets and financial liabilities are measured at fair value at the end of each reporting period. See Note 32 of Appendix I to this prospectus for more information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). There were no transfers out of Level 3 during the Track Record Period.

In respect of the valuation of the level 3 financial liabilities at fair value, our Directors have (i) reviewed the terms of relevant agreements; (ii) engaged independent qualified professional valuer (the "Independent Valuer"), provided necessary financial and non-financial information to enable the Independent Valuer to perform valuation procedures and discussed with the Independent Valuer on relevant assumptions; (iii) carefully considered all information which may require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the Independent Valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the Independent Valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

In relation to the valuation of the level 3 financial assets at fair value through profit or loss as of December 31, 2019, our Directors have measured with reference to the amount stated in the bank statement as the management considers that the carrying amounts approximate to the fair value.

The Reporting Accountants' opinion on the historical financial information, as a whole, of the Group for the Track Record Period is set out on Appendix I to this prospectus.

In relation to the fair value assessment of the financial liabilities and assets requiring level 3 measurements under the fair value classification, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) obtaining and reviewing the terms of the relevant agreements and documents regarding the financial liabilities and assets; (ii) considering the qualification, independence and credentials of the Independent Valuer; (iii) obtaining and reviewing the valuation reports prepared by the Independent Valuer in respect of the level 3 financial liabilities; (iv) discussing with the Independent Valuer regarding the assumptions, valuation techniques and methodologies applied to determine the valuation; (v) discussing with the Company to understand its preparation of the underlying information used in the valuation of the level 3 financial liabilities and assets of the Group and the Company's views on the fairness and reasonableness of the assumptions, basis and approaches of the valuation so conducted; (vi) discussing with the reporting accountants in respect of audit procedures conducted regarding the valuation in accordance with International Standards on Auditing and discussing with the reporting accountant about the relevant

accounting treatments; and (vii) reviewing the relevant notes in the Accountants' Report as contained in Appendix I to this prospectus and the reporting accountants' opinion on the historical financial information as a whole for the Track Record Period. Based upon the due diligence work conducted by the Sole Sponsor as stated above, and having considered the view of the Directors and the reporting accountants, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation performed by the Independent Valuer and the Company.

Nothing has come to our Directors' or the Sole Sponsor's attention that causes them to consider the valuation as not reasonable pursuant to the principals set out in the SFC's "Guidance note on directors' duties in the context of valuations in corporate transactions" or applicable accounting standards.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets out a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Other income	440	771	206	205
Other gains and losses	368	255	118	(177)
Changes in fair value of financial liabilities at fair value through profit or loss	(2,584)	(17,574)	(19,773)	(13,112)
Administrative expenses	(4,667)	(5,157)	(3,661)	(8,412)
Research and development expenses	(10,213)	(14,894)	(9,814)	(22,014)
Impairment losses (recognized) reversed under expected credit loss model, net	(242)	242	–	–
Listing expenses	–	(885)	–	(5,617)
Other expenses	–	(8,943)	(27)	(672)
Finance costs	(229)	(243)	(184)	(202)
Loss before tax	(17,127)	(46,428)	(33,135)	(50,001)
Income tax expense	–	–	–	–
Loss for the year/period	**(17,127)**	**(46,428)**	**(33,135)**	**(50,001)**

Other Income

Our other income primarily consists of: (i) government grants, primarily representing cash incentives to support our research and development in the PRC, as well as the waiver of a governmental loan repayment in the U.S. as a result of the COVID-19 pandemic; (ii) interest

income from restricted bank balances and bank balances; and (iii) consultancy income, which we generated mainly from providing research and development consultancy services.

The following table sets out a breakdown of our other income for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
					(unaudited)			
Government grants	194	44.1	527	68.4	30	14.6	18	8.8
Interest income from restricted bank balances and bank balances	97	22.0	80	10.3	24	11.7	137	66.8
Consultancy income	88	20.0	121	15.7	121	58.7	14	6.8
Others	61	13.9	43	5.6	31	15.0	36	17.6
Total	**440**	**100.0**	**771**	**100.0**	**206**	**100.0**	**205**	**100.0**

Other Gains and Losses

Our other gains and losses primarily consist of: (i) changes in fair value of structured deposits, see "– Discussion of Key Items of Consolidated Statements of Financial Position – Current Assets and Liabilities – Structured Deposits"; and (ii) net foreign exchange gains or losses.

The following table sets out a breakdown of our other gains and losses for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
			(unaudited)	
Net foreign exchange gains (losses)	6	(136)	(38)	(492)
Gain on disposal of property and equipment	–	–	–	3
Changes in fair value of structured deposits	362	391	156	312
Total	**368**	**255**	**118**	**(177)**

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

We had changes in the fair value of financial liabilities at fair value through profit or loss of US$2.6 million and US$17.6 million in 2019 and 2020, respectively, and US$19.8 million and US$13.1 million in the nine months ended September 30, 2020 and 2021, respectively. Our

changes in fair value of financial liabilities at fair value through profit or loss mainly represent changes in fair value of: (i) preferred shares; (ii) Series C Warrants; (iii) convertible loans issued by Suzhou Sirnaomics to Series D Investors; (iv) SAFE that RNAimmune issued to non-controlling shareholders of RNAimmune in August and September 2020; and (v) series seed preferred shares of RNAimmune. See "– Discussion of Key Items of Consolidated Statements of Financial Position – Current Assets and Liabilities – Current Financial Liabilities at Fair Value through Profit or Loss" and "– Discussion of Key Items of Consolidated Statements of Financial Position – Non-current Assets and Liabilities – Non-current Financial Liabilities at Fair Value through Profit or Loss."

Administrative Expenses

Our administrative expenses primarily consist of: (i) directors' emolument and staff costs relating to our administrative staff; and (ii) professional and consultancy fees, mainly representing financial accounting service fees and legal fees for patent-related and general corporate advisory services.

The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
					(unaudited)			
Directors' emolument and staff costs	1,257	26.9	1,931	37.5	1,354	37.0	2,999	35.7
Professional and consultancy fees	1,608	34.5	1,738	33.7	1,262	34.5	3,671	43.6
Traveling expenses	644	13.8	275	5.3	168	4.6	265	3.2
Other office expenses	272	5.8	417	8.1	240	6.5	463	5.5
Depreciation of property and equipment and right-of-use assets	194	4.2	224	4.3	198	5.4	228	2.7
Marketing and business development	212	4.5	73	1.4	35	1.0	129	1.5
Insurance	12	0.3	60	1.2	37	1.0	146	1.7
Sponsorship and charitable contributions	183	3.9	–	0.0	–	0.0	165	2.0
Others	285	6.1	439	8.5	367	10.0	346	4.1
Total	**4,667**	**100.0**	**5,157**	**100.0**	**3,661**	**100.0**	**8,412**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of: (i) directors' emolument and staff costs relating to our research and development staff; (ii) chemistry, manufacturing

and controls expenses; (iii) clinical trials expenses, mainly in relation to our engagement of CROs, see "Business – Research and Development – Engagement of Third Parties in Research and Development;" and (iv) preclinical test expenses, mainly in relation to our engagement of preclinical CROs.

The following table sets out a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
					(unaudited)			
Directors' emolument and staff costs	3,918	38.3	4,419	29.7	2,839	28.9	6,177	28.1
Chemistry, manufacturing and controls expenses	1,689	16.5	4,148	27.9	3,525	35.9	4,502	20.4
Materials consumed	737	7.2	933	6.3	562	5.7	2,192	9.9
Clinical trials expenses	975	9.5	1,266	8.5	785	8.0	2,947	13.4
Preclinical test expenses	949	9.3	1,962	13.2	551	5.6	3,588	16.3
Consultancy fee	862	8.4	1,115	7.5	789	8.1	1,166	5.3
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	630	6.2	819	5.4	587	6.0	790	3.6
Others	453	4.6	232	1.5	176	1.8	652	3.0
Total	**10,213**	**100.0**	**14,894**	**100.0**	**9,814**	**100.0**	**22,014**	**100.0**

Other Expenses

Our other expenses primarily consist of: (i) loss on termination of a collaboration agreement in 2020, representing our payment to Guangzhou Xiangxue in 2020 upon the termination of our collaboration agreement, see "Business – Collaboration and Licensing Arrangements – Collaboration Agreement with Guangzhou Xiangxue" for further details on the termination of the collaboration agreement with Guangzhou Xiangxue. For the basis of the calculation of the US$7.7 million loss in 2020, see Note 9 of Appendix I to this prospectus; and (ii) issuance costs of financial liabilities at fair value through profit or loss, mainly professional and consultancy fees in relation to the issuance of convertible loans to the Series D Investors, SAFE and Series E Preferred Shares. The following table sets out a breakdown of our other expenses for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Loss on termination of a collaboration agreement	–	7,679	–	–
Issuance costs of financial liabilities at fair value through profit or loss	–	1,246	11	672
Others	–	18	16	–
Total	**–**	**8,943**	**27**	**672**

Finance Costs

Our finance costs were primarily interests on lease liabilities. The following table sets out a breakdown of our finance costs for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Interest on bank and other borrowings	–	6	–	35
Interest on lease liabilities	229	243	184	182
Total borrowing costs	229	249	184	217
Less: amount capitalized in the cost of qualifying assets	–	(6)	–	(15)
Total	**229**	**243**	**184**	**202**

Income Tax Expense

Cayman Islands

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

Hong Kong

Hong Kong Profits Tax of Sirnaomics (Hong Kong) Limited 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. No Hong Kong profits tax were provided as we had no assessable profits during the Track Record Period.

U.S.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate was charged at a flat rate of 21% during the Track Record Period. Under the relevant rules of state taxes in Florida, Virginia, California, Massachusetts and Maryland in the U.S., the tax rates charged ranged from 4.458% to 8.84% during the Track Record Period. No U.S. corporate income tax were provided as the group entities had no assessable profits during the Track Record Period.

Mainland China

During the Track Record Period, we had no income tax expense. Generally, our subsidiaries in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except that Guangzhou Sirnaomics benefited from a preferential enterprise income tax rate of 15% in 2017, 2018 and 2019, which qualified as a High and New Technology Enterprise under relevant PRC laws and regulations. The latest approval for Guangzhou Sirnaomics enjoying this tax benefit was obtained in December 2020 for the financial years of 2020, 2021 and 2022.

Pursuant to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC effective from 2018 onwards, our PRC subsidiaries enjoy a super deduction of 175% on qualifying research and development expenditures throughout the Track Record Period. As of December 31, 2019, 2020 and September 30, 2021, we had unused tax losses of approximately US$36.1 million, US$85.2 million and US$113.6 million, respectively, for offsetting against future profits. See Note 11 of Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in the PRC and we are not aware of any outstanding or potential disputes with such tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

Other Income

Our other income remained stable from US$0.2 million in the nine months ended September 30, 2020 to US$0.2 million in the nine months ended September 30, 2021.

Other Gains and Losses

We had other losses of US$0.2 million in the nine months ended September 30, 2021, compared to other gains of US$0.1 million in the nine months ended September 30, 2020, primarily because: (i) we had net foreign exchange losses of US$0.5 million in the nine months ended September 30, 2021, compared to net foreign exchange losses of US$0.04 million in the nine months ended September 30, 2020 due to the fluctuation in the exchange rate between RMB and USD; despite (ii) a higher increase in fair value of structured deposits.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

Our changes in fair value of financial liabilities at fair value through profit or loss decreased by 33.7% from US$19.8 million in the nine months ended September 30, 2020 to US$13.1 million in the nine months ended September 30, 2021. The fair value change in the nine months ended September 30, 2021 is primarily due to the increase in the valuation of our financial liabilities, driven by the increase in the valuation of our company and the issuance of Series E Preferred Shares, during which the incremental rate of the valuation is lower compared with the nine months ended September 30, 2020. See Note 25 of Appendix I to this prospectus.

Administrative Expenses

Our administrative expenses increased significantly by 129.8% from US$3.7 million in the nine months ended September 30, 2020 to US$8.4 million in the nine months ended September 30, 2021, primarily due to increases in: (i) directors' emolument and staff costs in relation to our administrative staff to support business expansion; and (ii) professional and consultancy fee.

Research and Development Expenses

Our research and development expenses increased by 124.3% from US$9.8 million in the nine months ended September 30, 2020 to US$22.0 million in the nine months ended September 30, 2021, mainly due to increases in: (i) directors' emolument and staff costs in relation to our research and development staff; and (ii) clinical trials expenses and preclinical test expenses. Such increases were in line with our continuous research and development efforts to support our steadily advancing and expanding pipeline of drug candidates.

Finance Costs

Our finance costs remained stable in the nine months ended September 30, 2020 and 2021, being US$0.2 million and US$0.2 million, respectively.

Loss for the Period

As a result of the foregoing, our loss for the period increased by 50.9% from US$33.1 million in the nine months ended September 30, 2020 to US$50.0 million in the nine months ended September 30, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Other Income

Our other income increased by 75.2% from US$0.4 million in 2019 to US$0.8 million in 2020, primarily due to an increase in the government grants.

Other Gains and Losses

Our other gains decreased by 30.7% from US$0.4 million in 2019 to US$0.3 million in 2020, primarily because we had net foreign exchange gains in 2019, compared to net foreign exchange losses of US$0.1 million in 2020 as a result of the fluctuation in the exchange rate between RMB and USD.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

Our changes in fair value of financial liabilities at fair value through profit or loss increased significantly from US$2.6 million in 2019 to US$17.6 million in 2020, primarily due to the higher increase in the valuation of our financial liabilities at fair value through profit or loss, mainly in relation to our preferred shares and Series C Warrants, as a result of a higher increase in the valuation of our Company. See Note 25 of Appendix I to this prospectus.

Administrative Expenses

Our administrative expenses increased by 10.5% from US$4.7 million in 2019 to US$5.2 million in 2020, primarily due to increases in directors' emolument and staff costs in relation to our administrative staff to support business expansion.

Research and Development Expenses

Our research and development expenses increased by 45.8% from US$10.2 million in 2019 to US$14.9 million in 2020, mainly due to increases in: (i) chemistry, manufacturing and

controls expenses relating to the continuous development of drug candidates; (ii) preclinical test expenses; and (iii) directors' emolument and staff costs relating to our research and development staff. Such increases were in line with our continuous research and development efforts to support our steadily advancing and expanding pipeline of drug candidates.

Other Expenses

We did not have other expenses in 2019. In 2020, we incurred other expenses of US$8.9 million, primarily due to our loss on the termination of a collaboration agreement.

Finance Costs

Our finance costs remained stable in 2019 and 2020, being US$0.2 million and US$0.2 million, respectively.

Loss for the Year

As a result of the foregoing, our loss for the year increased significantly from US$17.1 million in 2019 to US$46.4 million in 2020.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets out selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Total current assets	21,413	105,137	180,385
Total non-current assets	3,410	5,047	10,491
Total assets	**24,823**	**110,184**	**190,876**
Total current liabilities	2,797	94,099	6,245
Total non-current liabilities	70,978	110,265	324,907
Total liabilities	**73,775**	**204,364**	**331,152**
Net Liabilities	**(48,952)**	**(94,180)**	**(140,276)**

Current Assets and Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of October 31,
	2019	**2020**	**2021**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*
Current assets				
Prepayments, deposits and other receivables	1,458	1,954	5,945	7,268
Structured deposits	9,949	–	–	–
Restricted bank balances	57	61	62	62
Bank balances and cash	9,949	103,122	174,378	168,474
Total current assets	**21,413**	**105,137**	**180,385**	**175,804**
Current liabilities				
Trade and other payables	2,429	4,667	4,282	4,435
Contract liability	–	–	770	782
Lease liabilities	368	443	1,193	1,260
Financial liabilities at fair value through profit or loss	–	88,989	–	–
Total current liabilities	**2,797**	**94,099**	**6,245**	**6,477**
Net current assets	**18,616**	**11,038**	**174,140**	**169,327**

Our net current assets decreased from US$18.6 million as of December 31, 2019 to US$11.0 million as of December 31, 2020, mainly due to: (i) an increase in current financial liabilities at fair value through profit or loss, representing convertible loans issued to the Series D Investors; and (ii) a decrease in the structured deposits; despite (iii) a significant increase in bank balances and cash, representing the receipt of cash generated from our equity financing.

Our net current assets increased significantly from US$11.0 million as of December 31, 2020 to US$174.1 million as of September 30, 2021. Such increase was primarily due to: (i) our increase in current assets mainly in relation to the increase in our prepayments, deposits and other receivables from US$2.0 million as of December 31, 2020 to US$5.9 million as of September 30, 2021; and (ii) our decrease in current liabilities, primarily because we had current financial liabilities at fair value through profit or loss of US$89.0 million as of December 31, 2020 and we did not have such financial liabilities as of September 30, 2021, as the convertible loans issued to Series D Investors were converted into the preferred shares of our Company in the nine months ended September 30, 2021.

Current Prepayments, Deposits and Other Receivables

Our current prepayments, deposits and other receivables primarily represent prepayments to suppliers for research and development services, and such suppliers were mainly CROs. See "Business – Research and Development – Engagement of Third Parties in Research and Development."

The following table sets out a breakdown of our current prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Prepayments to suppliers for research and development services	1,358	1,562	4,520
Deferred issuance costs	–	262	832
Staff advance	20	8	5
Prepayments for legal and other professional services	–	35	137
Other receivables, net of allowance of credit losses	80	87	451
Total	1,458	1,954	5,945

Our current prepayments, deposits and other receivables increased from US$1.5 million as of December 31, 2019 to US$2.0 million as of December 31, 2020 and further increased to US$5.9 million as of September 30, 2021, primarily due to: (i) an increase in prepayments to suppliers for research and development services, which was in line with our continuous research and development efforts; and (ii) an increase in deferred issuance costs, representing deferred costs relating to the Listing.

Structured Deposits

We had structured deposits of US$9.9 million as of December 31, 2019. We did not have structured deposits as of December 31, 2020 and September 30, 2021. We entered into contracts with certain reputable commercial banks for structured deposits with unguaranteed rates of return in 2020. We managed and evaluated the performance of such investments on a fair value basis. See Note 21 of Appendix I to this Prospectus. We did not have any structured deposits as of December 31, 2020 and September 30, 2021, because the structured deposits were fully redeemed in 2020.

We have implemented strict policies of financial product selection, which include the decision-making process and restrictions on the selection and fair value measurement basis. Preservation of capital is the primary objective of our financial product selection policy. Other

objectives include fulfillment of our liquidity needs, maximization of our investment performance and fiduciary control of cash and investments. Under the selection policy, we prohibited borrowing for investment purposes or investment in securities with underlying leverage risk or esoteric structures.

Trade and Other Payables

Our trade and other payables primarily consist of: (i) trade payables, relating to our purchase of raw materials, consumables, and services from suppliers; (ii) payables for issuance costs of other financial liabilities at fair value through profit or loss; (iii) accruals for listing expenses and issuance costs; and (iv) advances from our collaboration partner, representing the advances of RMB4.83 million (equivalent to approximately US$0.7 million) from Guangzhou Xiangxue in 2013 under our supplement agreement with them. See "– Discussion of Major Components of Our Results of Operation – Other Expenses."

The following table sets out our trade and other payables as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Trade payables	732	782	1,088
Other payables			
Accruals for other operating expenses	326	563	750
Payables for issuance costs of financial liabilities at fair value through profit or loss	–	1,107	100
Accruals for listing expenses and issuance costs	–	1,025	1,286
Accruals for staff costs	340	386	242
Accruals for research and development expenses	328	764	799
Advances from collaboration partner	691	–	–
Payables for acquisition of property and equipment	12	40	17
Total other payables	1,697	3,885	3,194
Total trade and other payables	**2,429**	**4,667**	**4,282**

Our trade and other payables increased from US$2.4 million as of December 31, 2019 to US$4.7 million as of December 31, 2020, primarily due to: (i) we had payables for issuance costs of financial liabilities at fair value through profit or loss of US$1.1 million in relation to the issuance of convertible loans to the Series D Investors and SAFE as of December 31, 2020, compared to nil as of December 31, 2019; and (ii) we had accruals for listing expenses and issuance costs of US$1.0 million as of December 31, 2020, compared to nil as of December 31, 2019; despite that (iii) we had advances from collaboration partner that was one-off in nature, see "– Descriptions of Major Components of Our Results of Operations –

Other Expenses." Our trade and other payables decreased from US$4.7 million as of December 31, 2020 to US$4.3 million as of September 30, 2021, mainly because the payables for issuance costs of financial liabilities at fair value through profit or loss decreased from US$1.1 million as of December 31, 2020 to US$0.1 million as of September 30, 2021 due to the settlement of such payables.

The following is an aging analysis of trade payables presented based on the invoice date as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
0 to 30 days	427	644	997
31 to 60 days	86	3	2
Over 60 days	219	135	89
Total	**732**	**782**	**1,088**

Current Financial Liabilities at Fair Value through Profit or Loss

We had current financial liabilities at fair value through profit or loss of nil, US$89.0 million and nil as of December 31, 2019 and 2020 and September 30, 2021, respectively. The current financial liabilities at fair value through profit or loss of US$89.0 million as of December 31, 2020 were all convertible loans issued by Suzhou Sirnaomics to the Series D Investors, which were classified as current liabilities as of December 31, 2020 as the holders have the option to convert their convertible loans into the preferred shares of the Company within 12 months from December 31, 2020. Such convertible loans were converted into the Series D Preferred Shares of our Company in the nine months ended September 30, 2021, and all outstanding Series D Preferred Shares would be automatically converted into ordinary shares of the Company upon the Listing. See Note 25(iii) of Appendix I to this prospectus.

The following table sets out the carrying amount of our current financial liabilities at fair value through profit or loss in absolute amounts as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Financial liabilities at fair value through profit or loss – Convertible Loans	–	88,989	–

Non-current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Non-current assets			
Property and equipment	1,342	2,931	4,934
Right-of-use assets	1,824	1,520	3,116
Intangible assets	125	349	1,080
Deposits	119	247	1,361
Total non-current assets	**3,410**	**5,047**	**10,491**
Non-current liabilities			
Financial liabilities at fair value through profit or loss	69,361	107,827	321,278
Bank borrowings	–	1,134	1,443
Lease liabilities	1,617	1,304	2,186
Total non-current liabilities	**70,978**	**110,265**	**324,907**
Net non-current liabilities	**(67,568)**	**(105,218)**	**(314,416)**

Property and Equipment

Our property and equipment primarily consists of: (i) laboratory equipment; and (ii) assets under construction, relating to Guangzhou's Sirnaomics facility construction. See "Business – Manufacturing and Quality Control – Our Manufacturing Facilities."

The following table sets out the carrying amount of property and equipment in absolute amounts and as percentages as of the dates indicated:

	As of December 31,				As of September 30,	
	2019		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Laboratory equipment	1,074	80.0	1,045	35.7	2,142	43.4
Assets under construction	–	0.0	1,675	57.1	2,337	47.4
Leasehold improvement	90	6.7	42	1.4	71	1.4
Furniture and fixtures	96	7.2	89	3.0	96	2.0
Equipment and computers	53	3.9	56	1.9	165	3.3
Vehicles	29	2.2	24	0.9	123	2.5
Total	**1,342**	**100.0**	**2,931**	**100.0**	**4,934**	**100.0**

The carrying amount of property and equipment increased from US$1.3 million as of December 31, 2019 to US$2.9 million as of December 31, 2020 and further increased to US$4.9 million as of September 30, 2021, primarily due to: (i) an increase in laboratory equipment; and (ii) an increase in assets under construction mainly due to Guangzhou Sirnaomics's facility construction, see "Business – Manufacturing and Quality Control – Our Manufacturing Facilities." These increases were in line with our continuous expansion of business and research and development efforts to support our steadily advancing and expanding pipeline of drug candidates.

Right-of-use Assets

During the Track Record Period, our right-of-use assets included equipment and leased properties. Our right-of-use assets decreased from US$1.8 million as of December 31, 2019 to US$1.5 million as of December 31, 2020, primarily due to depreciation charge relating to our right-of-use assets, and increased to US$3.1 million as of September 30, 2021 primarily due to the new leases entered for equipment and premises.

	As of December 31,				As of September 30,	
	2019		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Leased properties	1,824	100.0	1,520	100.0	3,047	97.8
Equipment	–	–	–	–	69	2.2
Total	**1,824**	**100.0**	**1,520**	**100.0**	**3,116**	**100.0**

Intangible Assets

Our intangible assets represented patent rights relating to our licensing arrangement with Mixson, see "Business – Collaboration and Licensing Arrangements — Licensing Arrangement with Mixson." Our patent rights increased from US$ 0.1 million as of December 31, 2019 to US$0.3 million as of December 31, 2020, due to the cost incurred in relation to such collaboration arrangement, and further increased to US$1.1 million as of September 30, 2021, primarily due to patent rights acquired.

The following table sets forth the breakdown of our intangible assets as of the dates indicated:

	As of December 31,				As of September 30,	
	2019		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Patent rights	125	100.0	349	100.0	1,080	100.0

Non-current Deposits

We had non-current deposits of US$0.1 million, US$0.2 million and US$1.4 million as of December 31, 2019 and 2020 and September 30, 2021, respectively, which included: (i) deposits paid for purchase of property and equipment; and (ii) rental deposits.

Non-current Financial Liabilities at Fair Value through Profit or Loss

We had non-current financial liabilities at fair value through profit or loss of US$69.4 million, US$107.8 million and US$321.3 million as of December 31, 2019 and 2020 and September 30, 2021, respectively. During the Track Record Period, our non-current financial liabilities measured at fair value through profit or loss included:

(i) ***Preferred Shares***. Each series of preferred shares is convertible, at holder's option, without payment of additional consideration, into ordinary shares as determined by dividing the conversion price for such series in effect at the time of conversion. Also, all outstanding preferred shares of respective series would be automatically converted into ordinary shares of the Company upon the Listing. See Note 25(i) of Appendix I to this prospectus.

(ii) ***Series C Warrants***. US Sirnaomics issued Series C Warrants in 2018 to certain Series C investors located in the PRC ("Series C Chinese investors") for their investment in Suzhou Sirnaomics. The Series C Chinese investors are not allowed to hold direct investments in foreign entities before obtaining regulatory approval for overseas direct investment ("ODI"). The holders of the Series C Warrants shall convert the Series C Warrants into Series C Preferred Shares upon the holders receiving the ODI approval for direct investment into foreign entities. During the nine months ended September 30, 2021, the Series C Chinese Investors have obtained the ODI approval, exercised the Series C Warrants and converted the Series C Warrants into Series C Preferred Shares. See Note 25(ii) of Appendix I to this prospectus.

(iii) ***SAFE that RNAimmune issued to non-controlling shareholders of RNAimmune***. In February 2021, the non-controlling shareholders of RNAimmune converted their SAFE into ordinary shares of RNAimmune. See Note 25(iv) of Appendix I to this prospectus.

(iv) ***Series Seed Preferred Shares***. On March 29, 2021, RNAimmune was authorized to issue 50,000,000 preferred shares, 15,000,000 of which were designated as series seed preferred shares and the remaining 35,000,000 shares had not been designated by RNAimmune as of September 30, 2021. Series seed preferred shares are convertible at holder's option, without payment of additional consideration, into number of fully paid ordinary shares of RNAimmune. Also, all outstanding shares of series seed preferred shares of RNAimmune shall be converted automatically into ordinary shares of RNAimmune upon the listing of RNAimmune subject to requirements as described in Note 25(v)(f) of Appendix I to this prospectus. See Note 25(v) of Appendix I to this prospectus.

The following table sets out the carrying amount of our non-current financial liabilities at fair value through profit or loss in absolute amounts as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Preferred Shares	43,220	73,180	314,018
Series C Warrants	26,141	31,902	–
SAFE issued by RNAimmune	–	2,745	–
Series Seed Preferred Shares issued by RNAimmune	–	–	7,260
Total	**69,361**	**107,827**	**321,278**

Our non-current financial liabilities at fair value through profit or loss increased from US$69.4 million as of December 31, 2019 to US$107.8 million as of December 31, 2020, primarily due to: (i) the issuance of Series D Preferred Shares; and (ii) an increase in the valuation of our Company. Our non-current financial liabilities at fair value through profit or loss increased from US$107.8 million as of December 31, 2020 to US$321.3 million as of September 30, 2021, primarily due to: (i) the issuance of Series E Preferred Shares; (ii) the conversion of convertible loans into preferred shares of the Company; (iii) the issuance of series seed preferred shares by RNAimmune; and (iv) the increase in the valuation of our Company.

KEY FINANCIAL RATIO

The following table sets out our key financial ratio as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	%	%	%
Current ratio[(1)]	765.6	111.7	2,888.5

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

See "– Discussion of Key Items of Consolidated Statements of Financial Position."

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Our principal uses of liquidity during the Track Record Period were to fund our research and development of our drug candidates, our clinical trials and the construction of our manufacturing facilities. During the Track Record Period, we primarily funded our working capital requirements through private equity financing. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimal liquidity that can meet our working capital needs.

While we had net operating cash outflows and net losses during the Track Record Period, going forward we believe our liquidity requirements will be satisfied by using funds from a combination of our cash and cash equivalents, unutilized loan facilities, net proceeds from the Global Offering and other funds raised from the capital markets from time to time. As of October 31, 2021, we had unutilized banking facilities of US$8.6 million. Other than the bank borrowings that we have obtained or may obtain, we currently do not have any plans for material external debt financing. Taking into account our cash and cash equivalents and unutilized loan facilities, together with the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, including research and development expenses; (ii) purchase amounts and deposits paid for property and equipment; (iii) repayment of lease liabilities; (iv) purchase of intangible assets; and (iv) payment of interests. Assuming that the average cash burn rate going forward of 3.9 times the level in the 21 months ended September 30, 2021, which is primarily based on the difference between the average monthly burn rate in the 21 months ended September 30, 2021 and the prospective burn rate based on the average monthly net cash used in operating activities and capital expenditure in 2022, we estimate that our cash and cash equivalents will be able to maintain our financial viability for approximately 14.9 months or, if we also take into account the estimated net proceeds (based on the low-end of the indicative offer price), approximately 19.8 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development progress.

Cash Flow

The following table sets out our cash flows for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Cash used in operating activities before changes in working capital	(13,129)	(18,849)	(12,024)	(34,079)
Changes in working capital	(1,274)	(150)	(104)	(2,832)
Net cash used in operating activities	(14,403)	(18,999)	(12,128)	(36,911)
Net cash from/(used in) investing activities	1,102	8,393	5,015	(3,386)
Net cash from financing activities	11,546	100,368	2,783	110,389
Net (decrease)/increase in cash and cash equivalents	(1,755)	89,762	(4,330)	70,092
Cash and cash equivalents at the beginning of the year/period	11,688	9,949	9,949	103,122
Effect of foreign exchange rate changes	16	3,411	28	1,164
Cash and cash equivalents at the end of the year/period	9,949	103,122	5,647	174,378

Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprises our loss for the year/period adjusted by: (i) non-operating items and non-cash items; and (ii) changes in working capital.

In the nine months ended September 30, 2021, our net cash used in operating activities was US$36.9 million, which was primarily attributable to our loss for the period of US$50.0 million, as adjusted by: (i) the add back of non-operating items and non-cash items, primarily comprising changes in fair value of financial liabilities at fair value through profit or loss of US$13.1 million; and (ii) changes in working capital, mainly including an increase in prepayments, deposits and other receivables of US$4.3 million.

In 2020, our net cash used in operating activities was US$19.0 million, which was primarily attributable to our loss for the year of US$46.4 million, as adjusted by: (i) the add back of non-operating items and non-cash items, primarily comprising changes in fair value of financial liabilities at fair value through profit or loss of US$17.6 million, loss on terminating a collaboration agreement of US$7.7 million, share-based payment expense of US$1.0 million, as well as issuance costs of financial liabilities at fair value through profit or loss of US$1.2 million; and (ii) changes in working capital, including a decrease in trade and other payables of US$0.2 million, partially offset by a decrease in prepayments, deposits and other receivables of US$0.09 million.

In 2019, our net cash used in operating activities was US$14.4 million, which was primarily attributable to our loss for the year of US$17.1 million, as adjusted by: (i) the add back of non-operating items and non-cash items, primarily comprising changes in fair value of financial liabilities at fair value through profit or loss of US$2.6 million; and (ii) changes in working capital, primarily including an increase in prepayments, deposits and other receivables of US$0.9 million.

Net Cash from/(Used in) Investing Activities

In the nine months ended September 30, 2021, our net cash used in investing activities was US$3.4 million, which was primarily attributable to our placement of structured deposits of US$170.6 million and purchase and deposits paid for property and equipment of US$3.1 million, partially offset by our proceeds from redemption of structured deposits of US$171.0 million.

In 2020, our net cash from investing activities was US$8.4 million, which was primarily attributable to our proceeds from redemption of structured deposits of US$88.8 million, partially offset by our placement of structured deposits of US$78.4 million.

In 2019, our net cash from investing activities was US$1.1 million, which was primarily attributable to our proceeds from redemption of structured deposits of US$3.8 million, partially offset by placement of structured deposits of US$1.5 million and purchase and deposits paid for property and equipment of US$1.1 million.

Net Cash from Financing Activities

In the nine months ended September 30, 2021, our net cash from financing activities was US$110.4 million, which was primarily attributable to our proceeds from issuance of financial liabilities at fair value through profit or loss of US$231.1 million, partially offset by: (i) repayment to holders of convertible loans upon exercise of Series D Warrants of US$93.2 million and (ii) consideration paid for acquiring the non-controlling interests of Suzhou Sirnaomics upon exercise of the Series C Warrants of US$24.7 million.

In 2020, our net cash generated from financing activities was US$100.4 million, which was primarily attributable to: (i) our proceeds from issuance of financial liabilities at fair value through profit or loss of US$99.5 million; and (ii) our proceeds from bank and other borrowings of US$1.6 million, partially offset by repayments of lease liabilities of US$0.4 million.

In 2019, our net cash generated from financing activities was US$11.5 million, which was primarily attributable to our proceeds from issuance of financial liabilities at fair value through profit or loss of US$12.0 million, partially offset by repayment of lease liabilities of US$0.4 million.

CASH OPERATING COSTS

The following table sets out our cash operating costs* for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Research and development costs for core product			
Preclinical test expenses	679	583	284
Chemistry, manufacturing and controls expenses	1,909	2,795	708
Clinical trials expenses	1,264	1,572	3,388
Materials consumed	509	611	701
Directors' emolument and staff costs	1,520	1,538	2,143
Consultancy fee	702	721	696
Others	536	412	250
Research and development costs for other products			
Preclinical test expenses	90	1,026	3,537
Chemistry, manufacturing and controls expenses	995	631	4,796
Clinical trials expenses	–	–	–
Materials consumed	271	371	2,301
Directors' emolument and staff costs	2,057	2,054	3,154
Consultancy fee	212	264	483
Others	582	328	1,348
Total	**11,326**	**12,906**	**23,789**
Workforce employment cost(1)	1,112	1,732	2,653
Direct production costs(2)	–	–	–
Non-income taxes, royalties and other governmental charges	–	–	–
Contingency allowances	–	–	–
Product marketing(3)	–	–	–

Notes:

* Our cash operating costs set out in the table include our cash operating expenses paid in cash and bank acceptance bills.

(1) Workforce employment cost represents non-research and development directors' emolument and staff costs mainly including salaries and benefits.

(2) We had not commenced commercial manufacturing as of the Latest Practicable Date.

(3) We had not commenced product sales as of the Latest Practicable Date.

INDEBTEDNESS

The following table sets forth the breakdown of our financial indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of October 31,
	2019	2020	2021	2021
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*
Financial liabilities at fair value through profit or loss	66,015	188,591	306,068	305,874
Lease liabilities	1,985	1,747	3,379	3,358
Bank borrowings	–	1,134	1,443	1,464
Total	68,000	191,472	310,890	310,696

Financial Liabilities at Fair Value through Profit or Loss

We had a series of preferred shares, SAFE, convertible loans and Series C and Series D Warrants that were recognized as financial liabilities at fair value through profit or loss, see "– Discussion of Key Items of Consolidated Statements of Financial Position – Non-current Assets and Liabilities – Non-current Financial Liabilities at Fair Value through Profit or Loss." As of December 31, 2019 and 2020, September 30, 2021 and October 31, 2021, the carrying amounts of our financial liabilities at fair value through profit or loss (excluding the Series A Preferred Shares, SAFE and series seed preferred shares which were without redemption rights) were US$66.0 million, US$188.6 million, US$306.1 million and US$305.9 million, respectively, which were unsecured and unguaranteed. See Note 25 of Appendix I to this prospectus.

Bank Borrowings

Our bank borrowings were nil, US$1.1 million, US$1.4 million and US$1.5 million as of December 31, 2019 and 2020, September 30, 2021 and October 31, 2021, respectively.

We had no bank borrowings as of December 31, 2019. As of December 31, 2020, September 30, 2021 and October 31, 2021, our bank borrowings amounting to US$1.1 million, US$1.4 million and US$1.5 million, respectively, were unsecured, guaranteed by a subsidiary of the Company, carried at variable interest rate of 4.15% and repayable within a period of more than two years but not exceeding five years and shown under non-current liabilities. As of October 31, 2021, we had unutilized banking facilities of US$8.6 million.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that there was no material

covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The following table sets out our lease liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of October 31,
	2019	**2020**	**2021**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*
Non-current lease liabilities	1,617	1,304	2,186	2,098
Current lease liabilities	368	443	1,193	1,260
Total	1,985	1,747	3,379	3,358

The lease liabilities with an carrying amount of nil, nil, US$57,000 and US$53,000 (unaudited) which are unsecured and unguaranteed and the remaining carrying amounts of US$1,985,000, US$1,747,000, US$3,322,000 and US$3,305,000 (unaudited) which are secured by the Group's rental deposits and unguaranteed as at December 31, 2019, December 31, 2020, September 30, 2021 and October 31, 2021, respectively.

Our lease liabilities decreased by 12.0% from US$2.0 million as of December 31, 2019 to US$1.7 million as of December 31, 2020, primarily due to our rental payment in 2020, and then increased by 93.4% to US$3.4 million and 92.2% to US$3.4 million as of September 30, 2021 and October 31, 2021, respectively primarily due to the new leases entered in such period.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the covenants under our loan agreements. Except as disclosed above, or any intra-group liabilities, as at October 31, 2021 and up to the Latest Practicable Date, we did not have any material mortgages, debt securities issued and outstanding, and authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in nature of borrowing, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

CONTINGENT LIABILITIES

We did not have any contingent liabilities as at December 31, 2019, December 31, 2020, September 30, 2021, October 31, 2021 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

The following table sets out the details of our capital expenditures for the periods indicated:

	Years ended December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Additions to property and equipment	1,047	1,996	2,532
Additions to intangible assets	125	261	772
Total	**1,172**	**2,257**	**3,304**

We funded our capital expenditure during the Track Record Period via equity financing and bank borrowings.

We plan to fund our planned capital expenditures in part with revenue generated from sales of our drug products in the event of any successful commercialization, as well as royalties and milestone payments from any collaboration and licensing arrangements. See "Future Plans and Use of Proceeds." We may reallocate the funds to be utilized on capital expenditure based on our ongoing business needs. We expect that our capital expenditures for the years ending December 31, 2021 and 2022 will primarily be related to property and equipment.

CAPITAL COMMITMENTS

The following table sets out the details of our capital commitments for the periods indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the historical financial information	—	499	815

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

FINANCIAL RISK DISCLOSURE

Financial Risk Factors

We are exposed to a variety of financial risks, including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial position and financial performance. See Note 32 of Appendix I to this prospectus.

Market Risk

Currency Risk

Certain bank balances, deposits and other receivables, trade and other payables denominated in foreign currency of respective group entities expose us to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Directors of our Company consider that as HK$ is pegged to US$, we are not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$ and RMB exposure in foreign currency risk is insignificant. See Note 32(i) of Appendix I to this prospectus.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to lease liabilities and cash flow risk in relation to variable-rate restricted bank balances, bank balances and bank and other borrowings. Our cash flow interest rate risk is mainly concentrated on the fluctuation of The People's Bank of China benchmark rates, and we regularly monitor and evaluate the risk by reference to anticipated changes in market interest rate. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise. See Note 32(ii) of Appendix I to this prospectus.

Other Price Risk

We are exposed to other price risk arising from preferred shares, Series C and Series D Warrants and SAFE, and convertible loans which were classified as financial liabilities at fair value through profit or loss. See Note 32(iii) of Appendix I to this prospectus.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to restricted bank balances, bank balances and deposits and other receivables. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets. See Note 32 of Appendix I to this prospectus.

Other Receivables and Deposits

For other receivables and deposits, our Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Except for the credit-impaired other receivables with gross carrying amount amounting to US$0.2 million as of December 31, 2019, our Directors believe that there is no significant increase in credit risk of the remaining other receivables and deposits since initial recognition and we provided impairment based on 12-month Expected Credit Losses ("12m ECL") for the year ended December 31, 2019. See Note 32 of Appendix I to this prospectus.

Restricted Bank Balances and Bank Balances

Credit risk on restricted bank balances and bank balances is limited because our counterparties are reputable banks with high credit ratings assigned by credit agencies. We assessed 12m ECL for restricted bank balances and bank balances by reference to information relating to probability of default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank balances and bank balances is considered to be insignificant. See Note 32 of Appendix I to this prospectus.

Liquidity Risk

In management of liquidity risk, we monitor and maintain levels of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on shareholders' investment and issuance of preferred shares, SAFE, series seed preferred shares and convertible loans as a significant source of liquidity. See Note 32 of Appendix I to this prospectus.

MATERIAL RELATED PARTY TRANSACTIONS

We entered into a related party transaction with Jiangsu Better Time Biotechnology Co., Ltd. ("BTM") in the nine months ended September 30, 2021 in the amount of US$168,000. For details, see Note 34 of Appendix I to this prospectus. Our Directors believe that our

transaction with related party during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDEND

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. PRC laws require a foreign-invested enterprise to make up for its accumulative losses out of its after-tax profits and allocate at least 10% of its remaining after-tax profits, if any, to fund its statutory reserves until the aggregate amount of its statutory reserves exceeds 50% of its registered capital.

Any amount of dividend we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividend will be subject to our constitutional documents and the Cayman Companies Act. Subject to the Cayman Companies Act and the Articles of Association, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

Historically, we have not declared or paid any dividend to our Shareholders and there is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

As advised by the Cayman Islands legal advisors to our Company, a Cayman Islands exempted company may pay dividends out of profits, retained earnings or share premium account, subject to the provisions of the company's memorandum and articles of association and provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Our Directors must satisfy their fiduciary duties when the dividends are declared and paid, and are satisfied that our Company will continue to be able to pay its debts as they fall due in the ordinary course of business after the payment of the dividend. According to our Cayman Islands legal advisors, there is no provision under the Cayman Companies Act which expressly prohibits our Company from declaring and paying dividends out of the share premium account where our Company is loss making or is in a net liabilities position.

DISTRIBUTABLE RESERVES

As of September 30, 2021, our Company had US$10.5 million distributable reserves.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We incurred listing expenses of US$0.9 million in 2020 and US$5.6 million in the nine months ended September 30, 2021. We expect to incur listing expenses of approximately US$6.6 million (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$69.30 per Offer Share, being the mid-point of the Offer Price range). The listing expenses we incurred in the Track Record Period and expect to incur would consist of approximately US$3.0 million underwriting fees and approximately US$10.1 million non-underwriting fees (including fees and expenses of legal advisor(s) and accountant(s) of approximately US$6.6 million and other fees and expenses of approximately US$3.6 million). Among the total listing expenses which we expect to incur, approximately US$2.8 million is expected to be charged to profit or loss, and approximately US$3.8 million is expected to be capitalized, which will be deducted from equity upon the Listing. Our total listing expenses are estimated to account for 19.6% of the gross proceeds of the Global Offering. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS LESS LIABILITIES OF OUR GROUP ATTRIBUTABLE TO OWNERS OF OUR COMPANY

The following is an illustrative and unaudited pro forma statement of our adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company which has been prepared in accordance with Rule 4.29(7) of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on our consolidated net tangible assets less liabilities of the Group attributable to owners of our Company as of September 30, 2021 if the Global Offering had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of September 30, 2021 or at any future date following the Global Offering.

	Audited assets less liabilities of our Group attributable to owners of our Company as of September 30, 2021 US$'000 (Note 1)	Estimated net proceeds from the Global Offering US$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company as of September 30, 2021 US$'000	Unaudited pro forma adjusted consolidated net tangible assets less liabilities of our Group attributable to the owners of Company as of September 30, 2021 per Share US$ (Note 3)	HK$ (Note 4)
Based on an offer price of HK$72.70 (equivalent to US$9.33) per share	(140,959)	63,557	(77,402)	(3.45)	(26.91)
Based on an offer price of HK$65.90 (equivalent to US$8.45) per share	(140,959)	57,275	(83,684)	(3.73)	(29.09)

Notes:

1. The audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 is arrived at after deducting intangible assets of US$1,080,000 from the audited consolidated net liabilities attributable to owners of the Company of US$139,879,000 from the consolidated statement of financial position set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 7,540,000 shares at the Global Offering of HK$65.90 (equivalent to US$8.45) and HK$72.70 (equivalent to US$9.33) per offer share, being the low-end and high-end of the stated offer price range, respectively, after deduction of the estimated underwriting fees and commissions and other related expenses paid/payable by the Group (excluding listing expenses charged to profit or loss prior to September 30, 2021) and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under Pre-IPO Equity Incentive Plan or (iii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or (iv) the conversion of all preferred shares existing on September 30, 2021 into ordinary shares of the Company.

   For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into US$ at the rate of HK$1 to US$0.1283, which was the exchange rate prevailing on December 10, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Bank of the U.S. No representation is made that the HK$ amounts have been, could have been or may be converted to US$, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company per share is arrived at on the basis that a total of 22,419,638 shares were in issue assuming that the Global Offering had been completed on September 30, 2021 and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under Pre-IPO Equity Incentive Plan or (iii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or (iv) the conversion of all preferred shares existing on September 30, 2021 into ordinary shares of the Company.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company per share, the amount denominated in US$ has been converted into HK$ at the rate of US$1 to HK$7.7943, which was the exchange rate prevailing on December 8, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Bank of the U.S. No representation is made that the US$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2021. In particular, the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as shown on II-1 have not been adjusted to illustrate the effect of the following:

   Upon completion of the Global Offering, the conversion of all preferred shares existing on September 30, 2021 would have reclassified the carrying amount of all preferred shares existing on September 30, 2021 of US$314,018,000 (which has not included in the fair value series seed preferred shares by RNAimmune, one of our subsidiary, of US$7,260,000), assuming no further changes in fair values of all preferred shares existing on September 30, 2021 upon Global Offering, to ordinary shares under equity. All outstanding shares of series seed preferred shares of RNAimmune shall be converted automatically into ordinary shares of RNAimmune upon the future listing of shares in RNAimmune. The conversion of all preferred shares existing on September 30, 2021 would have increased the total number of shares in issue assumption stated in Note 3 by 52,877,142 Shares and would have adjusted the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 by US$314,018,000.

   The effect of the conversion of preferred shares excluding the series seed preferred shares issued by RNAimmune into ordinary shares of the Company (collectively referred to as the "Subsequent Transactions") would have adjusted the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 by US$314,018,000 to unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$230,334,000 based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$236,616,000 based on an Offer Price of HK72.70 (equivalent to US$9.33) per Share and would have increased the total Shares in issue by 52,877,142 Shares to a total of 75,296,780 Shares in issue (which represents the number of issued share capital of 88,066,780 less the 12,770,000 ordinary shares to be issued to a professional trustee which will hold such shares, upon issue before the Listing, on trust under the Pre-IPO Equity Incentive Plan for employees). Had the Subsequent Transactions been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2021 per Share would be US$3.06 (equivalent to HK$23.84) based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and US$3.14 (equivalent to HK$24.49) based on an Offer Price of HK$72.70 (equivalent to US$9.33) per Share, respectively.

   For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in US$ is converted into HK$ at the rate of US$1 to HK$7.7943, which was the exchange rate prevailing on December 10, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Bank of the U.S. No representation is made that the US$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or

prospects since September 30, 2021, being the end date of the periods reported on in Appendix I to this prospectus, and there has been no event since September 30, 2021 that would materially affect the information as set out in Appendix I to this prospectus.

Our Directors confirmed that the COVID-19 pandemic did not have any material adverse impact on our business operations and financial performance as of the Latest Practicable Date, primarily because: (i) there had been no material disruption of our ongoing clinical or preclinical trials; and (ii) we had not encountered any material supply chain disruption. We cannot foresee when the COVID-19 pandemic will become completely under control or whether COVID-19 will have a material and adverse impact on our business going forward. See "Risk Factors – Risks Relating to Our Operations – We may be subject to disasters, health epidemics such as COVID-19, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations." We are continually monitoring the COVID-19 situation as well as various regulatory and administrative measures adopted by local governments to prevent and control the pandemic. We will continue to monitor and evaluate any impact of the COVID-19 pandemic on us and adjust our precautionary measures according to the latest developments of the pandemic.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business – Strategies" for details of our future plans.

USE OF PROCEEDS

We estimate that we will receive the net proceeds of approximately HK$420.2 million from the Global Offering after deducting the underwriting fees and other estimated expenses in connection with the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$69.30 per Offer Share, being the mid-point of the indicative Offer Price range of HK$65.90 to HK$72.70 per Offer Share in this prospectus.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market condition:

(a) Approximately HK$243.3 million (equivalent to approximately US$31.2 million, representing 57.9% of the net proceeds) will be allocated to fund the development and commercialization of STP705, and specifically:

- Approximately 14.4% of the net proceeds, or HK$60.5 million (equivalent to approximately US$7.8 million), is expected to be used for completing multiple sites of STP705 Phase IIb and Phase III clinical trials for the treatment of isSCC;

- Approximately 6.7% of the net proceeds, or HK$28.1 million (equivalent to approximately US$3.6 million), is expected to be used for conducting other STP705 clinical trials;

- Approximately 16.4% of the net proceeds, or HK$68.9 million (equivalent to approximately US$8.8 million), is expected to be used for completing the CMC and process development for STP705;

- Approximately 14.8% of the net proceeds, or HK$62.4 million (equivalent to approximately US$8.0 million), is expected to be used for operation of pilot plant and construction of commercial product manufacturing facility in Guangzhou. The pilot plant of our Guangzhou facility will be capable of cGMP-compliant manufacturing and will cover formulation, fill and finish, test and release for clinical application;

- Approximately 5.6% of the net proceeds, or HK$23.4 million (equivalent to approximately US$3.0 million), is expected to be used for efforts in sales and marketing of STP705;

(b) Approximately HK$65.7 million (equivalent to approximately US$8.4 million, representing 15.6% of the net proceeds) will be allocated to fund the development of STP707, and specifically:

- Approximately 9.4% of the net proceeds, or HK$39.5 million (equivalent to approximately US$5.1 million), is expected to be used for the preclinical research and development for STP707;

- Approximately 2.6% of the net proceeds, or HK$11.0 million (equivalent to approximately US$1.4 million), is expected to be used for STP707 clinical trials;

- Approximately 3.6% of the net proceeds, or HK$15.2 million (equivalent to approximately US$1.9 million), is expected to be used for completing the CMC and process development for STP707;

(c) Approximately HK$64.5 million (equivalent to approximately US$8.3 million, representing 15.4% of the net proceeds) will be allocated 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, and specifically:

- Approximately 7.3% of the net proceeds, or HK$30.5 million (equivalent to approximately US$3.9 million), is expected to be used for the preclinical research and development for our GalNAc Program;

- Approximately 1.8% of the net proceeds, or HK$7.7 million (equivalent to approximately US$1.0 million), is expected to be used for conducting clinical trials for our GalNAc Program;

- Approximately 6.3% of the net proceeds, or HK$26.3 million (equivalent to approximately US$3.4 million), is expected to be used for completing the CMC and process development for our GalNAc Program;

(d) Approximately HK$30.8 million (equivalent to approximately US$4.0 million, representing 7.3% of the net proceeds) will be allocated to fund the research and development of our other preclinical drug candidates.

(e) Approximately HK$15.9 million (equivalent to approximately US$2.0 million, representing 3.8% of the net proceeds) will be allocated for general corporate and working capital purposes.

We estimate that we will receive from the Global Offering net proceeds, after deducting the underwriting fees and estimated expenses payable by us in connection with the Global Offering, in the amount as set forth in the following table:

	Based on the low-end of the proposed Offer Price range of HK$65.90	**Based on the middle-end of the proposed Offer Price range of HK$69.30**	**Based on the high-end of the proposed Offer Price range of HK$72.70**
Assuming the Over-allotment Option is not exercised	Approximately HK$395,740,888	Approximately HK$420,222,468	Approximately HK$444,704,848
Assuming the Over-allotment Option is exercised in full	Approximately HK$466,919,007	Approximately HK$495,073,744	Approximately HK$523,228,481

If the Offer Price is set at the high point or the low point of the indicative Offer Price range (assuming the Over-allotment Option is not exercised), the net proceeds will increase or decrease by approximately HK$24.5 million, respectively. We will apply the additional or reduced net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we will receive additional net proceeds of approximately HK$74.9 million, assuming an Offer Price of HK$69.30 per Share, being the mid-point of the indicative Offer Price range.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we currently intend to deposit such net proceeds into interest-bearing bank accounts with licensed commercial banks or other authorized financial institutions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 50 Shares) that may be purchased with an aggregate amount of approximately US$29 million (approximately HK$223 million) at the Offer Price (the "**Cornerstone Placing**").

Based on the Offer Price of HK$72.70 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 3,066,400, representing approximately 40.67% of the Offer Shares and approximately 3.48% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK$69.30 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 3,216,850, representing approximately 42.66% of the Offer Shares and approximately 3.65% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK$65.90 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 3,382,800, representing approximately 44.86% of the Offer Shares and approximately 3.84% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our Company's business and prospect.

The Cornerstone Placing forms part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue following the completion of the Global Offering and to be listed on the Stock Exchange, and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Such Offer Shares will not be counted towards the public float of our Company under

Rule 18A.07 of the Listing Rules. Our Company became acquainted with each of the Cornerstone Investors through introduction by our Directors.

Immediately following the completion of the Global Offering, each of the Cornerstone Investors (i) will not become a substantial Shareholder (as defined in the Listing Rules) of our Company, and (ii) will not have any Board representation in our Company. To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person, (ii) each of the Cornerstone Investors is independent of other Cornerstone Investors, (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by the Company and its subsidiaries, our Directors, chief executive, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates, and (iv) none of the Cornerstone Investors is accustomed to take instructions from the Company and its subsidiaries, our Directors, chief executive, substantial shareholders, existing Shareholders or any of their subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in its name or otherwise held by it. The Cornerstone Investors do not have any preferential rights under the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. There are no side agreements or arrangements between us and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

As confirmed by each of the Cornerstone Investors, its subscription under the Cornerstone Placing would be financed by its own internal financial resources. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by the reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation." Details of the allocations to the Cornerstone Investors will be disclosed in the allotment results announcement in the Hong Kong Public Offering to be published on or around December 29, 2021. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by all Cornerstone Investors under the Cornerstone Placing. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares on or before 8 a.m. on the Listing Date. If there is no over-allocation in the International Offering, delayed

delivery will not take place. There will not be any deferred settlement in payment by any of the Cornerstone Investors. For details of the Over-allotment Option, see "Structure of the Global Offering – The International Offering – Over-allotment Option."

The table below sets forth details of the Cornerstone Placing:

		Based on an Offer Price of HK$72.70 (being the high-end of the Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares to be subscribed[1]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of the issued share capital[2]	Approximate % of Offer Shares	Approximate % of the issued share capital[2]
Kunming Jiashiqing Innoforce Pharmaceuticals	US$23,601,772	2,530,350	33.56%	2.87%	29.18%	2.84%
	US$5,000,000	536,050	7.11%	0.61%	6.18%	0.60%
Total	**US$28,601,772**	**3,066,400**	**40.67%**	**3.48%**	**35.36%**	**3.44%**

		Based on an Offer Price of HK$69.30 (being the mid-point of the Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares to be subscribed[1]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of the issued share capital[2]	Approximate % of Offer Shares	Approximate % of the issued share capital[2]
Kunming Jiashiqing Innoforce Pharmaceuticals	US$23,601,772	2,654,500	35.21%	3.01%	30.61%	2.98%
	US$5,000,000	562,350	7.46%	0.64%	6.49%	0.63%
Total	**US$28,601,772**	**3,216,850**	**42.66%**	**3.65%**	**37.10%**	**3.61%**

		Based on an Offer Price of HK$65.90 (being the low-end of the Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares to be subscribed[1]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of the issued share capital[2]	Approximate % of Offer Shares	Approximate % of the issued share capital[2]
Kunming Jiashiqing Innoforce Pharmaceuticals	US$23,601,772	2,791,450	37.02%	3.17%	32.19%	3.13%
	US$5,000,000	591,350	7.84%	0.67%	6.82%	0.66%
Total	**US$28,601,772**	**3,382,800**	**44.86%**	**3.84%**	**39.01%**	**3.79%**

Notes:

(1) Subject to rounding down to the nearest whole board lot of 50 Shares and calculated based on the exchange rate set out in the section headed "Information about this Prospectus and the Global Offering — Exchange Rate Conversion".

(2) Immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Kunming Jiashiqing

Kunming Jiashiqing Investment Partnership (Limited Partnership) (昆明佳時清投資合夥企業（有限合夥）) ("**Kunming Jiashiqing**"), headquartered in Kunming, is a limited partnership organized under the laws of the PRC with a registered capital of RMB10 million. The ultimate beneficial owners of Kunming Jiashiqing are three natural persons, Chen Shi (陳適), Liao Bing (廖冰) and Ji Xiang (紀翔), who are Independent Third Parties and each holding 33% of interest in Kunming Jiashiqing. The three partners have experience in secondary market investing in biotechnology and pharmaceutical companies on the A-share market in the PRC. Chen Shi, who is mainly responsible for the daily operations of Kunming Jiashiqing, also has experience in venture capital investments in biotechnology companies, for example Jiangsu Recbio Technology Co., Ltd, a vaccine company which submitted its listing application to the Stock Exchange in July 2021. Founded in 2021, Kunming Jiashiqing's assets under management amounted to approximately RMB150 million as of the Latest Practicable Date, which will wholly be invested into the Company. Kunming Jiashiqing's objective is to conduct in long-term investment in the growing technology sector. Kunming Jiashiqing became acquainted with the Company through introduction by Dr. Xiaochang Dai, a non-executive Director. Chen Shi's father, Chen Erjia (陳爾佳), being one of the founders of Walvax, was the Vice-chairman of Walvax from 2012 and retired in 2016 and is a former colleague of Dr. Xiaochang Dai. They were both directors of Walvax between 2002 and 2004. Save as above, there is no any other relationship between Chen Erjia and Dr. Xiaochang Dai, and both Chen Shi and Chen Erjia are Independent Third Parties. For further details of Dr. Xiaochang Dai, please refer to section headed "Directors and Senior Management". Kunming Jiashiqing's investment into the Company would be completed through Qualified Domestic Institutional Investor (QDII) programs in the PRC.

Innoforce Pharmaceuticals

Zhejiang Innoforce Pharmaceuticals Co., Ltd. (浙江健新原力製藥有限公司) ("**Innoforce Pharmaceuticals**"), headquartered in Hangzhou, is a limited liability company incorporated under the laws of the PRC with a registered capital of approximately RMB 198 million. Innoforce Pharmaceuticals offers end-to-end contract development and manufacturing service (CDMO), including GMP manufacturing of plasmid DNA, RNA, viral vector, and cell products by mid-2022. Innoforce Pharmaceuticals' enabling capabilities for incubating and developing cell, gene, and advanced biological therapies support partners and portfolio companies to rapidly and efficiently bring cutting-edge treatments that impact patients' lives. Innoforce Pharmaceuticals was co-founded by one of its founders, Hangzhou Yuanli Jingcheng Enterprise Management Co., Ltd. (杭州原力竟成企業管理有限公司), as the largest shareholder of Innoforce Pharmaceuticals, holds approximately 15% of shareholding in Innoforce Pharmaceuticals. None of the limited partners holds more than 30% of shareholding, and all limited partners and ultimate beneficial owners of Innoforce Pharmaceuticals are Independent Third Parties. Innoforce Pharmaceuticals has been conducting preliminary discussion with the Company about potential strategic business collaboration. Innoforce Pharmaceuticals'

investment into the Company would be completed through Qualified Domestic Institutional Investor (QDII) programs in the PRC.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

a. the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

b. the Offer Price having been agreed upon between the Company and the Joint Representatives (for themselves and on behalf of the Underwriters);

c. the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

d. no applicable laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

e. the representations, warranties, undertakings, confirmations and acknowledgements of such Cornerstone Investor and our Company (as the case may be) under the respective Cornerstone Investment Agreement are accurate and true in all material respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor and our Company (as the case may be).

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the

relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

HONG KONG UNDERWRITERS

Sole Sponsor

China International Capital Corporation Hong Kong Securities Limited

Joint Global Coordinators and Joint Bookrunners

China International Capital Corporation Hong Kong Securities Limited

The Hongkong and Shanghai Banking Corporation Limited

Nomura International (Hong Kong) Limited

China Merchants Securities (HK) Co., Limited

China PA Securities (Hong Kong) Company Limited

Joint Bookrunners

Alpha Win Capital Limited

Valuable Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus relating thereto.

Subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be offered as mentioned herein (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus relating thereto and the Hong Kong Underwriting Agreement.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice from the Joint Representatives to the Company, if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations, or any event or circumstance likely to result in a change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States the United Kingdom, the European Union (or any member thereof) or Japan (collectively, the "**Relevant Jurisdiction**");

(ii) any change or development involving a prospective change, or any event or series of events resulting or likely to result in or representing any change or development, in local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong Dollar is linked to the United States Dollar or revaluation of Hong Kong Dollar or Renminbi against any foreign currencies or a change in any other currency exchange rates, in any of the Relevant Jurisdictions;

(iii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, Singapore, the PRC, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of the Group, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions;

(iv) the imposition of any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the

NASDAQ Global Market, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

(v) a change or development or event involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong Dollar or the Renminbi against any foreign currencies) in any of the Relevant Jurisdictions adversely affecting an investment in the Shares;

(vi) any material adverse change or development or event involving any prospective adverse change (whether permanent or not) or development in the assets, liabilities, business, general affairs, management profit, losses, earnings, results of operations, properties, business, shareholders' equity, performance, prospects, financial or trading position, conditions or prospects (financial or otherwise) of the Company or any member of the Group as a whole;

(vii) the outbreak or escalation of hostilities (whether or not war is or has been declared) involving or affecting any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis;

(viii) any event, or series of events, in the nature of force majeure in or affecting directly or indirectly, any of the Relevant Jurisdictions (including, without limitation, any act of God, act of government, declaration of a regional, national or international emergency or acts of war, calamity, crisis, riot, public disorder, civil commotion, outbreak or escalation of hostilities (whether or not war is declared), paralysis in government operations, fire, flood, explosion, epidemic, pandemic, outbreak of infectious disease, escalation, adverse mutation or aggravation of diseases (including, without limitation, COVID-19, SARS, swine or avian flu, H5N1, H1N1, H7N9 or such related/mutated forms), economic sanctions, earthquake, terrorism, strike, labour dispute, industrial actions or lock-out;

(ix) any change or prospective change in, or a materialisation of any of the risks set out in the section headed "Risk Factors" in this Prospectus;

(x) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Director;

(xi) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management

of a company or the commencement by any government, political, regulatory body of any action against any Director in his capacity as such or an announcement by any governmental, political regulatory body that it intends to take any such action;

(xii) chairman of the Board, chief executive officer, chief financial officer or any Director vacating his/her office;

(xiii) any governmental authority or a political or regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or take other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director;

(xiv) any imposition of sanctions under any sanction laws or regulations, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement (which would result in any material adverse change), in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;

(xv) any contravention by any member of the Group or any Director of the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law of the PRC, the Listing Rules or other applicable Laws;

(xvi) non-compliance of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws;

(xvii) except with the prior written consent of the Joint Representatives, the issue or requirement to issue by the Company of any supplement or amendment to this Prospectus or GREEN Application Form pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC in circumstances where the matter to be disclosed is, in the sole opinion of the Joint Representatives, adversely affect the marketing for or implementation of the Global Offering;

(xiii) an order or a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group;

(xix) a valid demand by any creditor for repayment or payment of any of the indebtedness of any member of the Group or in respect of which that member of the Group is liable prior to its stated maturity, or any loss or damage sustained by that member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person);

(xx) any matter or event arising or has been discovered rendering or there coming to the notice of any of the Joint Representatives or the Hong Kong Underwriters any matter or event showing any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect, incomplete or misleading or having been breached; or

(xxi) any matter or event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company, or any of them under this Agreement

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters):

(i) is or will or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole;

(ii) has or will have or may likely have a material adverse effect on the success or marketability of the Hong Kong Public Offering or the International Offering or the level of applications under the Hong Kong Public Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares;

(iii) makes or will make or may likely make it inadvisable or inexpedient or impracticable or incapable for any part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering or the delivery of the Offered Shares to be performed or implemented or proceed as envisaged or to market the Global Offering in the manner contemplated by this Prospectus; or

(iv) has or will have or may likely have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting the Hong Kong Public Offering and/or the Global Offering) incapable or impracticable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Representatives or any of the Hong Kong Underwriters:

(i) any statement contained in any of this Prospectus, the GREEN Application Form, the formal notice, post-hearing information pack and/or in any announcements in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation expressed or contained in any of this Prospectus, the GREEN Application Form, the formal notice and/or any announcements in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions with reference to the facts and circumstances then subsisting;

(ii) any breach on the part of the Company and/or of any provisions of or obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement in any material respect;

(iii) any of the experts (other than the Sole Sponsor) specified in this Prospectus has withdrawn its respective consent to the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(iv) the Company has withdrawn this Prospectus, the GREEN Application Form or the Global Offering;

(v) a material portion of the orders placed or confirmed in the bookbuilding process or of the investment commitments made by cornerstone investors under cornerstone investment agreements (or any agreements entered into with such cornerstone investors with similar effect), has been withdrawn, terminated or cancelled; or

(vi) approval by the Listing Committee of the listing of, and permission to deal in the Offer Shares, subject only to allotment and the dispatch of share certificates in respect thereof, is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld.

then the Joint Representatives (on behalf of the Hong Kong Underwriters) may in their sole discretion and upon giving notice to the Company on or prior to 8:00 a.m. on the Listing Date, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into our Company's equity securities (whether or not of a class already issued) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or our Company's securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters and each of them not to (save for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering including pursuant to any exercise of Over-Allotment Option), without the prior written consent of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time during the period commencing on the date of this prospectus and ending on, and including, the last six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option, warrant or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other equity securities of the Company or of such member of the Group, as applicable, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing), or deposit any Shares or other equity securities of the Company with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other equity securities of the Company, or any interest therein (including, without limitation, any equity securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other equity securities of the Company in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to the issue of the Shares by the Company pursuant to the Global Offering.

Undertakings by certain of our Shareholders

Each of the existing Shareholders (including Dr. Lu but excluding Mike Ghias, Asghar Ghias, Cachet Multi Strategy Fund and Marvelous Legend Ventures Limited) (the "**Existing Shareholders**") have entered into a lock-up undertaking letter (each a "**Lock-Up Undertaking Letter**" and collectively, the "**Lock-Up Undertaking Letters**") in favor of the Company, the Sole Sponsor, and the Joint Representatives (for themselves and on behalf of the Underwriters). Pursuant to the Lock-Up Undertaking Letters, each of the Existing Shareholders agrees that, without the prior written consent of the Sole Sponsor and the Joint Representatives (for themselves and on behalf of the Underwriters), he/it will not, and will cause its affiliates and the relevant registered holder(s), nominee(s) or trustee(s) holding on trust for him/it not to, at any time from and including the date of the Lock-Up Undertaking Letter, (apart from Beijing Borui where such date is the Listing Date) and ending on, and including the date falling six months after the Listing Date (the "**Existing Shareholders' Locked-up Period**").

(i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, make any short sale, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, either directly or

indirectly, conditionally or unconditionally, any Shares or other securities of the Company or of such member of the Group, as applicable, or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing) beneficially owned by him/it as at the Listing Date (the "**Locked-up Shares**");

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Shares;

(iii) allow itself to undergo a change of control (as defined in the Codes on Takeovers and Mergers and Share Buy-backs promulgated by the Securities and Futures Commission of Hong Kong, which shall mean a holding, or aggregate holdings, of 30% or more of the voting rights of a company, irrespective of whether that holding or holdings gives de facto control) at the level of its ultimate beneficial owner;

(iv) enter into any transaction with the same economic effect as any transaction described in paragraphs (i), (ii) or (iii) above; or

(v) offer to or contract to or agree to or publicly disclose that he/it will or may enter into any transaction described in paragraphs (i), (ii), (iii) or (iv) above,

in each case, whether any such transaction described in paragraphs (i), (ii), (iii) or (iv) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Existing Shareholders' Locked-Up Period).

The restrictions set out in the Lock-Up Undertaking Letters shall not apply to:

(i) any Locked-up Shares which may be sold by the Locked-up Existing Shareholder in the open market after the commencement of dealings in the Shares on the Listing Date;

(ii) transfers of any Locked-up Shares or any security convertible into Locked-up Shares by the Existing Shareholder to his/its wholly-owned subsidiary or company (as applicable);

(iii) any charge, mortgage or pledge by the Existing Shareholder of the Locked-up Shares during the Existing Shareholders' Locked-Period in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan made to us ("**Loan**") if the person making the Loan undertakes to be bound by the restrictions on disposal set out under the

Lock-Up Undertaking Letters during the Existing Shareholders' Locked-Period and which restrictions shall include any disposal of the Locked up Shares on exercise of any enforcement action or foreclosure following a default under the Loan;

(iv) any shares borrowed to the Stabilizing Manager pursuant to the stock borrowing agreement (if applicable); and

(v) provided that in the case of any transfer or distribution pursuant to sub-clauses (ii) or (iii), each transferee, chargee, mortgagee or pledgee shall sign and deliver to the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters a lock-up undertaking substantially in the form and substance of the Lock-Up Undertaking Letters satisfactory to the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters, and any such transfer, charge, mortgage or pledge shall not involve a disposition for value.

For the purpose of the Hong Kong Underwriting Agreement and Lock-Up Undertaking Letter:

"**affiliate**" means in relation to any person, means any other person which is the holding company of such person, or which is a subsidiary of such person or of the holding company of such person, or which directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with such person and, for the purposes of the foregoing, "**control**" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, and "**controlled by**" and "**under common control with**" shall be construed accordingly;

"**Encumbrance**" means any claim, mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, equitable right, power of sale, hypothecation, retention of title, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind or an agreement, arrangement or obligation to create any of the foregoing.

For the purpose of the Lock-Up Undertaking Letter:

"**Locked-up Shares**", with respect to any Existing Shareholder, means any and all shares of the Company held by such Existing Shareholder as of the date of the relevant Lock-Up Undertaking Letter and any such other additional shares of the Company acquired by such Existing Shareholder (including but not limited to any and all Shares as reclassified, redesignated or converted from the Preferred Shares held by the Existing Shareholder) from the date of the relevant Lock-Up Undertaking Letter up to Listing.

International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, inter alia, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will severally agree to subscribe or purchase or procure subscribers for the International Offering Shares being offered pursuant to the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the Price Determination Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 1,131,000 additional Shares representing 15% of the Offer Shares initially offered under the Global Offering, at the same price per Share under the International Offering to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Joint Representatives (for themselves and on behalf of the Underwriters) will receive underwriting commissions at the rate of 3.00% of the aggregate Offer Price payable for the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option). The Sole Sponsor is entitled to sponsor fee in the amount of US$1,000,000. Furthermore, our Company agrees, at their sole and absolute discretion, to pay to the Joint Representatives (for themselves and on behalf of the Underwriters) a discretionary incentive fee per Offer Share of up to 1.50%.

The aggregate underwriting commissions, incentive fee (if any), documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and other professional fees, and printing and other expenses in relation to the Global Offering are estimated to amount to approximately HK$102.30 million in total (based on the Offer Price of HK$69.30 per Share, being the mid-point of the indicative Offer Price range of HK$65.90 to HK$72.70 per Share and assuming the Over-allotment Option is not exercised), and are payable by our Company.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters, together referred to as "Syndicate Members", may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or the stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to

the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed "Structure of the Global Offering – Over-allotment Option" and "Structure of the Global Offering – Stabilization." These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

When engaging in any of these activities, it should be noted that the Syndicate Members are subject to certain restrictions, including the following:

- the Syndicate Members (other than the stabilizing manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out in the paragraph headed "– Commissions and Expenses" in this section for further information.

Save for their obligations under the Underwriting Agreements, as of the Latest Practicable Date, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 754,000 Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "– The Hong Kong Public Offering" below; and

(b) the International Offering of 6,786,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States only to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act, as described below in "– The International Offering".

The 7,540,000 Offer Shares initially being offered in the Global Offering will represent approximately 8.56% of our enlarged total number of issued Shares immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in "Underwriting" in this prospectus.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not apply under both of these methods for the Offer Shares.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to the Company and the Joint Representatives, for themselves and on behalf of the Underwriters, agreeing on the Offer Price. The Hong Kong Public Offering and the International Offering are subject to the conditions set forth in the paragraph headed "– Conditions of the Global Offering" in this section. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are expected to be conditional upon each other.

Number of Shares Initially Offered

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set forth in the Hong Kong

Underwriting Agreement and described in the paragraph headed "– Conditions of the Global Offering" in this section) for the subscription in Hong Kong of, initially 754,000 Shares at the Offer Price (representing 10% of the total number of the Offer Shares).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors.

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided equally into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 377,000 and 377,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5.0 million and up to a total value of Pool B (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 377,000 Hong Kong Offer Shares (being 50% of the 754,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of

increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

(a) In the event that the International Offer Shares are fully subscribed or oversubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are undersubscribed, the Joint Representatives (for themselves and on behalf of the other Underwriters), at their sole and absolute discretion (but shall not be under any obligation), may reallocate all or any of the unsubscribed Shares from the Hong Kong Public Offering to the International Offering;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 754,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will increase to up to 1,508,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 1,508,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 2,262,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 2,262,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 3,016,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an

additional 3,016,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 3,770,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

(b) In the event that the International Offer Shares are undersubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 754,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Hong Kong Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 1,508,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Sponsor and the Joint Representatives. If either the Hong Kong Public Offering or the International Offering is not fully subscribed for, the Sole Sponsor and the Joint Representatives have the authority to reallocate all or any unsubscribed Offer Shares from such offering to the other, in such proportion as the Sole Sponsor and the Joint Representatives deem appropriate.

In the case where (i) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (ii) the International Offer Shares are undersubscribed, the Offer Price shall be fixed at HK$65.90 per Offer Share (being the bottom end of the indicative Offer Price range stated in this prospectus).

In addition, the Joint Representatives, in their sole and absolute discretion, may (but shall have no obligation to) reallocate Offer Shares from the International Offer Shares to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with the Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such allocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 1,508,000 Offer Shares), and the Offer Price shall be fixed at HK$65.90 per Offer Share (being the bottom end of the indicative Offer Price range stated in this prospectus).

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Hong Kong Public Offering, which is expected to be published on Wednesday, December 29, 2021.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$72.70 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "– Pricing and Allocation" below, is less than the maximum price of HK$72.70 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

The International Offering is expected to be fully underwritten by the International Underwriters on a several basis. The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Number of Offer Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 6,786,000 Shares offered by the Company, representing 90% of the total number of Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised). The International Offering will be offered by us outside of the United States in reliance on Regulation S, and in the United States only to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable

demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "– Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Representatives so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

We expect to grant to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 1,131,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover over-allocations in the International Offering, if any.

Pursuant to the Over-allotment Option, the Joint Representatives have the right, exercisable at any time from the date of the International Underwriting Agreement up to the 30th day after the last day for lodging of applications under the Hong Kong Public Offering and from time to time, to require the Company to allot and issue up to an aggregate of 1,131,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share at which Offer Shares were initially offered under the International Offering, to cover over-allocations in the International Offering, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering. The Joint Representatives may, at their option, also cover such over-allocations by purchasing the Offer Shares in the secondary market or exercise of Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable laws, rules and regulations. If the Joint Representatives exercise the Over-allotment Option in full, the additional Offer Shares will represent approximately 1.27% of the Company's enlarged total number of issued

Shares immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Joint Representatives on the Price Determination Date, which is expected to be on or about Thursday, December 23, 2021 and in any event no later than Monday, December 27, 2021.

The Offer Price will not be more than HK$72.70 per Offer Share and is expected to be not less than HK$65.90 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Representatives (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of our Company (**www.sirnaomics.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Representatives, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number

of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Representatives, will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Representatives may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives.

If applicants have already submitted applications for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, they will not be allowed to subsequently withdraw their applications. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

Save for any subsequent changes in the number of Offer Shares and/or the Offer Price range, the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Wednesday, December 29, 2021 in South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the website of our Company (**www.sirnaomics.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, as stabilizing manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date.

China International Capital Corporation Hong Kong Securities Limited has been appointed as the Stabilizing Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the Hong Kong Securities and Futures Ordinance.

Any such stabilizing activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilization including the Securities and Futures (Price Stabilizing) Rules made under the Hong Kong Securities and Futures Ordinance. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilization activity is required to be brought to an end within 30 days after the last date for lodging application under the Hong Kong Public Offering which is expected to be on or around Saturday, January 22, 2022. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 1,131,000 Shares, which is 15% of the Shares initially available under the Global Offering.

Following any over-allotment of Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period to cover such over-allotment. The possible stabilizing action which may be taken by the Stabilizing Manager, its affiliates or any person acting for it in connection with the Global Offering may involve (1) purchases of Shares, (2) establishing, hedging and liquidating positions in Shares, (3) exercising the Over-allotment Option in whole or in part, (4) offering or attempting to do any of (1), (2) or (3) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Saturday, January 22, 2022, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Joint Representatives, each of their affiliates or any person acting for them may cover such over-allocation by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 1,131,000 Shares, representing no more than 15% of the Offer Shares initially available under the Global Offering.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective

agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times);

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) on or before Monday, December 27, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sirnaomics.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to issue share certificates for the Offer Shares on Wednesday, December 29, 2021. Share certificates issued in respect of Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date, which is expected to be on Thursday, December 30, 2021, provided that (1) the Global Offering has become unconditional in all respects and (2) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including Shares which may be issued pursuant to the exercise of (i) the Over-allotment Option and (ii) the options which have been granted under the Pre-IPO Equity Incentive Plan).

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, December 30, 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, December 30, 2021. The Shares will be traded in board lots of 50 Shares each.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** *under the "HKEXnews > New Listings > New Listing Information" section, and our website at* ***www.sirnaomics.com****. If you require a printed copy of this prospectus, you may download and print from the website addresses above.*

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Companies Registry in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and ***White Form eIPO*** *Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8690 on the following dates:*

Monday, December 20, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, December 21, 2021 – 9:00 a.m. to 9:00 p.m.
Wednesday, December 22, 2021 – 9:00 a.m. to 9:00 p.m.
Thursday, December 23, 2021 – 9:00 a.m. to 12:00 noon.

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through CCASS EIPO service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

We, the Joint Representatives, the **White Form eIPO** Service Provider and our and their respective agents may reject or accept any application, in full or in part, for any reason at our or their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If an application is made by a person under a power of attorney, Joint Representatives may accept it at their discretion and on any conditions its think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules and guidance letters issued by the Stock Exchange, or any relevant waivers that have been granted by the Stock Exchange, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- you are a Director or chief executive of the Company and/or any of its subsidiaries; or
- you are a close associate (as defined in the Listing Rules) of any of the above persons; and
- you have been allocated or have applied for any International Offering Shares or otherwise participate in the International Offering.

If you apply for the Hong Kong Offer Shares online through the White Form eIPO service, you must:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents

of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Act and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have relied only on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

(vi) agree that none of the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, and any of their respective directors, officers, employees, partners, agents, advisers, or representatives or any other parties involved in the Global Offering (collectively, the "**Relevant Persons**"), and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company nor the Relevant Persons will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of HKSCC Nominees on the Company's register of members as the holder(s) of the Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any eRefund payment instruction and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund check(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 50 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

Sirnaomics Ltd.
(HK$72.70 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
50	3,671.63	600	44,059.56	4,000	293,730.39	40,000	2,937,303.92
100	7,343.26	700	51,402.81	4,500	330,446.69	50,000	3,671,629.90
150	11,014.89	800	58,746.08	5,000	367,162.99	60,000	4,405,955.87
200	14,686.52	900	66,089.34	6,000	440,595.59	70,000	5,140,281.85
250	18,358.15	1,000	73,432.60	7,000	514,028.19	80,000	5,874,607.83
300	22,029.78	1,500	110,148.89	8,000	587,460.78	90,000	6,608,933.81
350	25,701.41	2,000	146,865.20	9,000	660,893.39	100,000	7,343,259.79
400	29,373.04	2,500	183,581.50	10,000	734,325.98	200,000	14,686,519.58
450	33,044.67	3,000	220,297.80	20,000	1,468,651.96	300,000	22,029,779.37
500	36,716.30	3,500	257,014.09	30,000	2,202,977.94	377,000(1)	27,684,089.41

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the "Who Can Apply" section, may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider at +852 2862 8690 on the following dates:

Monday, December 20, 2021 – 9:00 a.m. to 9:00 p.m.
Tuesday, December 21, 2021 – 9:00 a.m. to 9:00 p.m.
Wednesday, December 22, 2021 – 9:00 a.m. to 9:00 p.m.
Thursday, December 23, 2021 – 9:00 a.m. to 12:00 noon.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Monday, December 20, 2021 until 11:30 a.m. on Thursday, December 23, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, December 23, 2021, the last day for applications, or such later time under Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for the Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic**

application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Sirnaomics Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;

- (if the electronic application instruction is given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company or the Relevant Persons is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering Results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, December 20, 2021 – 9:00 a.m. – 8:30 p.m.
Tuesday, December 21, 2021 – 8:00 a.m. – 8:30 p.m.
Wednesday, December 22, 2021 – 8:00 a.m. – 8:30 p.m.
Thursday, December 23, 2021 – 8:00 a.m. – 12:00 noon.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, December 20, 2021 until 12:00 noon on Thursday, December 23, 2021 (24 hours daily, except on Thursday, December 23, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, December 23, 2021, the last day for applications or such later time as described in "Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section.

Note:

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by us, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through CCASS EIPO service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of us and our Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to us or our agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of us or our Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform us and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and e-Refund payment instructions/refund check, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of our Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Register of Members;
- verifying identities of the holders of our Shares;
- establishing benefit entitlements of holders of our Shares, such as dividends, rights issues, bonus issues, etc.;

- distributing communications from us and our subsidiaries;
- compiling statistical information and profiles of the holder of our Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable us and the Hong Kong Share Registrar to discharge our or their obligations to holders of our Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by us and our Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but we and our Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to us or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

We and our Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Access to and correction of personal data Holders of the Hong Kong Offer Shares have the right to ascertain whether we or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. We and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us, at our registered address disclosed in the section headed "Corporate Information" or as notified from time to time, for the attention of the secretary, or our Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for the Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic applications. The Company, the Relevant Persons and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems.

In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, December 23, 2021, the last day for applications, or such later time as described in "Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) or through the **White**

Form eIPO service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$72.70 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 50 Hong Kong Offer Shares, you will pay HK$3,671.63.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application through the **White Form eIPO** service in respect of a minimum of 50 Offer Shares. If you make an electronic application instruction for more than 50 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in the section "Minimum Application Amount and Permitted Numbers".

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering – Pricing and Allocation".

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 23, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, December 23, 2021 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, and the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, December 29, 2021 in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the Company's website at **www.sirnaomics.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.sirnaomics.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, December 29, 2021;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, December 29, 2021 to 12:00 midnight on Tuesday, January 4, 2022; and

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Wednesday, December 29, 2021 to Friday, December 31, 2021 and Monday, January 3, 2022 on a business day.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of the Hong Kong Offer Shares is void:

The allotment of the Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

- your Green Application Form is not completed in accordance with the stated instructions;

- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;

- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Representatives believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$72.70 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering as set out in the section headed "Structure of the Global Offering – Conditions of the Global Offering" are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, December 29, 2021.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund checks and Share certificates are expected to be posted on or before Wednesday, December 29, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, December 30, 2021, provided that the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(i) If you apply through the White Form eIPO service

If you apply for 100,000 or more Hong Kong Offer Shares through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund check(s) (where applicable) in person from the 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 from 9:00 a.m. to 1:00 p.m. on Wednesday, December 29, 2021, or such other date as notified by the Company as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund checks.

If you do not collect your Share certificate(s) and/or refund check(s) (where applicable) personally within the time specified for collection, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 100,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) and/or refund check(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, December 29, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(ii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

- For the purposes of allocating the Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic**

application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, December 29, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, December 29, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 29, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, December 29, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, December 29, 2021.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the approval for the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, which is expected to be on Thursday, December 30, 2021, or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set forth on pages I-1 to I-108, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SIRNAOMICS LTD., AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Sirnaomics Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-4 to I-108, which comprises the consolidated statements of financial position of the Group as at December 31, 2019, December 31, 2020 and September 30, 2021, the statements of financial position of the Company as at December 31, 2020 and September 30, 2021, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 (collectively referred to as the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-108 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 20, 2021 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial positions as at December 31, 2019, December 31, 2020 and September 30, 2021, of the Company's financial position as at December 31, 2020 and September 30, 2021 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not

express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company since its incorporation and its subsidiaries in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
December 20, 2021

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in United State Dollar ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended December 31, 2019 US$'000	2020 US$'000	Nine months ended September 30, 2020 US$'000 (unaudited)	2021 US$'000
Other income	7	440	771	206	205
Other gains and losses	8	368	255	118	(177)
Changes in fair value of financial liabilities at fair value through profit or loss ("FVTPL")	25	(2,584)	(17,574)	(19,773)	(13,112)
Administrative expenses		(4,667)	(5,157)	(3,661)	(8,412)
Research and development expenses		(10,213)	(14,894)	(9,814)	(22,014)
Impairment losses (recognized) reversed under expected credit loss model, net	32	(242)	242	–	–
Listing expenses		–	(885)	–	(5,617)
Other expenses	9	–	(8,943)	(27)	(672)
Finance costs	10	(229)	(243)	(184)	(202)
Loss before tax		(17,127)	(46,428)	(33,135)	(50,001)
Income tax expense	11	–	–	–	–
Loss for the year/period	12	(17,127)	(46,428)	(33,135)	(50,001)
Other comprehensive (expense) income:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(154)	(71)	128	(49)
Other comprehensive (expense) income for the year/period		(154)	(71)	128	(49)
Total comprehensive expense for the year/period		(17,281)	(46,499)	(33,007)	(50,050)
Loss for the year/period attributable to:					
Owners of the Company		(16,381)	(43,772)	(31,947)	(48,071)
Non-controlling interests		(746)	(2,656)	(1,188)	(1,930)
		(17,127)	(46,428)	(33,135)	(50,001)
Total comprehensive expense for the year/period attributable to:					
Owners of the Company		(16,510)	(43,833)	(31,876)	(48,179)
Non-controlling interests		(771)	(2,666)	(1,131)	(1,871)
		(17,281)	(46,499)	(33,007)	(50,050)
Loss per share	16				
– Basic and diluted (US$)		(1.33)	(3.17)	(2.34)	(3.32)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2019 US$'000	2020 US$'000	At September 30, 2021 US$'000
NON-CURRENT ASSETS				
Property and equipment	17	1,342	2,931	4,934
Right-of-use assets	18	1,824	1,520	3,116
Intangible assets	19	125	349	1,080
Deposits	20	119	247	1,361
		3,410	5,047	10,491
CURRENT ASSETS				
Prepayments, deposits and other receivables	20	1,458	1,954	5,945
Structured deposits	21	9,949	–	–
Restricted bank balances	21	57	61	62
Bank balances and cash	21	9,949	103,122	174,378
		21,413	105,137	180,385
CURRENT LIABILITIES				
Trade and other payables	22A	2,429	4,667	4,282
Contract liability	22B	–	–	770
Lease liabilities	24	368	443	1,193
Financial liabilities at FVTPL	25	–	88,989	–
		2,797	94,099	6,245
NET CURRENT ASSETS		18,616	11,038	174,140
TOTAL ASSETS LESS CURRENT LIABILITIES		22,026	16,085	184,631
NON-CURRENT LIABILITIES				
Financial liabilities at FVTPL	25	69,361	107,827	321,278
Bank borrowings	23	–	1,134	1,443
Lease liabilities	24	1,617	1,304	2,186
		70,978	110,265	324,907
NET LIABILITIES		(48,952)	(94,180)	(140,276)
CAPITAL AND DEFICITS				
Share capital	26	13	14	15
Deficits		(51,767)	(94,447)	(139,894)
Deficits attributable to owners of the Company		(51,754)	(94,433)	(139,879)
Non-controlling interests	28	2,802	253	(397)
TOTAL DEFICIT		(48,952)	(94,180)	(140,276)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	At December 31, 2020 US$'000	At September 30, 2021 US$'000
NON-CURRENT ASSET			
Investment in a subsidiary	35	–	94,446
CURRENT ASSETS			
Prepayments and other receivables	20	262	206,987
Bank balances	21	–	11,070
		262	218,057
CURRENT LIABILITY			
Other payables	22A	1,147	2,081
NET CURRENT (LIABILITIES) ASSETS		(885)	215,976
TOTAL ASSETS LESS CURRENT LIABILITIES		(885)	310,422
NON-CURRENT LIABILITY			
Financial liabilities at FVTPL	25	–	314,018
NET LIABILITIES		(885)	(3,596)
CAPITAL AND DEFICITS			
Share capital	26	–*	15
Deficits	27	(885)	(3,611)
TOTAL DEFICIT		(885)	(3,596)

* Less than US$ 1,000

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note iii)	Other reserves US$'000 (Note i)	Treasury share reserve US$'000	Translation reserve US$'000	Share option reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2019	12	–	819	(3,853)	(124)	(1,410)	1,850	(33,147)	(35,853)	3,545	(32,308)
Loss for the year	–	–	–	–	–	–	–	(16,381)	(16,381)	(746)	(17,127)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(129)	–	–	(129)	(25)	(154)
Total comprehensive expense for the year	–	–	–	–	–	(129)	–	(16,381)	(16,510)	(771)	(17,281)
Repurchase of ordinary shares of Delaware Sirnaomics (Note ii)	–	–	–	–	(115)	–	–	–	(115)	–	(115)
Recognition of share-based payment	–	–	–	–	–	–	578	–	578	–	578
Issue of shares of Delaware Sirnaomics under share option scheme	1	–	330	–	–	–	(157)	–	174	–	174
Capital contribution to Suzhou Sirnaomics (as defined in Note i) from a non-controlling shareholder	–	–	–	91	–	–	–	–	91	28	119
Issue of Series C Warrants (as defined in note i) to non-controlling shareholders (note 25(ii)(a))	–	–	–	(119)	–	–	–	–	(119)	–	(119)
At December 31, 2019	13	–	1,149	(3,881)	(239)	(1,539)	2,271	(49,528)	(51,754)	2,802	(48,952)
Loss for the year	–	–	–	–	–	–	–	(43,772)	(43,772)	(2,656)	(46,428)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(61)	–	–	(61)	(10)	(71)
Total comprehensive expense for the year	–	–	–	–	–	(61)	–	(43,772)	(43,833)	(2,666)	(46,499)
Repurchase of ordinary shares of Delaware Sirnaomics (Note ii)	–	–	–	–	(614)	–	–	–	(614)	–	(614)
Recognition of share-based payment	–	–	–	–	–	–	1,186	–	1,186	4	1,190
Forfeiture of share options	–	–	–	–	–	–	(234)	234	–	–	–
Issue of shares of Delaware Sirnaomics under share option scheme	1	–	1,246	–	–	–	(592)	–	655	–	655
Capital contribution to RNAimmune (as defined in note i) from non-controlling shareholders (note 35(a))	–	–	–	(73)	–	–	–	–	(73)	113	40
At December 31, 2020	14	–	2,395	(3,954)	(853)	(1,600)	2,631	(93,066)	(94,433)	253	(94,180)

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note iii)	Other reserves US$'000 (Note i)	Treasury share reserve US$'000	Translation reserve US$'000	Share option reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
Loss for the period	–	–	–	–	–	–	–	(48,071)	(48,071)	(1,930)	(50,001)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(108)	–	–	(108)	59	(49)
Total comprehensive expense for the period	–	–	–	–	–	(108)	–	(48,071)	(48,179)	(1,871)	(50,050)
Effect of conversion of SAFE (as defined in Note i) to a subsidiary's ordinary shares	–	–	–	1,356	–	–	–	–	1,356	1,406	2,762
Cancellation of treasury shares of Delaware Sirnaomics (Note ii)	–	–	(853)	–	853	–	–	–	–	–	–
Exercise of stock purchase warrants by Delaware Sirnaomics (Note 35(a))	–	–	–	(302)	–	–	–	–	(302)	302	–
Exercise of Series C Warrants granted to non-controlling shareholders and convert their equity interests in a subsidiary to the Company's preferred shares	–	–	–	189	–	269	–	–	458	(458)	–
Issuance of shares arising from Group Reorganization (as defined in note 2)	–	10,178	(1,542)	(8,636)	–	–	–	–	–	–	–
Acquisition of interest in a subsidiary from a non-controlling shareholder (note 35 (c))	–	–	–	(303)	–	–	–	–	(303)	(47)	(350)
Recognition of share-based payment	–	–	–	–	–	–	1,352	–	1,352	18	1,370
Lapse of share options	–	–	–	–	–	–	(20)	20	–	–	–
Forfeiture of share options	–	–	–	–	–	–	(91)	91	–	–	–
Issue of shares of the Company under share option scheme	1	326	–	–	–	–	(155)	–	172	–	172
At September 30, 2021	15	10,504	–	(11,650)	–	(1,439)	3,717	(141,026)	(139,879)	(397)	(140,276)
For the nine months ended September 30, 2020 (unaudited)											
At January 1, 2020	13	–	1,149	(3,881)	(239)	(1,539)	2,271	(49,528)	(51,754)	2,802	(48,952)
Loss for the period	–	–	–	–	–	–	–	(31,947)	(31,947)	(1,188)	(33,135)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	71	–	–	71	57	128
Total comprehensive income (expense) for the period	–	–	–	–	–	71	–	(31,947)	(31,876)	(1,131)	(33,007)
Repurchase of ordinary shares of Delaware Sirnaomics (Note ii)	–	–	–	–	(614)	–	–	–	(614)	–	(614)
Recognition of share-based payment	–	–	–	–	–	–	732	–	732	4	736
Forfeiture of share options	–	–	–	–	–	–	(234)	234	–	–	–
Issue of shares of Delaware Sirnaomics under share option scheme	1	–	1,215	–	–	–	(578)	–	638	–	638
Capital contribution to RNAimmune (as defined in Note i) from non-controlling shareholders (note 35(a))	–	–	–	(73)	–	–	–	–	(73)	113	40
At September 30, 2020	14	–	2,364	(3,954)	(853)	(1,468)	2,191	(81,241)	(82,947)	1,788	(81,159)

Notes:

i Other reserves included 1) effect of series C warrants ("Series C Warrants") granted to non-controlling shareholders to convert their registered capital in a subsidiary, Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd.* 聖諾生物醫藥技術(蘇州)有限公司 (formerly known as Suzhou Sirnaomics Biopharmaceuticals Co., Ltd.* 蘇州聖諾生物醫藥技術有限公司) ("Suzhou Sirnaomics") to preferred shares of its holding company, namely, Sirnaomics, Inc. ("Delaware Sirnaomics"), 2) differences between the carrying amounts of net assets attributable to the additional non-controlling interests at the date of issuance of subsidiary's equity and the relevant proceeds received, 3) differences between the carrying amounts of net assets attributable to the additional non-controlling interests at the date of conversion of Simple Agreements for Future Equity ("SAFE") shares to a subsidiary, RNAimmune, Inc.'s ("RNAimmune") ordinary shares, 4) differences between the decrease in the carrying amounts of net assets attributable to the non-controlling shareholders and the relevant consideration paid in the acquisition and 5) effect of Group Reorganization.

ii In 2019 and 2020, Delaware Sirnaomics repurchased 75,000 and 390,900 ordinary shares from existing shareholders at total consideration of US$115,000 and US$614,000, respectively, and recognized the amounts as treasury share reserve. On September 30, 2021, the board of directors of the Delaware Sirnaomics have resolved that all the shares of common stock held in treasury by Delaware Sirnaomics are canceled and retired and then transferred to capital reserve.

iii The capital reserve represents the share premium of the Delaware Sirnaomics, which was transferred to other reserves upon the completion of the Group Reorganization.

* The English names are for identification purpose only.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	NOTES	For the year ended December 31, 2019 US$'000	2020 US$'000	Nine months ended September 30, 2020 US$'000 (unaudited)	2021 US$'000
OPERATING ACTIVITIES					
Loss for the year/period		(17,127)	(46,428)	(33,135)	(50,001)
Adjustments for:					
Amortization of the intangible assets		–	37	29	39
Interest income		(97)	(80)	(24)	(137)
Changes in fair value of structured deposits		(362)	(391)	(156)	(312)
Changes in fair value of financial liabilities at FVTPL		2,584	17,574	19,773	13,112
Depreciation of property and equipment		380	543	408	538
Depreciation of right-of-use assets		444	463	348	441
Gain on disposal of property and equipment		–	–	–	(3)
Issuance costs of financial liabilities at FVTPL		–	1,246	11	672
Impairment losses recognized (reversed) under expected credit loss model, net		242	(242)	–	–
Finance costs		229	243	184	202
Government grants		–	(485)	–	–
Share-based payment expense	30	578	992	538	1,370
Loss on terminating a collaboration agreement	9	–	7,679	–	–
Operating cash outflows before movements in working capital		(13,129)	(18,849)	(12,024)	(34,079)
(Increase) decrease in prepayments, deposits and other receivables		(901)	91	(169)	(4,331)
(Decrease) increase in trade and other payables		(373)	(241)	65	729
Increase in contract liability		–	–	–	770
NET CASH USED IN OPERATING ACTIVITIES		(14,403)	(18,999)	(12,128)	(36,911)
INVESTING ACTIVITIES					
Interest received		97	80	24	137
Proceeds from redemption of structured deposits		3,765	88,831	6,161	170,961
Placement of structured deposits		(1,514)	(78,368)	(142)	(170,649)
Placement of restricted deposits		(58)	–	–	–
Proceeds from disposal of property and equipment		–	–	–	6
Purchase of intangible assets		(125)	(63)	(63)	(772)
Purchase and deposits paid for of property and equipment		(1,063)	(2,087)	(965)	(3,069)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		1,102	8,393	5,015	(3,386)

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000 (unaudited)	US$'000
FINANCING ACTIVITIES				
Interest paid on lease liabilities	(229)	(243)	(184)	(182)
Interest paid on bank and other borrowings	–	(6)	–	(35)
Accrued issue costs paid	–	(30)	–	(663)
Capital contribution from non-controlling shareholders	119	40	40	–
Proceeds from bank and other borrowings	–	1,557	898	2,089
Repayment of bank borrowing	–	–	–	(1,787)
Repayments of lease liabilities	(403)	(397)	(295)	(389)
Issuance costs of financial liabilities at FVTPL paid	–	(139)	–	(1,678)
Proceeds from exercise of share options	174	655	638	172
Consideration paid for acquiring non-controlling interest of Guangzhou Sirnaomics (as defined in note 2)	–	–	–	(350)
Consideration paid for acquiring the non-controlling interests of Suzhou Sirnaomics upon exercise of the Series C Warrants	–	–	–	(24,712)
Repayment to holders of Convertible Loans (as defined in note 25) upon exercise of Series D Warrants (as defined in note 25)	–	–	–	(93,230)
Proceeds from issuance of financial liabilities at FVTPL	12,000	99,545	2,300	231,154
Payments for repurchase of ordinary shares of Delaware Sirnaomics	(115)	(614)	(614)	–
NET CASH FROM FINANCING ACTIVITIES	11,546	100,368	2,783	110,389
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,755)	89,762	(4,330)	70,092
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	11,688	9,949	9,949	103,122
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	16	3,411	28	1,164
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	9,949	103,122	5,647	174,378

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 15, 2020 under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company is 401 Professional Dr Suite 280, Gaithersburg, MD 20879, the United States of America ("the US").

The Company is an investment holding company and the Company became the holding company of the entities now comprising the Group upon completion of the Group Reorganization as defined and detailed in note 2. The Group included subsidiaries that are clinical stage biotechnology companies engaged in developing and commercializing of ribonucleic acid interference ("RNAi") technology and multiple therapeutics. Details of particulars of the Company's subsidiaries are disclosed in note 35.

The Historical Financial Information is presented in US$, which is the same as the functional currency of the Company.

2. GROUP REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in the note 4 which conform with IFRSs issued by the IASB and the conventions applicable for group reorganization as detailed below.

Prior to the incorporation of the Company and the completion of the group reorganization, the principal operation of the Group has been operated by Delaware Sirnaomics and its subsidiaries, Suzhou Sirnaomics, Sirnaomics Biopharmaceuticals (Guangzhou) Co Ltd. * 聖諾生物醫藥技術（廣州）有限公司 (formerly known as Guangzhou Nanotides Pharmaceuticals Co. Ltd.* 廣州納泰生物醫藥技術有限公司) ("Guangzhou Sirnaomics"), Sirnaomics (Hong Kong) Limited ("Sirnaomics HK") and RNAimmune, Inc.

* The English names are for identification purpose only.

In preparation for the listing of the Company's shares on the Stock Exchange, the companies comprising the Group underwent a group reorganization (the "Group Reorganization") and the major steps of the Group Reorganization include the following:

(i) The Company was incorporated under the laws of Cayman Islands as an exempted company with limited liability in October 15, 2020. The authorized share capital of

the Company was US$150,000, which was initially divided into 150,000,000 shares with par value of US$0.001 each at the date of incorporation. At the time of incorporation, one ordinary share was transferred to the initial subscribing shareholder and on the same day, the ordinary share was transferred to Dr. Yang Lu, Patrick, a director and chief executive officer ("CEO") of the Company.

(ii) On January 21, 2021, the authorized share capital of the Company was divided into 100,000,000 ordinary shares of US$0.001 par value each and 50,000,000 preferred shares ("Preferred Shares") of a par value of US$0.001 each, of which 2,024,860 are designated "Series A Preferred Shares", 7,374,632 are designated "Series B Preferred Shares", 14,600,142 are designated "Series C Preferred Shares" and 16,249,174 are designated "Series D Preferred Shares".

(iii) On January 21, 2021, Delaware Sirnaomics, the then shareholders of Delaware Sirnaomics, the holders of Series C Warrants and Series D Warrants and the Company entered into a share exchange agreement, pursuant to which, the then shareholders of Delaware Sirnaomics will transfer all their shares in Delaware Sirnaomics to the Company, and in exchange for such transfer, the Company will issue corresponding ordinary shares of the Company, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares to the shareholders of Delaware Sirnaomics to mirror their shareholding in Delaware Sirnaomics. The holders of Series C Warrants and the Series D Warrants exchanged their Series C Warrants and Series D Warrants of Delaware Sirnaomics for Series C Preferred Share Purchase Warrants and Series D Preferred Share Purchase Warrants of the Company, respectively.

After completion of the above steps of Group Reorganization, the Company became the holding company of the Group on January 21, 2021.

As the shares are proportionately issued to the ordinary equity owners of the Company, which involves interspersing the Company between Delaware Sirnaomics and its shareholders, the Group comprising the Company, Delaware Sirnaomics and its subsidiaries resulting from the Group Reorganization is regarded as a continuing entity throughout the Track Record Period, regardless of the actual date when they legally form part of a group. Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganization had been in existence throughout the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021, or since their respective dates of incorporation, where there is a shorter period.

The consolidated statements of financial position of the Group as at December 31, 2019 and 2020 have been prepared to present the carrying amounts of the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Group Reorganization had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in jurisdiction where there are no statutory audit requirements.

As at September 30, 2021, the Group was in net liabilities position of US$140,276,000 in which the balances consist of financial liabilities at FVTPL of US$321,278,000 that the earliest redemption dates of the financial liabilities at FVTPL will be on or after June 30, 2024. After taking into account the Group's cashflow projection and the expected working capital requirements, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due for a period of twelve months from September 30, 2021 and it is appropriate to prepare the Historical Financial Information on a going concern basis.

3. APPLICATION OF NEW AND REVISED IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRSs, which are effective for the accounting period beginning on January 1, 2021, throughout the Track Record Period.

New and revised IFRSs in issue but not yet effective

At the date of this report, the following new and amendments to IFRSs have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]

Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after April 1, 2021
2 Effective for annual periods beginning on or after January 1, 2022
3 Effective for annual periods beginning on or after January 1, 2023
4 Effective for annual periods beginning on or after a date to be determined

Except for Amendments to IAS 1 mentioned below, the management of the Group anticipates that application of all other new and amendments to IFRSs will have no material impact on the Group's financial position and financial performance when they become effective.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

The 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:

- 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:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- 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*.

As at September 30, 2021, 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 preferred shares through cash settlement. These instruments were designated as financial liabilities at FVTPL with carrying amounts of US$321,278,000 as at September 30, 2021 and are classified as non-current. Upon the application of the 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 constitute settlement of the preferred shares. Given that the conversion options are exercisable at the holders' discretions, the preferred shares designated as financial liabilities at FVTPL amounting to US$321,278,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by IASB. In addition, the Historical Financial Information included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are

observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of license that is distinct from other promised goods or services, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group

would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For license fee income and research and development service fee income that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of the reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and

- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees, such as wages and salaries, after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share option reserve will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognized in share option reserve will be transferred to share premium.

An expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where the modification reduces the fair value of the equity instruments granted, measured immediately before and after the modification, the decrease in fair value will not be recognized. The amount recognized for services received continues to be measured based on the grant date fair value of the instrument originally granted. Where the modification reduces the number of equity instruments granted to an employee, the reduction is accounted for as a cancelation of that portion of the grant. Where the modification of vesting conditions is a manner that is not beneficial to the employee, the amount recognized for services received shall not take the modified vesting conditions into account and continues to be measured based on the grant date vesting conditions of the instrument originally granted.

Share options granted to non-employees

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognized as expenses (unless the services qualify for recognition as assets).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets under construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition

criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any).

Impairment on property and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets

on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial asset at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including other receivables and deposits, restricted bank balances and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance equal to 12m ECL for its financial instruments, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Groups recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Preferred Shares, Series C Warrants, Convertible Loans, SAFE and Series Seed Preferred Shares (note 25)

The Preferred Shares, Series C Warrants, Convertible Loans, SAFE and Series Seed Preferred Shares, which contain redemption features and/or other embedded derivatives, are designated as financial liabilities at FVTPL.

The amount of change in the fair value of the financial liability measured at FVTPL that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of the financial liability measured at FVTPL is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability. Fair value is determined in the manner described in note 25.

Series C and D Warrants of the Company

Series C and D Warrants of the Company are accounted for as derivatives and are recognized as fair value upon initial recognition.

Prior to the exercise of the Series D Warrants, the changes in fair value of Series D Warrants are recognized in the profit or loss.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables are subsequently measured at amortized cost, using the effective interest method.

Derecognition/modification of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Research and development expenditures

Development expenses incurred on the Group's product pipelines are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. The management of the Group assesses the progress of each of the research and development projects and determines that the Group's product pipelines do not meet the above said capitalization criteria. During the Track Record Period, all the development costs are expensed when incurred.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Fair value of financial liabilities at FVTPL

The Group has issued a series of Preferred Shares, SAFE, series seed preferred shares ("Series Seed Preferred Shares"), Series C Warrants and Convertible Loans to a group of investors prior to and during the Track Record Period as set out in note 25. The Group recognized these financial instruments as financial liabilities at FVTPL in which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include back-solve method and equity allocation based on the Black-Scholes Option Pricing Model ("OPM") involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as fair value of the ordinary shares of the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization), possibilities under different scenarios, such as qualified initial public

offering, redemption, liquidation and other inputs, such as time to liquidation, risk-free interest rate, expected volatility value and dividend yield, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary.

Should any of the estimates and assumptions change, it may lead to a change in the fair value of financial liabilities at FVTPL. The fair value of the financial liabilities at FVTPL of the Group as at December 31, 2019, December 31, 2020 and September 30, 2021 are approximately US$69,361,000, US$196,816,000 and US$321,278,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue

The Group has not generated any revenue during the Track Record Period.

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 US and the mainland of the People's Republic of China (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		
	At December 31,		**At September 30,**
	2019	**2020**	**2021**
	US$'000	**US$'000**	**US$'000**
The US	2,100	1,930	2,686
The PRC	1,219	3,028	7,129
Hong Kong	–	1	3
	3,319	4,959	9,818

7. OTHER INCOME

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000	US$'000
			(unaudited)	
Government grants (Note)	194	527	30	18
Interest income from restricted bank balances and bank balances	97	80	24	137
Consultancy income	88	121	121	14
Others	61	43	31	36
	440	771	206	205

Note: Government grants include waiver of governmental loan repayment of US$485,000 as a result of COVID-19 pandemic obtained by the Group in November 2020 and cash incentives specifically for research and development activities, which are recognized upon compliance with the relevant conditions where applicable for the Track Record Period.

8. OTHER GAINS AND LOSSES

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000	US$'000
			(unaudited)	
Net foreign exchange gains (losses)	6	(136)	(38)	(492)
Gain on disposal of property and equipment	–	–	–	3
Changes in fair value of structured deposits	362	391	156	312
	368	255	118	(177)

9. OTHER EXPENSES

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000	US$'000
			(unaudited)	
Loss on terminating a collaboration agreement (Note)	–	7,679	–	–
Issuance costs of financial liabilities at FVTPL	–	1,246	11	672
Others	–	18	16	–
	–	8,943	27	672

Note: In October 2020, Suzhou Sirnaomics entered into an agreement with Guangzhou Xiangxue Pharmaceutical Co., Ltd ("Xiangxue"), a non-controlling shareholder of Guangzhou Sirnaomics, to terminate the collaboration agreement signed in 2010 under which both parties agreed to jointly participate in a research, development, commercialization and marketing of a scar-free skin wound healing drug candidate in the PRC, for a consideration in aggregate of Renminbi ("RMB") 57,840,000 (equivalent to approximately US$8,379,000), including the settlement of advances from Xiangxue of RMB4,830,000 (equivalent to approximately US$700,000). RMB12,000,000 (equivalent to approximately US$1,738,000) of the consideration was settled

by cash and the remaining consideration was settled by issuance of Convertible Loans amounting to RMB45,840,000 (equivalent to US$6,750,000) during the year ended December 31, 2020 which constituted as a non-cash transaction. The Convertible Loans were converted into the Series D Preferred Shares of the Company during the nine months ended September 30, 2021 as disclosed in note 25.

10. FINANCE COSTS

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000 (unaudited)	US$'000
Interest on bank and other borrowings	–	6	–	35
Interest on lease liabilities	229	243	184	182
Total borrowing costs	229	249	184	217
Less: amounts capitalized in the cost of qualifying assets	–	(6)	–	(15)
	229	243	184	202

11. INCOME TAX EXPENSE

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

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

Under the US Tax Cuts and Jobs Act, the US corporate income tax rate has charged at flat rate of 21% during the Track Record Period. In addition, under the relevant rules of state taxes in Florida, Virginia, California, Massachusetts and Maryland of US, the state tax rates are charged at ranging from 4.458% to 8.84% during the Track Record Period.

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%.

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, and has been registered with the local tax authorities for enjoying the reduced Enterprise Income Tax ("EIT") rate at 15% in 2017, 2018 and 2019. The latest approval for Guangzhou Sirnaomics enjoying this tax benefit was obtained in December 2020 for the financial years of 2020, 2021 and 2022.

No Hong Kong Profits Tax, US corporate income and state taxes and EIT were provided as the group entities had no assessable profits during the Track Record Period.

The income tax expense for the Track Record Period is reconciled to the loss before tax per consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000	US$'000
			(unaudited)	
Loss before tax	(17,127)	(46,428)	(33,135)	(50,001)
Tax at the US corporate income tax rate of 21% (Note i)	(3,597)	(9,750)	(6,958)	(10,500)
Tax effect of expenses not deductible for tax purposes	642	4,114	4,347	5,590
Additional tax reduction on research and development expenses (Note ii)	(383)	(499)	(351)	(627)
Tax effect of tax losses not recognized	3,708	10,152	4,051	6,127
State taxes enacted by local authorities	(357)	(3,495)	(952)	(523)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(13)	(522)	(137)	(67)
Income tax expense for the year/period	–	–	–	–

Notes:

i) The domestic tax rate (which is US corporate income tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

ii) Pursuant to Caishui 2018 circular No. 99, the PRC subsidiaries enjoy super deduction of 175% on qualifying research and development expenditures throughout the Track Record Period.

Upon the implementation of the US Tax Cuts and Jobs Act in 2018, net operating losses, losses incurred in business pursuits, can be carried forward indefinitely as a result of the US Tax Cuts and Jobs Act.

As at December 31, 2019, December 31, 2020 and September 30, 2021, the Group had unused tax losses of approximately US$36,091,000, US$85,230,000 and US$113,613,000, respectively for offset against future profits. No deferred tax asset has been recognized in respect of tax losses due to the unpredictability of future profit streams. Included in unrecognized tax losses as at December 31, 2019, December 31, 2020 and September 30, 2021 are the amounts of US$24,108,000, US$42,350,000 and US$50,339,000, respectively which will expire from 2022 to 2037. Other losses may be carried forward indefinitely.

12. LOSS FOR THE YEAR/PERIOD

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000 (unaudited)	US$'000
Loss for the year/period has been arrived at after charging:				
Auditor's remuneration	19	37	31	83
Amortization of the intangible assets	–	37	29	39
Depreciation of property and equipment	380	543	408	538
Depreciation of right-of-use assets	444	463	348	441
	824	1,043	785	1,018
Analyzed as:				
– charged in administrative expenses	194	224	198	228
– charged in research and development expenses	630	819	587	790
	824	1,043	785	1,018
Directors' remuneration (Note 13)	1,293	1,366	959	1,427
Other staff costs				
– Salaries and other allowances	3,256	3,935	2,755	6,108
– Retirement benefit scheme contributions	210	165	110	433
– Share-based payment expense	306	699	361	774
– Performance and discretionary bonus (Note)	110	185	8	434
	5,175	6,350	4,193	9,176
Analyzed as:				
– charged in administrative expenses	1,257	1,931	1,354	2,999
– charged in research and development expenses	3,918	4,419	2,839	6,177
	5,175	6,350	4,193	9,176

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.

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Details of the emoluments paid to the individuals, who were appointed as the directors and chief executives of the Company (including emoluments for services as employees/ directors of the group entities prior to becoming the directors of the Company), during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Year ended December 31, 2019

Name of directors	Date of appointment as director of the Company	Fees US$'000	Salaries and other allowances US$'000	Retirement benefit schemes contributions US$'000	Share-based payment expenses US$'000	Performance and discretionary bonus US$'000	Total US$'000
CEO and executive director:							
Dr. Yang Lu, Patrick	October 15, 2020	–	277	14	54	34	379
Executive directors:							
Dr. Michael Molyneaux, chief medical officer ("CMO")	January 25, 2021	–	334	12	101	28	475
Dr. David Mark Evans, chief scientific officer ("CSO")	July 12, 2021	–	282	18	55	22	377
		–	616	30	156	50	852
Non-executive directors:							
Mr. Mike M. Ghias (Note)	January 25, 2021	–	–	–	31	–	31
Dr. Xiaochang Dai	January 25, 2021	–	–	–	31	–	31
Mr. Da Liu	January 25, 2021	–	–	–	–	–	–
Mr. Jiajun Lai	January 25, 2021	–	–	–	–	–	–
Mr. Mincong Huang	January 25, 2021	–	–	–	–	–	–
Mr. Yunchun Li (Note)	January 25, 2021	–	–	–	–	–	–
Mr. Jiankang Zhang	July 12, 2021	–	–	–	–	–	–
		–	–	–	62	–	62
Total		–	893	44	272	84	1,293

Year ended December 31, 2020

Name of directors	Date of appointment as director of the Company	Fees US$'000	Salaries and other allowances US$'000	Retirement benefit schemes contributions US$'000	Share-based payment expenses US$'000	Performance and discretionary bonus US$'000	Total US$'000
CEO and executive director:							
Dr. Yang Lu, Patrick	October 15, 2020	–	276	14	60	20	370
Executive directors:							
Dr. Michael Molyneaux, CMO	January 25, 2021	–	355	32	72	70	529
Dr. David Mark Evans, CSO	July 12, 2021	–	269	17	99	20	405
		–	624	49	171	90	934
Non-executive directors:							
Mr. Mike M. Ghias (Note)	January 25, 2021	–	–	–	31	–	31
Dr. Xiaochang Dai	January 25, 2021	–	–	–	31	–	31
Mr. Da Liu	January 25, 2021	–	–	–	–	–	–
Mr. Jiajun Lai	January 25, 2021	–	–	–	–	–	–
Mr. Mincong Huang	January 25, 2021	–	–	–	–	–	–
Mr. Yunchun Li (Note)	January 25, 2021	–	–	–	–	–	–
Mr. Jiankang Zhang	July 12, 2021	–	–	–	–	–	–
		–	–	–	62	–	62
Total		–	900	63	293	110	1,366

Nine months ended September 30, 2020 (unaudited)

Name of directors	Date of appointment as director of the Company	Fees US$'000	Salaries and other allowances US$'000	Retirement benefit schemes contributions US$'000	Share-based payment expenses US$'000	Performance and discretionary bonus US$'000	Total US$'000
CEO and executive director:							
Dr. Yang Lu Patrick	October 15, 2020	–	207	11	32	–	250
Executive directors:							
Dr. Michael Molyneaux, CMO	January 25, 2021	–	267	32	44	50	393
Dr. David Mark Evans, CSO	July 12, 2021	–	202	13	55	–	270
		–	469	45	99	50	663
Non-executive directors:							
Mr. Mike M. Ghias (Note)	January 25, 2021	–	–	–	23	–	23
Dr. Xiaochang Dai	January 25, 2021	–	–	–	23	–	23
Mr. Da Liu	January 25, 2021	–	–	–	–	–	–
Mr. Jiajun Lai	January 25, 2021	–	–	–	–	–	–
Mr. Mincong Huang	January 25, 2021	–	–	–	–	–	–
Mr. Yunchun Li (Note)	January 25, 2021	–	–	–	–	–	–
Mr. Jiankang Zhang	July 12, 2021	–	–	–	–	–	–
		–	–	–	46	–	46
Total		–	676	56	177	50	959

Nine months ended September 30, 2021

Name of directors	Date of appointment as director of the Company	Fees US$'000	Salaries and other allowances US$'000	Retirement benefit schemes contributions US$'000	Share-based payment expenses US$'000	Performance and discretionary bonus US$'000	Total US$'000
CEO and executive director:							
Dr. Yang Lu Patrick	October 15, 2020	–	279	13	345	–	637
Executive directors:							
Dr. Michael Molyneaux, CMO	January 25, 2021	–	295	16	71	–	382
Dr. David Mark Evans, CSO	July 12, 2021	–	215	13	104	–	332
		–	510	29	175	–	714
Non-executive directors:							
Mr. Mike M. Ghias (Note)	January 25, 2021	–	–	–	18	–	18
Dr. Xiaochang Dai	January 25, 2021	–	–	–	58	–	58
Mr. Da Liu	January 25, 2021	–	–	–	–	–	–
Mr. Jiajun Lai	January 25, 2021	–	–	–	–	–	–
Mr. Mincong Huang	January 25, 2021	–	–	–	–	–	–
Mr. Yunchun Li (Note)	January 25, 2021	–	–	–	–	–	–
Mr. Jiankang Zhang	July 12, 2021	–	–	–	–	–	–
		–	–	–	76	–	76
Total		–	789	42	596	–	1,427

Note: Mr. Mike M. Ghias and Mr. Yunchun Li resigned as non-executive directors of the Company on July 12, 2021.

Dr. Yu Cheung Hoi, Mr. Fengmao Hua, Ms. Monin Ung and Ms. Shing Mo Han, Yvonne were appointed as independent non-executive directors on December 20, 2021 and no emoluments were paid to them during the Track Record Period.

The executive directors' and non-executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

There were no arrangement under which a director of the Company or the chief executives waived or agreed to waive any remuneration during the Track Record Period.

No emolument was paid to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

During the Track Record Period, certain directors were granted share options in respect of their services to the Group under the share option scheme of Delaware Sirnaomics and the Company. Details of the share option scheme are set out in note 30.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included 3, 3, 3 (unaudited) and 2 directors of the Company for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021, respectively, and details of whose remuneration are set out above. Details of the remuneration for the remaining 2, 2, 2 (unaudited) and 3 highest paid employees for years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021, respectively are as follows:

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000 (unaudited)	US$'000
Salaries and other allowances	477	448	352	667
Retirement benefits schemes contributions	31	28	25	42
Share-based payment expense	90	308	55	205
Performance and discretionary bonus (Note)	37	35	–	237
Total	635	819	432	1,151

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.

The emoluments of these employees (excluding the directors) are within the following bands:

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020 (unaudited)	2021
Nil to HK$1,000,000	–	–	–	–
HK$1,000,001 to HK$1,500,000	–	–	1	–
HK$1,500,001 to HK$2,000,000	–	–	1	–
HK$2,000,001 to HK$2,500,000	1	1	–	–
HK$2,500,001 to HK$3,000,000	1	–	–	2
HK$3,000,001 to HK$3,500,000	–	–	–	–
HK$3,500,001 to HK$4,000,000	–	–	–	1
HK$4,000,001 to HK$4,500,000	–	1	–	–
Total	2	2	2	3

During the Track Record Period, certain non-director and non-chief executives highest paid employees were granted share options in respect of their services to the Group under the share option scheme of Delaware Sirnaomics and the Company. Details of the share option scheme are set out in note 30.

15. DIVIDEND

No dividend was declared and paid by the Company's subsidiaries in respect of the Track Record Period. No dividend was declared or paid by the Company since its incorporation.

16. 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:

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
			(unaudited)	
Loss for the year/period attributable to owners of the Company for the purpose of basic and diluted per share (US$'000)	(16,381)	(43,772)	(31,947)	(48,071)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	12,271,370	13,805,513	13,626,829	14,466,122

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that the Group Reorganization as disclosed in note 2 had been effected since January 1, 2019.

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, 2019 and 2020 and the nine months ended September 30, 2020 and 2021, the different series of Preferred Shares issued by the Company, Delaware Sirnaomics and RNAimmune, the Series C Warrants and Convertible Loans (note 25) and share option issued by the Company, Delaware Sirnaomics and RNAimmune outstanding (note 30) were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021 are the same as basic loss per share for the respective year/period.

17. PROPERTY AND EQUIPMENT

	Leasehold improvement US$'000	Furniture and fixtures US$'000	Laboratory equipment US$'000	Vehicles US$'000	Equipment and computers US$'000	Assets under construction US$'000	Total US$'000
COST							
At January 1, 2019	109	139	691	87	76	–	1,102
Additions	71	82	862	–	32	–	1,047
Exchange adjustments	(2)	(1)	(9)	(2)	(2)	–	(16)
At December 31, 2019	178	220	1,544	85	106	–	2,133
Additions	–	19	369	–	24	1,584	1,996
Written off	–	–	–	–	(1)	–	(1)
Exchange adjustments	12	9	57	6	7	91	182
At December 31, 2020	190	248	1,970	91	136	1,675	4,310
Additions	55	27	1,518	116	164	652	2,532
Disposals/written off	–	–	(19)	(32)	(3)	–	(54)
Exchange adjustments	1	1	5	1	1	10	19
At September 30, 2021	246	276	3,474	176	298	2,337	6,807
ACCUMULATED DEPRECIATION							
At January 1, 2019	45	102	190	51	30	–	418
Provided for the year	44	23	283	6	24	–	380
Exchange adjustments	(1)	(1)	(3)	(1)	(1)	–	(7)
At December 31, 2019	88	124	470	56	53	–	791
Provided for the year	51	28	433	7	24	–	543
Eliminated on written off	–	–	–	–	(1)	–	(1)
Exchange adjustments	9	7	22	4	4	–	46
At December 31, 2020	148	159	925	67	80	–	1,379
Provided for the period	25	20	423	16	54	–	538
Eliminated on disposals/written off	–	–	(18)	(30)	(3)	–	(51)
Exchange adjustments	2	1	2	–	2	–	7
At September 30, 2021	175	180	1,332	53	133	–	1,873
CARRYING VALUES							
At December 31, 2019	90	96	1,074	29	53	–	1,342
At December 31, 2020	42	89	1,045	24	56	1,675	2,931
At September 30, 2021	71	96	2,142	123	165	2,337	4,934

The above items of property and equipment, other than assets under construction, are depreciated on a straight-line basis, after taking into account the residual value, at the rate per annum as follows:

Leasehold improvement	Over the term of the lease
Furniture and fixtures	5 years
Laboratory equipment	3 – 10 years
Vehicles	4 – 5 years
Equipment and computers	3 years

18. RIGHT-OF-USE ASSETS

	Equipment US$'000	Leased properties US$'000	Total US$'000
Carrying amount			
At January 1, 2019	16	1,614	1,630
Additions	–	637	637
Depreciation charge for the year	(16)	(428)	(444)
Exchange adjustment	–	1	1
At December 31, 2019	–	1,824	1,824
Additions	–	118	118
Depreciation charge for the year	–	(463)	(463)
Exchange adjustment	–	41	41
At December 31, 2020	–	1,520	1,520
Additions	103	1,917	2,020
Depreciation charge for the period	(34)	(407)	(441)
Exchange adjustment	–	17	17
At September 30, 2021	69	3,047	3,116

	For the year ended December 31,		Nine months ended September 30,	
	2019 US$'000	2020 US$'000	2020 US$'000 (unaudited)	2021 US$'000
Expenses relating to short-term leases	91	91	77	76
Total cash outflows for leases	723	731	556	647

During the Track Record Period, the Group leases various offices and equipment for its operations. Lease contracts are entered into for fixed term of one to six years. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office use. As at December 31, 2019, December 31, 2020 and September 30, 2021, the portfolio of short-term leases is similar to the portfolio of short term leases to which the short-term lease expense disclosed above.

Leases committed

As at September 30, 2021, the Group entered into a lease for an office that have not yet commenced, with a non-cancellable period of 10 years, excluding period under extension options, the total future undiscounted cash flows over the non-cancellable period amounted to US$7,966,000.

19. INTANGIBLE ASSETS

	Patent rights
	US$'000
COST	
At January 1, 2019	–
Additions	125
At December 31, 2019	125
Additions (Note)	261
At December 31, 2020	386
Additions	772
Exchange adjustment	(2)
September 30, 2021	1,156
ACCUMULATED AMORTIZATION	
At January 1, 2019 and December 31, 2019	–
Provided for the year	37
At December 31, 2020	37
Provided for the period	39
At September 30, 2021	76
CARRYING VALUE	
At December 31, 2019	125
At December 31, 2020	349
At September 30, 2021	1,080

The above intangible assets represents patent rights which are amortized over a period of 10 to 16.2 years on a straight-line basis. The useful lives of patent rights were determined based on the (i) license period in accordance with the license agreement entered into between the Group and the patent owners and (ii) the expiration date of the relevant patent.

Note: During the year ended 31 December 2020, the Group settled the acquisition costs of patent rights by share options issued by Delaware Sirnaomics with fair value of US$198,000 and the remaining acquisition costs of US$63,000 were settled in cash.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	At December 31,		At September 30,
	2019	2020	2021
	US$'000	US$'000	US$'000
Staff advance	20	8	5
Prepayments to suppliers for research and development services	1,358	1,562	4,520
Prepayments for legal and other professional services	–	35	137
Deposits paid for purchase of property and equipment	28	159	688
Rental deposits	91	88	673
Deferred issue costs (Note ii)	–	262	832
Others receivables, net of allowance of credit losses	80	87	451
	1,577	2,201	7,306
Analyzed as:			
Current	1,458	1,954	5,945
Non-current	119	247	1,361
	1,577	2,201	7,306

The Company

	At December 31,	At September 30,
	2020	2021
	US$'000	US$'000
Amount due from a subsidiary (Note (i))	–	206,155
Deferred issue costs (Note (ii))	262	832
	262	206,987

Notes:

(i) The balance was unsecured, interest-free and repayable on demand.

(ii) Deferred issue costs represent the qualifying portion of issue costs incurred up to December 31, 2020 and September 30, 2021, respectively, which will be charged to equity of the Group as share issue costs in respect of the issue of new shares upon listing.

Details of impairment assessment of other receivables and deposits of the Group and the Company are set out in note 32.

21. STRUCTURED DEPOSITS/ RESTRICTED BANK BALANCES/ BANK BALANCES AND CASH

The Group

Structured deposits

As at December 31, 2019, the structured deposits represent RMB denominated deposits placed with one licensed commercial bank in the PRC amounting to approximately US$9,949,000 with short maturities. The expected annual return rate for the structured deposits is indicated at 3% per annum, however, the actual interest to be received is uncertain until maturity and the principals are not protected. Such structured deposits were accounted for as financial asset at FVTPL under IFRS 9. These structured deposits have been fully redeemed during the year ended December 31, 2020 and the changes in fair value up to the date of redemption is not significant. Details of the valuation techniques and key inputs adopted for their fair value measurements are disclosed in note 32.

Restricted bank balances

As at December 31, 2019, December 31, 2020 and September 30, 2021, the restricted bank deposits represent bank deposits restricted by certain banks for bank facilities. The deposits carry at prevailing market rates ranging from 0% to 1.75% per annum at December 31, 2019, December 31, 2020 and September 30, 2021.

The Group and the Company

Bank balances

Bank balances of the Group at December 31, 2019, December 31, 2020 and September 30, 2021 and bank balances of the Company at September 30, 2021 carry interest at prevailing market rates ranging from 0.001% to 1.25% per annum.

Details of impairment assessment of restricted bank balances and bank balances of the Group and the Company are set out in note 32.

22A. TRADE AND OTHER PAYABLES

The Group

	At December 31,		At September 30,
	2019	2020	2021
	US$'000	US$'000	US$'000
Trade payables	732	782	1,088
Payables for issuance costs of financial liabilities at FVTPL	–	1,107	100
Accruals for listing expenses and issuance costs	–	1,025	1,286
Accruals for staff costs	340	386	242
Accruals for research and development expenses	328	764	799
Accruals for other operating expenses	326	563	750
Advances from Xiangxue	691	–	–
Payables for acquisition of property and equipment	12	40	17
	1,697	3,885	3,194
	2,429	4,667	4,282

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

	At December 31,		At September 30,
	2019	2020	2021
	US$'000	US$'000	US$'000
0 to 30 days	427	644	997
31 to 60 days	86	3	2
Over 60 days	219	135	89
	732	782	1,088

The Company

	At December 31,	At September 30,
	2020	2021
	US$'000	US$'000
Payables for issuance costs of financial liabilities at FVTPL	–	100
Accruals for listing expenses and issuance costs	677	1,286
Amounts due to subsidiaries (Note)	470	695
	1,147	2,081

Note: The balances were unsecured, interest-free and repayable on demand.

22B. CONTRACT LIABILITY

During the nine months ended September 30, 2021, the Group entered into a license agreement (the "Agreement") with Walvax Biotechnology Co., Ltd. ("Walvax"), the parent company of Shanghai Walga Biotechnology Limited, a Series D Preferred Shares holder of the Company, to co-develop small interfering RNA drugs targeting the influenza virus. Pursuant to the Agreement, the Group will grant the exclusive rights of license in the target drug in the territory covering Mainland China, Hong Kong, Macau and Taiwan plus research and development services to Walvax. The license and the research and development service are not distinct and they are accounted for as a performance obligation that is satisfied over time using input method. The consideration of the Agreement includes an upfront payment of RMB5,000,000 (US$770,000), service payment for preclinical research and development services of RMB36,500,000 (US$5,621,000), and variable considerations including milestone payments up to an aggregate amount of RMB100,000,000 (US$15,400,000) and a sales based royalty.

As at 30 September 2021, the Group has received an upfront fee of RMB5,000,000 which is recognized as a contract liability until the services have been delivered to the customer.

The directors of the Company expected the contract liability to be settled within normal operating cycles. Therefore, the amount is classified under current liabilities.

23. BANK BORROWINGS

The Group had no bank borrowings at December 31, 2019.

At December 31, 2020 and September 30, 2021, the bank borrowings amounting to US$1,134,000 and US$1,443,000, respectively, were unsecured, guaranteed by a subsidiary of the Company, carried at variable interest rate of 4.15% and repayable within a period of more than two years but not exceeding five years based on schedule repayment dates set out in the loan agreements and shown under non-current liabilities.

The interest rates of bank borrowings were with reference to the PRC benchmark lending rate plus a specific margin of the relevant banks and reset every 12 months.

24. LEASE LIABILITIES

	At December 31, 2019 US$'000	2020 US$'000	At September 30, 2021 US$'000
Lease liabilities payable:			
Within one year	368	443	1,193
Within a period of more than one year but not exceeding two years	395	494	1,240
Within a period of more than two years but not exceeding five years	1,222	810	946
	1,985	1,747	3,379
Less: Amount due for settlement with 12 months shown under current liabilities	(368)	(443)	(1,193)
Amount due for settlement after 12 months shown under non-current liabilities	1,617	1,304	2,186

As at December 31, 2019, December 31, 2020 and September 30, 2021, the weighted average incremental borrowing rates applied to lease liabilities ranged from 11.8% to 15.7%, 11.8% to 18.3% and 6.1% to 18.3%, respectively.

25. FINANCIAL LIABILITIES AT FVTPL

(i) Preferred Shares

Before the completion of Group Reorganization, Delaware Sirnaomics is authorized to issue 50,000,000 preferred shares of US$0.001 par value per share, of which 2,024,860, 7,374,632, 18,000,000 and 18,000,000 authorized Preferred Shares were designated as Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, respectively. The remaining 4,600,508 authorized Preferred Shares have not been designated at December 31, 2020. Other than Tranche 4 of Series C Preferred Shares and Tranche 2 of Series D Preferred Shares which have been issued by the Company upon completion of ODI during the nine months ended September 30, 2021, the independent investors held the same number of preferred shares issued by the Company as detailed below upon completion of step (iii) of Group Reorganization as disclosed in note 2. As at September 30, 2021, the Company is authorized to issue 80,000,000 preferred shares of US$0.001 par value per share, of which 2,024,860, 7,374,632, 14,600,142, 16,249,174 and 18,000,000 authorized Preferred Shares were designated as Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series E Preferred Shares, respectively. The remaining 21,751,192 authorized Preferred Shares have not been designated at September 30, 2021.

Preferred Shares	**Year of issue**	**Number of investor(s)**	**Total number of Preferred Shares issued**	**Subscription price per Preferred Share US$**	**Total consideration US$'000**
Series A	2009	1	2,024,860	0.325	659
Series B					
– Tranche 1	2016	2	3,687,316	1.356	5,000
– Tranche 2	2017	2	3,687,316	1.356	5,000
			7,374,632		10,000
Series C					
– Tranche 1	2018	1	375,375	2.66	1,000
– Tranche 2	2018	4	3,003,005	3.33	10,000
– Tranche 3	2019	2	3,603,605	3.33	12,000
– Tranche 4(Note)	2021	5	7,618,157	3.33	25,368
			14,600,142		48,368
Series D					
– Tranche 1	2020	3	2,343,750	6.4	15,000
– Tranche 2(Note)	2021	8	13,905,424	6.4	88,995
			16,249,174		103,995
Series E	2021	20	12,628,334	8.45	106,709
			52,877,142		269,731

Note: During the nine months ended September 30, 2021, the holders of Series C Warrants and Convertible Loans had exercised/converted their Series C Warrants and Convertible Loans into the Company's 7,618,157 series C Preferred Shares and 13,905,424 Series D Preferred Shares, respectively.

The key terms of the Series A, B, C, D and E Preferred Shares of the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) are as follows:

a) Voting Right

The voting, dividend and liquidation rights of ordinary shares are subject to the rights, powers and preferences of Preferred Shares. Ordinary shares are entitled to one vote per share at all meetings of stockholders. There is no cumulative voting. On any matter presented to stockholders of the Company or Delaware Sirnaomics for their action or consideration at any meeting of stockholders, each holder of outstanding Preferred Shares is entitled to the number of votes equal to the number of whole shares of ordinary shares into which Preferred Shares are convertible. Holders of Preferred Shares shall vote together with the holders of ordinary shares as a single class.

At any time when 12,000,000 or more shares of Series D Preferred Shares are outstanding, holders of outstanding Series D Preferred Shares, exclusively and as a separate class, shall be entitled to elect one director ("Series D Director"). At any time when 12,000,000 or more shares of Series C Preferred Shares are outstanding, holders of outstanding Series C Preferred Shares, exclusively and as a separate class, are entitled to elect two directors ("Series C Directors"). At any time when 6,000,000 or more but less than 12,000,000 shares of Series C Preferred Shares are outstanding, holders of outstanding Series C Preferred Shares, exclusively and as a separate class, are entitled to elect one Series C Director. At any time when 6,000,000 or more shares of Series B Preferred Shares are outstanding, holders of outstanding Series B Preferred Shares, exclusively and as a separate class, are entitled to elect two directors ("Series B Directors"). At any time when 4,000,000 or more but less than 6,000,000 shares of Series B Preferred Shares are outstanding, holders of outstanding Series B Preferred Shares, exclusively and as a separate class, are entitled to elect one Series B Director. Holders of ordinary shares, exclusively and as a separate class, are entitled to elect three directors of the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization). Holders of ordinary shares and of any other class or series of voting stock (including Preferred Shares), voting together as a single class, are entitled to elect the balance of the total number of directors of the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization).

b) Dividends

When, as and if declared by the board of directors of the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) ("Board of Directors"), outstanding Series E Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on other Preferred Shares and ordinary shares at the rate per annum of US$1.2675 per share. After payment in full on Series E Preferred Shares, outstanding Series D Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on other Preferred Shares and ordinary shares at the rate per annum of US$0.9594 per share. After payment in full on Series D and E Preferred Shares, outstanding Series C Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on other Preferred Shares and ordinary shares at the rate per annum of US$0.4995 per share. After payment in full on Series C, D and E Preferred Shares, outstanding Series B Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on Series A Preferred Shares and ordinary shares at the rate per annum of US$0.2034 per share. After payment in full on Series B, C, D and E Preferred Shares, outstanding Series A Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on ordinary shares at the rate per annum of US$0.0260 per share. A dividend is payable only when funds are legally available and only when, as and if declared by the Board of Directors. During the Track Record Period, the Board of Directors has not declared any dividends.

c) Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization), or a deemed liquidation event as defined in the First Amended and Restated Memorandum of Association of the Company or restated certificate of incorporation of the Delaware Sirnaomics, outstanding Preferred Shares are entitled to be paid in full out of the Company's or Delaware Sirnaomics's assets available for distribution before payment on ordinary shares in the following order: (i) on Series E Preferred Shares, the sum of (I) US$8.45, and (II) any dividends accrued or declared but unpaid; (ii) on Series D Preferred Shares, the sum of (I) US$6.40, and (II) any dividends accrued or declared but unpaid; (iii) on Series C Preferred Shares, the sum of (I) US$2.66 or US$3.33, and (II) any dividends accrued or declared but unpaid; (iv) on Series B Preferred Shares, the sum of (I) US$1.356, and (II) any dividends accrued or declared but unpaid; and (v) on Series A Preferred Shares, the sum of (I) US$0.325, and (II) any dividends accrued or declared but unpaid. If the Company's or Delaware Sirnaomics's assets available for distribution are insufficient to pay the full amount on a series of outstanding Preferred Shares, such series of

Preferred Shares shall share ratably in any distribution of the assets available for distribution.

After payment of all preferential amounts on outstanding Preferred Shares, the remaining Company's or Delaware Sirnaomics's assets are distributed among Preferred Shares and ordinary shares, pro rata, as if all such securities converted to ordinary shares. A deemed liquidation event means, unless majority of Preferred Shares (as if all such securities converted to ordinary shares), elect otherwise, (i) certain mergers and consolidations, and (ii) sales, leases, transfers, exclusive licenses or other dispositions of all or substantially all of the assets of the Company or Delaware Sirnaomics and its subsidiaries. The Company or Delaware Sirnaomics has no power to effect a deemed liquidation event, unless it ensures that the consideration payable to stockholders is allocated properly.

d) Optional Conversion

Holders of Preferred Shares have conversion rights. Each series of Preferred Shares is convertible, at holder's option, without payment of additional consideration, into ordinary shares as determined by dividing the conversion price for such series (as disclosed in below) in effect at the time of conversion. In order for a holder of Preferred Shares to convert Preferred Shares into ordinary shares, such holder provides written notice to the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) that such holder elects to convert all or any portion of Preferred Shares. In general, Preferred Shares which have been surrendered for conversion are no longer deemed to be outstanding, and all rights with respect to such Preferred Shares cease and terminate at the conversion time. Any Preferred Shares so converted are retired and canceled and may not be reissued.

e) Conversion Price/Anti-Dilution Protection

The conversion price for each series of Preferred Shares is adjusted on a weighted-average basis if the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) issues additional shares of ordinary shares or ordinary shares equivalents (other than for stock option grants and other customary exclusions) at a purchase price less than the applicable conversion price, subject to appropriate adjustments in the First Amended and Restated Memorandum of Association of the Company or Certificate of Incorporation of Delaware Sirnaomics. The initial "Series A conversion price" is US$0.325 per share, the initial "Series B conversion price" is US$1.356 per share, initial "Series C conversion price" is US$2.66 or US$3.33 per share, the initial "Series D conversion price" is US$6.40 per share

and the initial "Series E conversion price" is US$8.45 per share, which also represents the original issue price of Series A, B ,C, D and E Preferred Shares, respectively.

If the Company or Delaware Sirnaomics, after the original issue date for a series of Preferred Shares, issues additional shares of ordinary shares or ordinary shares equivalents, without consideration or for a consideration per share less than the conversion price for such series in effect immediately prior to such issue, then the conversion price for such series is reduced, concurrently with such issue, to a price determined in accordance with the formula set forth in the First Amended and Restated Memorandum of Association of the Company or restated certificate of incorporation filed to the State's Secretary's Office in the US.

No adjustment in the conversion price for a series of Preferred Shares is made if the Company or Delaware Sirnaomics receives written notice from holders of a majority of such series of Preferred Shares then outstanding agreeing that no such adjustment should be made as the result of the issuance or deemed issuance of additional shares of ordinary shares or ordinary shares equivalents.

f) Conversion

Upon a firm commitment underwritten public offering as defined in the First Amended and Restated Memorandum of Association of the Company or the restated Certificate of incorporation of Delaware Sirnaomics or upon the day and time specified by vote or written consent by majority holders of respective series of Preferred Shares, then all outstanding Preferred Shares of respective series would be automatically converted into ordinary shares of the Company. In general, all rights with respects to a series of Preferred Shares converted terminate at the mandatory conversion time for such series. Such converted shares of such series of Preferred Shares shall be retired and cancelled and may not be reissued as shares of such series.

g) Redemption for Series B/Series C/Series D/Series E Preferred Shares

If the Company or Delaware Sirnaomics fails to close an initial public offering pursuant to an effective registration statement under U.S. Securities Act of 1933, or in an initial public offering in the PRC, or in Hong Kong, on or before (the "QIPO") the proposed QIPO due date, the Company or Delaware Sirnaomics may be required to redeem the outstanding Series B, C, D and E Preferred Shares at a price per share calculated in the formulae as stipulated in the Memorandum of Association of the Company or restated certificate of incorporation, in three annual installments commencing on or before 90th day

after the Company's or Delaware Sirnaomics's receipt from holders of a majority of outstanding Series B, C, D and E Preferred Shares, of written notice requesting redemption of all Series B, C, D and E Preferred Shares.

The initial proposed QIPO due date is September 30, 2021. Upon the issuance of Series D Preferred Shares, the proposed QIPO due date associated with Series B and C Preferred Shares were extended to June 30, 2022. The proposed QIPO due date of Series B, C and D Preferred Shares were further extended to June 30, 2024 upon issuance of Series E Preferred Shares.

No redemption rights are held by the holders of Series A Preferred Shares.

(ii) Series C Warrants

a) Stock Purchase Warrants for Series C Preferred Shares

Overseas direct investment (the "ODI") into foreign entities by certain investors located in the PRC (the "Series C Chinese Investors") is not allowed until an approval for ODI is obtained from the applicable authorities in the PRC, including Chinese National Development and Reform Commission, Chinese Ministry of Commerce, and State Administration of Foreign Exchange. In 2018, in order to raise funds from a number of Series C Chinese Investors who are not allowed to hold direct investments in foreign entities, Delaware Sirnaomics issued Series C Warrants.

Pursuant to the investment agreement and the stockholders agreement in 2018, the Series C Chinese Investors received 7,618,157 Series C Warrants for their investment in aggregate of RMB160,000,000 (equivalent to US$25,396,000) in Suzhou Sirnaomics, which represented 20.25% equity interest in Suzhou Sirnaomics in 2018. Series C Warrants are presented as financial liabilities at FVTPL on the consolidated statements of financial position.

During the nine months ended September 30, 2021, the Series C Chinese Investors have obtained the ODI approval, exercised the Series C Warrants and converted the Series C Warrants into Series C Preferred Shares.

b) Conversion of Series C Warrants

The holders of the Series C Warrants shall convert the Series C Warrants into 7,618,157 shares of Series C Preferred Shares upon the holders receiving the ODI approval for direct investment into foreign entities. (i.e. the holders are entitled to options for subscribing same number of Series C Preferred Shares upon the receipt of ODI approval). The exercise price of the Series C Warrants is US$3.33, which is the same as the original issue price of Series C Preferred Shares.

After the holders have obtained such ODI approvals, the Company or Delaware Sirnaomics is required to assist the holders of Series C Warrants in disposing their investment in Suzhou Sirnaomics through equity transfer, reduction of registered capital or other transaction. The Company or Delaware Sirnaomics has the contractual obligation to repurchase the equity interest in Suzhou Sirnaomics from holders of Series C Warrants at initial subscription price and issue 7,618,157 Series C Preferred Shares of the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) to the warrant holders.

In accordance with the Series C Warrants, the Company or Delaware Sirnaomics and the other parties thereto will execute the stockholders agreement, pursuant to which, from the date thereof until termination or expiration of the Series C Warrants or of the exercise of the warrants, the holders of the Series C Warrants are entitled to the rights specified in the stockholder agreements.

The Series C Warrants would be terminated only upon one of the following events: (1) the Series C Warrants have been completely exercised; (2) a deemed liquidation event as defined in the First Amended and Restated Memorandum of Association of the Company or the restated certificate of incorporation of Delaware Sirnaomics.

c) Investors Withdrawal

If any Series C Chinese Investor fails to obtain the ODI approval, or fails to exercise the Series C Warrants, or fails to obtain the Series C Preferred Shares of the Company or Delaware Sirnaomics as a result of exercise of the Series C Warrants, due to changes in policies and regulations or any other circumstances that the Series C Chinese Investors are not responsible for, each Series C Chinese Investor may withdraw from the Company or Delaware Sirnaomics and Suzhou Sirnaomics under the following conditions:

New Purchaser

Each Series C Chinese Investor is entitled to have a third party, which shall be incorporated and existing offshore of the PRC and shall be acceptable to the Company or Delaware Sirnaomics, to purchase an amount of Series C Preferred Shares of the Company or Delaware Sirnaomics exercisable under the Series C Warrants, at the price agreed by the Series C Investor and the Company or Delaware Sirnaomics.

Redemption Feature

If Sirnaomics fails to close an initial public offering ("IPO") by June 30, 2024, all or part of the Series C Preferred Shares shall be redeemed by the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) after the Company's or Delaware Sirnaomics's receipt from any Series C Chinese Investor of written notice requesting redemption at a price stipulated in the stockholders agreement.

Withdrawal Upon IPO (i.e. if the ODI Approval is Not Yet Completed Upon Successful IPO)

Immediately prior to an IPO of securities of any member of the Group, if, in the formal written opinion of the IPO advisers, not obtaining the ODI approvals will materially and adversely affect the IPO, the parties shall effect a withdrawal of the Series C Chinese Investors by effecting certain specific steps as outlined in the stockholder agreement.

Withdrawal Upon Liquidation

In the event that the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) experiences a liquidation event (i.e. the Company or Delaware Sirnaomics goes for liquidation) or a deemed liquidation event (e.g. sale of the Company or Delaware Sirnaomics and its subsidiaries or merge with other corporation), the Series C Chinese Investors shall be entitled, in accordance with their respective shareholding portion of Series C Preferred Shares, to be paid out of the distributable liquidation assets of the Company or Delaware Sirnaomics in the amount equal to the sum of: (i) its total investment amount (the aggregate total investment amount paid by each Series C investor) and (ii) any dividends accrued on the shares of the Company or Delaware Sirnaomics or any declared but unpaid thereon.

(iii) Convertible Loans

Overseas direct investment into foreign entities by the certain investors located in the PRC (the "Series D Chinese Investors") is not allowed until the ODI approval is obtained, on September 30, 2020, the Series D Chinese Investors entered into an investment agreement with Delaware Sirnaomics, of which the Series D Chinese Investors shall invest into equity interest of Suzhou Sirnaomics for a consideration in aggregate of US$88,994,714 (equivalent to RMB604,425,400), and Delaware Sirnaomics shall issue 13,904,442 stock purchase warrant for Series D Preferred Shares (the "Series D Warrants") to the Series D Chinese Investors (the "Series D Investment Agreement").

On November 30, 2020, the Series D Chinese Investors entered into an amendment to the Series D Investment Agreement (the "Amended Series D Investment Agreement"), according to which, the Series D Chinese Investors provided interest-free convertible loans to Suzhou Sirnaomics with a consideration in aggregate of US$88,994,714 (equivalent to RMB604,425,400) (the "Convertible Loans") instead of investing into equity interest of Suzhou Sirnaomics.

a) Stock Purchase Warrants for Series D Preferred Shares

Delaware Sirnaomics issued Series D Warrants to Series D Chinese Investors to purchase Series D Preferred Shares from the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization). Pursuant to the Series D Warrants, the Amended Series D Investment Agreement, the Series D Chinese Investors received 13,905,424 Series D Warrants in connection with the Convertible Loans. Convertible Loans are presented as financial liabilities at FVTPL on the consolidated statements of financial position.

b) Conversion of Series D Warrants

The holders of the Series D Warrants shall convert the Series D Warrants into 13,905,424 shares of Series D Preferred Shares upon the holders receiving the ODI approval for direct investment into foreign entities. The exercise price of the Series D Warrants is the same as the original issue price of Series D Preferred Share.

The Series D Warrants will be terminated on the earlier of the Series D Warrants has been exercised, or a deemed liquidation event (e.g. sale of the Company or Delaware Sirnaomics and its subsidiaries or merge with other corporation).

During the nine months ended September 30, 2021, the Series D Chinese Investors have obtained the ODI approval, exercised the Series D Warrants and repaid the Convertible Loans and converted into Series D Preferred Shares.

(iv) SAFE issued by RNAimmune

In August and September 2020, RNAimmune issued SAFE to non-controlling shareholders of RNAimmune at a total consideration of US$2,300,000. In February 2021, these non-controlling shareholders converted their SAFE into 4,259,256 ordinary shares of RNAimmune. Key terms of SAFE are as follows:

a) Voting Right

The SAFE holders are not entitled by virtue of holding this SAFE to be deemed a holder of the RNAimmune's ordinary shares for any purpose, nor will

anything contained in this SAFE be construed to confer on the SAFE holders any of the rights of a shareholder of RNAimmune or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise until conversion shares have been issued.

b) Priority under dissolution

ln the event of a dissolution while this SAFE is outstanding, RNAimmune will pay the SAFE holders an amount equal to the investment amount immediately prior to, or concurrently with, the consummation of the dissolution. RNAimmune's obligation to make the repayment will rank senior in right of payment to RNAimmune's ordinary shares and rank the same with any convertible debt of RNAimmune.

c) Conversion features

There are 2 situations in which SAFE will be converted as i) ordinary shares of RNAimmune; ii) any securities conferring the right to purchase ordinary shares of RNAimmune; or iii) any securities directly or indirectly convertible into, or exchangeable for ordinary shares of RNAimmune (collectively refers as "Equity Securities"). The 2 situations are as follows:

Next Equity Financing Conversion

This SAFE will be converted mandatorily into the Equity Securities upon the closing of the next equity financing of RNAimmune. The number of the Equity Securities that RNAimmune issues upon such conversion will equal the quotient (rounded down to the nearest whole share) obtained by dividing the investment amount by the applicable conversion price.

Corporate Transaction Conversion

ln the event of a corporate transaction prior to the conversion of this SAFE, at the closing of such corporate transaction, the SAFE holders may elect either: (a) that RNAimmune will pay the SAFE holders an amount equal to the investment amount; or (b) that this SAFE will convert into that number of conversion shares equal to the quotient (rounded down to the nearest whole share) obtained by dividing the investment amount by the applicable conversion price.

(v) Series Seed Preferred Shares issued by RNAimmune

On March 29, 2021, RNAimmune is authorized to issue 50,000,000 preferred shares of US$0.00001 par value per share. 15,000,000 of the authorized preferred shares are designated as Series Seed Preferred Shares and the remaining 35,000,000 shares of authorized preferred shares have not been designated by RNAimmune as of September 30, 2021. RNAimmune entered into share purchase agreements of Series Seed Preferred Shares with Delaware Sirnaomics and independent investors to issue 1,587,302 and 6,349,207 Series Seed Preferred Shares at a consideration of US$2,000,000 and US$8,000,000, respectively on March 29, 2021. Out of the 15,000,000 designated Series Seed Preferred Shares, 7,936,509 are issued and outstanding.

No redemption rights are held by the holders of Series Seed Preferred Shares and the other key terms of the Series Seed Preferred Shares of RNAimmune are as follows:

a) Voting Right

The voting, dividend and liquidation rights of ordinary shares are subject to and qualified by the rights, powers and preferences of Series Seed Preferred Shares. Ordinary shares are entitled to one vote per share at all meetings of stockholders and there is no cumulative voting. On any matter presented to stockholders of RNAimmune for their action or consideration at any meeting of stockholders, each holder of outstanding Series Seed Preferred Shares is entitled to the number of votes equal to the number of whole shares of ordinary shares into which Series Seed Preferred Shares are convertible. Holders of Series Seed Preferred Shares shall vote together with the holders of ordinary shares as a single class.

Holders of ordinary shares and Series Seed Preferred Shares vote together as a single class shall be entitled to elect the balance of the total number of directors of RNAimmune.

b) Dividends

RNAimmune shall not declare, pay, or set aside any dividends on shares of any other class or series of capital stock, unless holders of Series Seed Preferred Shares shall first receive a dividend in an amount at least equal to:-

- the product of (A) the dividend payable as if all shares had been converted into ordinary shares and (B) the number of shares of ordinary shares issuable upon conversion of a share of preferred shares calculated on the record date for determination of holders entitled to receive such dividend; or

- in the case of a dividend that is not convertible into ordinary shares, at a rate per share of preferred shares determined by (A) dividing the amount of the dividend payable on each share of such class by the Original Issuance Price (defined below) and (B) multiplying such fraction by an amount equal to Original Issue Price.

The Original Issuance Price shall mean with respect of each share of Series Seed Preferred Shares, the original issue price that is subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalisation.

A dividend is payable only when funds are legally available therefore and only when, as and if declared by the board of directors. RNAimmune is not obligated to pay a dividend. During the nine months ended September 30, 2021, the board of directors has not declared any dividends.

c) Liquidation Preference

In the event of any liquidation, dissolution or winding up of RNAimmune, or a deemed liquidation event as defined in the certificate of incorporation of RNAimmune, outstanding preferred shares are entitled to be paid in full out of the RNAimmune's assets available for distribution before payment on ordinary shares. If RNAimmune's assets available for distribution are insufficient to pay the full amount on a series of outstanding preferred shares, such series of preferred shares shall share ratably in any distribution of the assets available for distribution.

After payment of all preferential amounts on outstanding preferred shares, the remaining RNAimmune's assets are distributed among preferred shares and ordinary shares, pro rata based on the number of share held by each holder as if they had been converted to ordinary share immediately prior to such liquidation, dissolution or winding up of RNAimmune or deemed liquidation event.

d) Optional Conversion

Holders of Series Seed Preferred Shares have conversion rights. Each series of preferred shares is convertible, at holder's option, without payment of additional consideration, into number of fully paid ordinary shares of RNAimmune as determined by dividing the Original Issue Price for such series by the conversion price.

In order for a holder of preferred shares to convert preferred shares into ordinary shares, such holder provides written notice to RNAimmuue that such

holder elects to convert all or any portion of preferred shares. In general, preferred shares which have been surrendered for conversion are no longer deemed to be outstanding, and all rights with respect to such preferred shares cease and terminate at the conversion time. Any preferred shares so converted are retired and canceled and may not be reissued.

e) Conversion Price/Anti-Dilution Protection

The conversion price for each Series Seed Preferred Shares is adjusted on a weighted-average basis if RNAimmune issues additional shares of ordinary shares or ordinary shares equivalents (other than for stock option grants and other customary exclusions) at a purchase price less than the applicable conversion price, subject to appropriate adjustments in the certificate of incorporation.

If RNAimmune, after the original issue date for a series of preferred shares, issues additional shares of ordinary shares or ordinary shares equivalents, without consideration or for a consideration per share less than the conversion price for such series in effect immediately prior to such issue, then the conversion price for such series is reduced, concurrently with such issue, to a price determined in accordance with the formula set forth in the restated certificate of incorporation.

No adjustment in the conversion price for a series of preferred shares is made if RNAimmune receives written notice from holders of a majority of such series of preferred shares then outstanding agreeing that no such adjustment should be made as the result of the issuance or deemed issuance of additional shares of ordinary shares or ordinary shares equivalents.

f) Mandatory Conversion

Upon (i) the closing of the sale of ordinary shares of RNAimmune to the public in a firm-commitment underwritten public offering resulting in at least US$20,000,000 of aggregate proceeds, net of the underwriting discount and commissions, the ordinary shares of RNAimmune is listed for trading on Nasdaq Stock Market's National Market, Hong Kong Stock Exchange, or another stock exchange approved by the board of directors of RNAimmune or (ii) the date and time, or the occurrence specified by vote or written consent of requisite holders, then all outstanding shares of Series Seed Preferred Shares of RNAimmune shall be converted automatically into ordinary shares of RNAimmune, at the effective conversion price and such shares may not be reissued by RNAimmune.

With respect to each series of preferred shares of RNAimmune, all holders of such series of preferred shares are sent written notice of the mandatory conversion time and the place designated for mandatory conversion of all such series. In general, all rights with respect to a series of preferred shares of RNAimmune converted, including the rights, if any, to receive notices and vote (other than as a holder of ordinary shares of RNAimmune), terminate at the mandatory conversion time for such series. Such converted shares of such series of preferred shares shall be retired and canceled and may not be reissued as shares of such series.

Presentation and Classification

The directors of the Company considered that the Preferred Shares, Series C Warrants and Convertible Loans issued by the Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization) or Suzhou Sirnaomics and SAFE and Series Seed Preferred Shares issued by RNAimmune are accounted for as financial liabilities measured at FVTPL.

The directors of the Company also considered that the changes in the fair value of the Preferred Shares, Series C Warrants, Convertible Loans, SAFE and Series Seed Preferred Shares attributable to the change in credit risk of these financial liabilities are minimal. Changes in fair value of the Preferred Shares, Series C Warrants, Convertible Loans, SAFE and Series Seed Preferred Shares not attributable to the change in credit risk of the financial liabilities are charged to profit or loss and presented as "changes in fair value of financial liabilities at FVTPL".

On January 21, 2021, Delaware Sirnaomics, its then shareholders, the holders of Series C Warrants and Series D Warrants and the Company entered into the Share Exchange Arrangement as described in note 2(iii). The directors of the Company considered that the Share Exchange Arrangement does not constitute as substantial modification of the financial liabilities at FVTPL under IFRS 9 and does not result in derecognition and no adjustment to the carrying amount of the financial liabilities at FVTPL is recognized in profit or loss at the date of modification.

The Preferred Shares, Series C Warrants, Convertible Loans, SAFE and Series Seed Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Avista Valuation Advisory Limited ("Avista Valuation"), which has appropriate qualifications and experiences in valuation of similar instruments. The address of Avista Valuation is 23rd Floor, Siu On Center, No.188 Lockhart Road, Wanchai, Hong Kong.

The directors of the Company used the back-solve method to determine the underlying share value of the Company or Delaware Sirnaomics (before completion of step (iii) of

Group Reorganization) and RNAimmune and performed an equity allocation based on OPM to arrive the fair value of the Preferred Shares, Series C Warrants, SAFE, Series Seed Preferred Shares and Convertible Loans at the end of each reporting period.

In addition to the underlying share value of the Company or Delaware Sirnaomics and RNAimmune determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value of Preferred Shares, Series C Warrants and Convertible Loans are as follows:

	At January 1, 2019	At December 31, 2019	At December 31, 2020	At September 30, 2021
Time to liquidation	2.75 years	1.75 to 2.50 years	1.50 years	2.75 years
Risk-free interest	2.5%	1.6% -1.8%	0.1%	0.5%
Expected volatility value	66%	64% -72%	64%	67%
Dividend yield	0%	0%	0%	0%
Possibilities under liquidation scenario	50%	50%	50%	50%
Possibilities under redemption scenario	30%	25%	20%	10%
Possibilities under IPO scenario	20%	25%	30%	40%

In addition to the underlying share value of RNAimmune determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value of SAFE and Series Seed Preferred Shares are as follows:

a) SAFE

	At December 31, 2020	At February 8, 2021*
Time to liquidation	0.3-5 years	0-5 years
Risk-free interest	0.05% to 0.5%	0.01% to 0.5%
Expected volatility value	63% to 76%	65% to 76%
Dividend yield	0%	0%
Possibilities under liquidation scenario	10% to 100%	20% to 100%
Possibilities under equity financing scenario	0% to 90%	0% to 80%

* Represented the date that the holders of SAFE converted their SAFE into 4,259,256 ordinary shares of RNAimmune.

b) Series Seed Preferred Shares

	At September 30, 2021
Time to liquidation	4.5 years
Risk-free interest	0.95%
Expected volatility value	72%
Dividend yield	0%
Possibilities under liquidation scenario	100%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Government Bond with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Expected volatility value was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates. Dividend yield, possibilities under different scenario and time to liquidation are estimated based on management estimation at the valuation dates.

The Group

	Preferred Shares	Series C Warrants	Convertible Loans	SAFE issued by RNAimmune	Series Seed Preferred Shares issued by RNAimmune	Total
	US$'000	US$'000	US$'000 (Note)	US$'000	US$'000	US$'000
At January 1, 2019	29,409	25,249	–	–	–	54,658
Issuance of Series C Preferred Shares	12,000	–	–	–	–	12,000
Issuance of Series C Warrants	–	119	–	–	–	119
Unrealized changes in fair value	1,811	773	–	–	–	2,584
At December 31, 2019	43,220	26,141	–	–	–	69,361
Issuance of Series D Preferred Shares and Convertible Loans	15,000	–	88,995	–	–	103,995
Issuance of SAFE	–	–	–	2,300	–	2,300
Unrealized changes in fair value	14,960	5,761	(3,592)	445	–	17,574
Exchange adjustments	–	–	3,586	–	–	3,586
At December 31, 2020	73,180	31,902	88,989	2,745	–	196,816
Conversion of SAFE to a subsidiary's ordinary shares	–	–	–	(2,762)	–	(2,762)
Issuance of Series Seed Preferred Shares	–	–	–	–	7,000	7,000
Issuance of Preferred Shares upon exercising Series C Warrants and Series D Warrants upon completion of ODI	122,958	(33,845)	(89,113)	–	–	–
Issuance of Series E Preferred Shares	106,212	–	–	–	–	106,212
Unrealized changes in fair value	11,668	–	–	–	260	11,928
Realized change in fair value	–	1,943	(776)	17	–	1,184
Exchange adjustments	–	–	900	–	–	900
At September 30, 2021	314,018	–	–	–	7,260	321,278

	Preferred Shares	Series C Warrants	Convertible Loans	SAFE issued by RNAimmune	Series Seed Preferred Shares issued by RNAimmune	Total
	US$'000	US$'000	US$'000 (Note)	US$'000	US$'000	US$'000
For the nine months ended September 30, 2020 (unaudited)						
At January 1, 2020	43,220	26,141	–	–	–	69,361
Issuance of SAFE	–	–	–	2,300	–	2,300
Unrealized change in fair value	14,421	5,360	–	(8)	–	19,773
At September 30, 2020	57,641	31,501	–	2,292	–	91,434

Note: The Convertible Loans are classified as current liabilities at December 31, 2020 as the holders have the option to convert their Convertible Loans into the Preferred Shares of the Company within twelve months from the end of the reporting period.

The Company

	Preferred Shares	Series C Warrants	Series D Warrants	Total
	US$'000	US$'000	US$'000	US$'000
At October 15, 2020 (date of incorporation) and December 31, 2020	–	–	–	–
Issuance of Preferred Shares and transfer of Series C Warrants and Series D Warrants from Delaware Sirnaomics to the Company as Series C Preferred Share Purchase Warrants and Series D Preferred Share Purchase Warrants pursuant to the Group Reorganization	73,180	7,002	–	80,182
Issuance of Preferred Shares upon exercising Series C Warrants and Series D Warrants upon completion of ODI	117,413	(8,945)	–	108,468
Issuance of Series E Preferred Shares	106,212	–	–	106,212
Realized change in fair value	–	1,943	–	1,943
Unrealized changes in fair value	17,213	–	–	17,213
At September 30, 2021	314,018	–	–	314,018

26. SHARE CAPITAL

The Group

For the purpose of presenting the share capital of the Group prior to the completion of the Reorganization as disclosed in note 2, the balance at January 1, 2019 and December 31, 2019 represented the share capital of Delaware Sirnaomics.

The share capital as at December 31, 2020 represented the combined issued share capital of the Company and Delaware Sirnaomics.

The share capital as at September 30, 2021 represents the issued share capital of the Company.

The Company

Details of the share capital of the Company as at December 31, 2020 and September 30, 2021 are as follows:

	Number of shares	Share capital US$
Ordinary shares of US$0.001 each		
Authorized		
At October 15, 2020 (date of incorporation) and December 31, 2020	150,000,000	150,000
Increase on June 20, 2021	80,000,000	80,000
Reclassification and re-designation on issuance of Preferred Shares (note 2(ii))		
– Series A	(2,024,860)	(2,025)
– Series B	(7,374,632)	(7,375)
– Series C	(14,600,142)	(14,600)
– Series D	(16,249,174)	(16,249)
– Series E	(18,000,000)	(18,000)
– undesignated	(21,751,192)	(21,751)
At September 30, 2021	150,000,000	150,000
Issued and fully paid		
At October 15, 2020 (date of incorporation) and December 31, 2020	1	–*
Issuance of ordinary shares (note 2(iii))	14,349,637	14,350
Exercise of share options	530,000	530
At September 30, 2021	14,879,638	14,880

* Less than US$1

27. DEFICITS OF THE COMPANY

	Share premium US$'000	Share option reserve US$'000	Accumulated losses US$'000	Total US$'000
At October 15, 2020 (date of incorporation)	–	–	–	–
Loss and total comprehensive expense for the period	–	–	(885)	(885)
At December 31, 2020	–	–	(885)	(885)
Loss and total comprehensive expense for the period	–	–	(17,026)	(17,026)
Recognition of share-based payment	–	1,328	–	1,328
Lapse of share options	–	(20)	20	–
Forfeiture of share options	–	(91)	91	–
Issuance of shares arising from Group Reorganization	10,178	–	–	10,178
Issue of shares under share option scheme	326	(155)	–	171
Transfer of share option reserve from Delaware Sirnaomics to the Company	–	2,623	–	2,623
At September 30, 2021	10,504	3,685	(17,800)	(3,611)

28. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries	Share options reserve of subsidiaries	Total
	US$'000	US$'000	US$'000
At January 1, 2019	3,545	–	3,545
Share of loss for the year	(746)	–	(746)
Exchange differences arising on translation of foreign operations	(25)	–	(25)
Capital contribution from a non-controlling shareholder	28	–	28
At December 31, 2019	2,802	–	2,802
Share of loss for the year	(2,656)	–	(2,656)
Exchange differences arising on translation of foreign operations	(10)	–	(10)
Recognition of share-based payment	–	4	4
Capital contribution from non-controlling shareholders	113	–	113
At December 31, 2020	249	4	253
Share of loss for the period	(1,930)	–	(1,930)
Exchange differences arising on translation of foreign operations	59	–	59
Exercise of stock purchase warrants by Delaware Sirnaomics (note 35a)	302	–	302
Effect of conversion of SAFE to a subsidiary's ordinary shares	1,406	–	1,406
Exercise of Series C Warrants granted to non-controlling shareholders and convert their equity interests in a subsidiary to the Company's preferred shares	(458)	–	(458)
Acquisition of interest in a subsidiary from a non-controlling shareholder	(47)	–	(47)
Recognition of share-based payment	–	18	18
At September 30, 2021	(419)	22	(397)
For the nine months ended September 30, 2020 (unaudited)			
At January 1, 2020	2,802	–	2,802
Share of loss for the period	(1,188)	–	(1,188)
Exchange differences arising on translation of foreign operations	57	–	57
Recognition of share-based payment	–	4	4
Capital contribution from non-controlling shareholders	113	–	113
At September 30, 2020	1,784	4	1,788

29. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap of HK$1,500 per month. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group maintains multiple qualified contributory saving plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering employees employed in the US and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation.

During the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021, the total contribution charged to the consolidated statements of profit or loss and other comprehensive income amount to US$254,000, US$228,000, US$166,000 (unaudited) and US$471,000, respectively.

30. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of Delaware Sirnaomics

2008 Stock Incentive Plan

Effective on March 18, 2008, Delaware Sirnaomics adopted the "2008 Stock Incentive Plan" pursuant to which the Group was authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants and other nonemployee individuals of Delaware Sirnaomics. Under the 2008 Stock Incentive Plan, a total of 10 million shares of ordinary shares was reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options were granted with an exercise price not less than the fair market value of the Delaware Sirnaomics's ordinary shares at the date of grant, and have exercise terms of up to 10

years with vesting periods determined at the discretion of the Board of Directors of Delaware Sirnaomics, and are subject generally to a continued service relationship. Effective on June 10, 2016, the Group terminated the 2008 Stock Incentive Plan, meaning that, while no additional awards of stock options, stock appreciation rights, or restricted stock were permitted thereunder, all outstanding awards continued to be governed by their existing terms.

2016 Stock Incentive Plan

Effective on June 10, 2016, Delaware Sirnaomics adopted the "2016 Stock Incentive Plan" pursuant to which Delaware Sirnaomics is authorized to grant stock options, stock appreciation rights, and restricted stock to directors, officers, employees, consultants and other nonemployee individuals of Delaware Sirnaomics. Under the 2016 Stock Incentive Plan, a total of 12.7 million shares of ordinary shares was reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options are to be granted with an exercise price not less than the fair market value of Delaware Sirnaomics's ordinary shares at the date of grant, and have exercise terms of up to 10 years with vesting periods determined at the discretion of the Board of Directors of Delaware Sirnaomics, and are subject generally to a continued service relationship.

Effective on January 21, 2021, the Group terminated the 2016 Stock Incentive Plan, meaning that, while no additional awards of stock options, stock appreciation rights, or restricted stock were permitted thereunder, all outstanding awards continued to be governed by their existing terms.

Substitution of ordinary shares of Delaware Sirnaomics to the Company's ordinary shares under 2008 Stock incentive Plan and 2016 Stock incentive Plan

As part of the Share Exchange Arrangement as detailed in note 2, Delaware Sirnaomics would i) substitute 1 share of ordinary share of Delaware Sirnaomics under the 2008 Stock incentive Plan and 2016 Stock incentive Plan to 1 share of ordinary share of the Company and ii) assume on the same terms and conditions as the 2008 Stock incentive Plan and the 2016 Stock incentive Plan for issuance of stock options, stock appreciation rights, and restricted stock under the 2021 Stock Incentive Plan as defined and detailed below. The directors of the Company considered that the modification of terms of 2008 Stock Incentive Plan and 2016 Stock Incentive Plan have no material change in fair value of the share options at the date of modification.

The following table discloses movements share options held by director and employees during the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 under 2008 Stock Incentive Plan:

				Number of share options ('000)								
Options	**Vesting year**	**Expiry year**	**Exercise price US$**	**At January 1, 2019**	**Exercised during the year**	**At December 31, 2019**	**Exercised during the year**	**Lapsed/ forfeited during the year**	**At December 31, 2020**	**Exercised during the period**	**Lapsed during the period**	**At September 30, 2021**
Director												
Tranche 2010-1	2014	2020	0.325	750	(30)	720	(62)	(658)	–	–	–	–
Employees												
Tranche 2010-1	2014	2020	0.325	3,150	(505)	2,645	(1,905)	(140)	600	(530)	(70)	–
Tranche 2011-1	2015	2021	0.325	50	–	50	(50)	–	–	–	–	–
				3,200	(505)	2,695	(1,955)	(140)	600	(530)	(70)	–
				3,950	(535)	3,415	(2,017)	(798)	600	(530)	(70)	–
Exercisable at the end of the reporting period						3,415			600			–
Weighted average exercise price				0.325	0.325	0.325	0.325	0.325	0.325	0.325	0.325	NA

The following table discloses movements of the share options held by directors, senior management employees and non-employee during the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 under 2016 Stock Incentive Plan:

				Number of share options ('000)								
Options	**Vesting year**	**Expiry year**	**Exercise price US$**	**At January 1, 2019**	**Granted during the year**	**Forfeited during the year**	**At December 31, 2019**	**Granted during the year**	**Forfeited during the year**	**At December 31, 2020**	**Forfeited during the period**	**At September 30, 2021**
Directors												
Tranche 2017-3	2019	2025	1.36	110	–	–	110	–	–	110	–	110
Tranche 2016-1	2020	2025	1.36	600	–	–	600	–	–	600	–	600
Tranche 2017-1	2019	2022	1.50	200	–	–	200	–	–	200	–	200
Tranche 2017-2	2021	2025	1.36	400	–	–	400	–	–	400	–	400
Tranche 2018-1	2022	2022	1.60	400	–	–	400	–	–	400	–	400
Tranche 2018-2	2022	2027	1.45	900	–	–	900	–	–	900	(200)	700
Tranche 2020-1	2024	2029	2.35	–	–	–	–	675	–	675	–	675
Tranche 2020-2	Milestones (Note)	2029	1.75	–	–	–	–	700	–	700	–	700
				2,610	–	–	2,610	1,375	–	3,985	(200)	3,785
Senior management												
Tranche 2017-3	2019	2025	1.36	20	–	–	20	–	–	20	–	20
Tranche 2017-4	2020	2025	1.36	–	–	–	–	–	–	–	–	–
Tranche 2018-2	2022	2027	1.45	100	–	–	100	–	–	100	–	100
Tranche 2018-3	2022	2027	1.60	260	–	–	260	–	–	260	–	260
Tranche 2019-1	2023	2027	1.60	–	–	–	–	–	–	–	–	–

Options	Vesting year	Expiry year	Exercise price US$	Number of share options ('000) At January 1, 2019	Granted during the year	Forfeited during the year	At December 31, 2019	Granted during the year	Forfeited during the year	At December 31, 2020	Forfeited during the period	At September 30, 2021
Tranche 2019-2	2023	2028	1.75	–	100	–	100	–	–	100	–	100
Tranche 2020-2	Milestones (Note)	2029	1.75	–	–	–	–	200	–	200	–	200
Tranche 2020-3	2024	2029	1.75	–	–	–	–	100	–	100	–	100
Tranche 2020-5	2024	2029	2.35	–	–	–	–	320	–	320	–	320
				380	100	–	480	620	–	1,100	–	1,100
Employees												
Tranche 2016-2	2018	2025	1.36	800	–	–	800	–	–	800	–	800
Tranche 2017-5	2018	2025	1.36	100	–	–	100	–	(100)	–	–	–
Tranche 2017-3	2019	2025	1.36	616	–	–	616	–	–	616	(5)	611
Tranche 2017-2	2021	2025	1.36	82	–	(4)	78	–	(50)	28	–	28
Tranche 2017-4	2020	2025	1.36	100	–	–	100	–	–	100	–	100
Tranche 2018-2	2022	2027	1.45	715	–	–	715	–	–	715	–	715
Tranche 2018-3	2022	2027	1.60	10	–	–	10	–	–	10	–	10
Tranche 2019-1	2023	2027	1.60	–	60	–	60	–	(60)	–	–	–
Tranche 2019-2	2023	2028	1.75	–	105	–	105	–	(25)	80	–	80
Tranche 2019-3	2019	2028	1.75	–	50	–	50	–	–	50	–	50
Tranche 2019-4	2020	2028	1.75	–	50	–	50	–	–	50	–	50
Tranche 2020-1	2020	2029	1.75	–	–	–	–	300	–	300	–	300

Options	Vesting year	Expiry year	Exercise price US$	Number of share options ('000) At January 1, 2019	Granted during the year	Forfeited during the year	At December 31, 2019	Granted during the year	Forfeited during the year	At December 31, 2020	Forfeited during the period	At September 30, 2021
Tranche 2020-2	Milestones (Note)	2029	1.75	–	–	–	–	600	–	600	–	600
Tranche 2020-3	2024	2029	1.75	–	–	–	–	15	(15)	–	–	–
Tranche 2020-4	2021	2029	2.35	–	–	–	–	125	–	125	–	125
Tranche 2020-5	2024	2029	2.35	–	–	–	–	345	–	345	–	345
				2,423	265	(4)	2,684	1,385	(250)	3,819	(5)	3,814
Non-employee Tranche 2018-2	2022	2027	1.45	100	–	–	100	–	–	100	–	100
Tranche 2020-1	2020	2029	1.75	–	–	–	–	300	–	300	–	300
				100	–	–	100	300	–	400	–	400
				5,513	365	(4)	5,874	3,680	(250)	9,304	(205)	9,099
Exercisable at the end of the reporting period							4,499			4,553		5,880
Weighted average exercise price				1.42	1.73	1.36	1.44	1.97	1.48	1.65	1.45	1.66

Note: Milestone-based share options are vested conditionally upon the achievement of a specified performance target including but not limited to, the completion of Listing, Series D financing by the fourth quarter in 2020 or achievement of drug project related milestones.

Equity-settled share option scheme of the Company

2021 Stock Incentive Plan

Effective on January 21, 2021, the Company adopted the "2021 Stock Incentive Plan" pursuant to which the Company is authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants, advisers and individuals who provide services to the Company and its affiliates. Under the 2021 Stock Incentive Plan, a total of 13.3 million ordinary shares of the Company were reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options are to be granted with an exercise price not less than the fair market value of the Company's ordinary shares at the date of grant, and have exercise terms of up to 10 years with vesting periods determined at the discretion of the board of directors of the Company, and are subject generally to a continued service relationship.

The following table discloses movements of the Company's share options held by directors and employees during the nine months ended September 30, 2021 under 2021 Stock Incentive Plan since January 21, 2021:

				Number of share options ('000)			
Options	**Vesting year**	**Expiry year**	**Exercise price US$**	**At January 1, 2021**	**Granted during the period**	**Forfeited during the period**	**At September 30, 2021**
Directors							
Tranche 2021-4	2025	2030	2.35	–	20	–	20
Tranche 2021-5	2025	2030	3.5	–	1,500	–	1,500
Tranche 2021-6	2025	2030	3.55	–	150	–	150
				–	1,670	–	1,670
Senior management							
Tranche 2021-5	2025	2030	3.5	–	800	–	800
Employees							
Tranche 2021-1	2021	2030	2.35	–	50	(42)	8
Tranche 2021-2	Milestone (Note)	2030	2.35	–	8	–	8
Tranche 2021-3	Milestone (Note)	2030	2.35	–	8	–	8
Tranche 2021-4	2025	2030	2.35	–	489	(288)	201
Tranche 2021-5	2025	2030	3.5	–	686	–	686
Tranche 2021-6	2025	2030	3.55	–	289	–	289
				–	1,530	(330)	1,200
				–	4,000	(330)	3,670
Exercisable at the end of the reporting period				–			58
Weighted average exercise price				–	3.34	2.35	3.43

Note: Milestone-based share options are vested conditionally upon the achievement of a specified performance target including but not limited to, the execution of a collaboration, development, joint venture, or partnership agreement or completion of achievement of drug project related milestones.

Equity-settled share option scheme of RNAimmune

2020 Stock Incentive Plan

Effective on March 8, 2020, RNAimmune adopted the "2020 Stock Incentive Plan" pursuant to which RNAimmune is authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants, advisers and individuals who provide services to RNAimmune and its affiliates. Under the 2020 Stock Incentive Plan, a total of seven million ordinary shares of RNAimmune were reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options are to be granted with an exercise price not less than the fair market value of RNAimmune's ordinary shares at the date of grant, and have exercise terms of up to 10 years with vesting periods determined at the discretion of the board of directors of RNAimmune, and are subject generally to a continued service relationship.

The following table discloses movements of RNAimmune's share options held by senior management and employees during the year ended December 31, 2020 and the nine months ended September 30, 2021 under 2020 Stock Incentive Plan:

				Number of share options ('000)						
Options	**Vesting year**	**Expiry year**	**Exercise price US$**	**At January 1, 2020**	**Granted during the year**	**Forfeited during the year**	**At December 31, 2020**	**Granted during the period**	**Forfeited during the period**	**At September 30, 2021**
Senior management										
Tranche 2020-1	Milestones (note)	2029	0.11	–	–	–	–	–	–	–
Tranche 2020-2	Milestones (note)	2029	0.10	–	200	–	200	–	(8)	192
Tranche 2021-1	Milestones (note)	2030	1.26	–	–	–	–	800	–	800
				–	200	–	200	800	(8)	992
Employees										
Tranche 2020-1	Milestones (note)	2029	0.11	–	2,800	(280)	2,520	–	(140)	2,380
Tranche 2020-2	Milestones (note)	2029	0.10	–	1,000	(80)	920	–	(70)	850
Tranche 2021-2	2024	2030	1.26	–	–	–	–	50	–	50
Tranche 2021-3	2025	2030	1.26	–	–	–	–	75	–	75
				–	3,800	(360)	3,440	125	(210)	3,355
				–	4,000	(360)	3,640	925	(218)	4,347
Exercisable at the end of the reporting period				–			948			2,056
Weighted average exercise price				–	0.11	0.11	0.11	1.26	0.11	0.35

Note: Milestone-based share options are vested conditionally including but not limited to upon closing a seed round financing on or before December 31, 2020, first filing of an Investigational New Drug application with the US Food and Drug Administration for an infectious disease indication on or before December 31, 2021 or obtaining an approval of non-dilutive government or foundation funding on or before June 30, 2021.

The fair value of services received in return for share options under 2008 Stock Incentive Plan, 2016 Stock Incentive Plan, 2020 Stock Incentive Plan and 2021 Stock Incentive Plan is measured by reference to the fair value of share options granted. Back-solve method was used to determine the equity fair value of the ordinary shares of the Company, Delaware Sirnaomics and RNAimmune at grant date and the estimated fair value of the share options granted is measured based on the OPM. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate with reference to valuation reports carried out by Avista Valuation. The value of an option varies with different variables of certain subjective assumptions.

The key inputs of the model were as follows:

	2016 Stock Incentive Plan	2020 Stock Incentive Plan	2021 Stock Incentive Plan
Share price	US$1.11 – US$2.08	US$0.03	US$2.09 – US$3.47
Exercise price	US$1.36 – US$2.35	US$0.1 – US$1.26	US$2.35 – US$3.55
Expected volatility	70% – 75%	74%	75% – 76%
Risk-free rate	0.31% – 2.32%	0.48%	0.68% – 1.18%
Expected dividend yield	0%	0%	0%
Time-to-maturity	4.7 – 6.0 years	4.8 years	4.9 – 6.0 years

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Government Bond with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The time-to-maturity used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The Group recognized the total expense of US$578,000, US$992,000, US$538,000 (unaudited) and US$1,370,000 for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021, respectively in relation to share options granted by the Company, Delaware Sirnaomics and RNAimmune.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to equity holders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debts, which includes lease liabilities, bank borrowings and financial liabilities at FVTPL, and net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the new ordinary share/preferred share issues, share repurchase as well as the issue of new debts and redemption of existing debts.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	At December 31, 2019 US$'000	At December 31, 2020 US$'000	At September 30, 2021 US$'000
Financial assets			
Amortized cost	10,177	103,358	175,564
Financial assets at FVTPL	9,949	–	–
Financial liabilities			
Amortized cost	2,089	5,415	5,483
Designated as at FVTPL	69,361	196,816	321,278
Lease liabilities	1,985	1,747	3,379

The Company

	At December 31, 2020 US$'000	At September 30, 2021 US$'000
Financial assets		
Amortized cost	–	217,225
Financial liabilities		
Amortized cost	1,147	2,081
Designated as at FVTPL	–	314,018

Financial risk management objectives and policies

The Group's and the Company's major financial instruments include deposits and other receivables, structured deposits, restricted bank balances, bank balances and cash, amount due from a subsidiary, trade and other payables, bank borrowings and financial liabilities

at FVTPL. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain bank balances, deposits and other receivables and trade and other payables denominated in foreign currency of respective group entities expose the Group and the Company to foreign currency risk. The Group and the Company currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities and intra-group balances at the end of each reporting period are mainly as follows:

The Group

	At December 31,		At September 30,
	2019	2020	2021
	US$'000	US$'000	US$'000
Assets			
US$	922	1,146	1,092
HK$	–	–	33
Liabilities			
US$	235	578	1,145
HK$	83	65	–

The Company

	At December 31,	At September 30,
	2020	2021
	US$'000	US$'000
Liabilities		
RMB	187	695

The management of the Group considers that as HK$ is pegged to US$, the Group and the Company are not subject to significant foreign currency risk from change in

foreign exchange rate of HK$ against US$ and no sensitivity analysis was presented. In addition, no sensitivity analysis for the RMB denominated monetary liabilities of the Company was presented as the management considers that the exposure of foreign currency risk is insignificant.

(ii) Interest rate risk

The Group

The Group are primarily exposed to fair value interest rate risk in relation to lease liabilities and cash flow interest rate risk in relation to variable-rate restricted bank balances, bank balances and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of The People's Bank of China benchmark rates and being regularly monitored and evaluated by reference to anticipated changes in market interest rate by the Group.

The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Total interest income from financial assets (including restricted bank balances and bank balances) that are measured at amortized cost for the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021 are approximately US$97,000, US$80,000, US$24,000 (unaudited) and US$137,000 respectively.

Interest charges on financial liabilities not measured at FVTPL:

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	US$'000	US$'000 (unaudited)	US$'000
Bank borrowings	–	6	–	35
Lease liabilities	229	243	184	182
	229	249	184	217

No sensitivity analysis was presented as the management considers that the exposure to cash flow interest rate risk for variable-rate restricted bank balances, bank balances and bank borrowings are insignificant because the current market interest rates are relatively low and stable during the Track Record Period.

The Company

The exposure of cash flow interest rate risk arising from variable-rate bank balances of the Company is insignificant as at September 30, 2021 because the current market interest rates are relatively low and stable.

(iii) Other price risk

The Group and the Company are exposed to other price risk arising from Preferred Shares, Series C Warrants, SAFE, Series Seed Preferred Shares and Convertible Loans which were classified as financial liabilities at FVTPL and structured deposits.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

The Company or Delaware Sirnaomics (before completion of step (iii) of Group Reorganization)

If the equity value of Delaware Sirnaomics as December 31, 2019 and December 31, 2020 and the equity value of the Company at September 30, 2021 had been changed based on the 5% higher/lower:

- the loss of the Group for the year ended December 31, 2019 would increase by approximately US$2,952,000 and decrease by approximately US$2,977,000;

- the loss of the Group for the year ended December 31, 2020 would increase by approximately US$8,436,000 and decrease by approximately US$8,494,000; and

- the loss of the Group for the nine months ended September 30, 2021 would increase by approximately US$14,452,000 and decrease by approximately US$14,506,000.

RNAimmune

If the equity value of RNAimmune had been changed based on the 5% higher/lower:

- the loss of the Group for the year ended December 31, 2020 would increase by approximately US$56,000 and decrease by approximately US$55,000; and

- the loss of the Group for the nine months ended September 30, 2021 would increase by approximately US$257,000 and decrease by approximately US$261,000.

The Group's exposure to other price risk for structured deposits are not included in the above analysis as the management considers that the impact of the fluctuation in expected yields to the fair value of the structured deposits was insignificant as the structured deposits have short maturities.

The Company

If the equity value of the Company had been changed based on the 5% higher/lower, the loss of the Company for the nine months ended September 30, 2021 would increase by approximately US$9,219,000 and decrease by approximately US$9,275,000.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to restricted bank balances, bank balances and deposits and other receivables. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group and the Company performed impairment assessment for financial assets under ECL model. Information about the Group's and the Company's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarized as below:

Other receivables and deposits

For other receivables and deposits, the management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Except for the credit-impaired other receivables amounting to US$242,000 as at December 31, 2019 as disclosed below, the management of the Group believes that there are no significant increase in credit risk of the remaining other receivables and deposits since initial recognition and the Group and the Company provided impairment based on 12m ECL.

Restricted bank balances and bank balances

Credit risk on restricted bank balances and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies.

The Group and the Company assessed 12m ECL for restricted bank balances and bank balances by reference to information relating to probability of default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank balances and bank balances is considered to be insignificant.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor frequently usually repays after due dates but settle the amounts in full	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group and the Company have no realistic prospect of recovery	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

The Group

	Notes	Internal/ external credit rating	12m or lifetime ECL	December 31, 2019 Gross carrying amount		December 31, 2020 Gross carrying amount		September 30, 2021 Gross carrying amount	
				US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial assets at amortized cost									
Restricted bank balances	21	A1	12m ECL		57		61		62
Bank balances	21	A3-Aa1	12m ECL		9,945		103,122		174,378
Deposits and other receivables	20	Low risk Loss (Notes 1 and 2)	12m ECL	171		175		1,124	
			Lifetime ECL - credit-impaired	242	413	–	175	–	1,124
					10,415		103,358		175,564

The Company

	Notes	Internal/ external credit rating	12m or lifetime ECL	December 31, 2020 Gross carrying amount US$'000	September 30, 2021 Gross carrying amount US$'000
Financial assets at amortized cost					
Bank balances	21	A3-Aa1	12m ECL	–	11,070
Other receivables	20	Low risk (Note 1)	12m ECL	–	206,155
				–	217,225

Notes:

1. For the purposes of internal credit risk management, the Group and the Company use past due information to assess whether credit risk has increased significantly since initial recognition:

The Group

At December 31, 2019

	Past due	No fixed repayment terms	Total
	US$'000	*US$'000*	*US$'000*
Other receivables and deposits	242	171	413

At December 31, 2020

	Past due	No fixed repayment terms	Total
	US$'000	*US$'000*	*US$'000*
Other receivables and deposits	–	175	175

At September 30, 2021

	Past due	No fixed repayment terms	Total
	US$'000	*US$'000*	*US$'000*
Other receivables and deposits	–	1,124	1,124

The Company

At September 30, 2021

	Past due	Repayable on demand	Total
	US$'000	*US$'000*	*US$'000*
Other receivables	–	206,155	206,155

2. The following table shows the reconciliation of loss allowances that has been recognized for credit-impaired other receivables of the Group:

	Lifetime ECL - credit-impaired
	US$'000
As at January 1, 2019	–
New financial assets originated	242
As at December 31, 2019	242
Changes due to other receivables recognized as at January 1, 2020 – impairment losses reversed	(242)
As at December 31, 2020 and September 30, 2021	–

Changes in the loss allowance for other receivables of the Group are mainly due to the settlement from the counterparty during the year ended December 31, 2020.

Liquidity risk

In management of the liquidity risk, the Group and the Company monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group and the Company rely on shareholders' investment and issuance of Preferred Shares, SAFE, Series Seed Preferred Shares and Convertible Loans as a significant source of liquidity.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate	On demand or less than 30 days	31 days to 180 days	181 days to 365 days	1-5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At December 31, 2019							
Trade and other payables	–	2,089	–	–	–	2,089	2,089
Financial liabilities at FVTPL	15.00	–	–	–	85,404	85,404	66,015*
Lease liabilities	12.60	64	308	289	2,010	2,671	1,985
		2,153	308	289	87,414	90,164	70,089

	Weighted average interest rate	On demand or less than 30 days	31 days to 180 days	181 days to 365 days	1-5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At December 31, 2020							
Trade and other payables	–	4,281	–	–	–	4,281	4,281
Bank borrowings	4.15	–	24	24	1,296	1,344	1,134
Financial liabilities at FVTPL	17.74	–	91,955	–	111,665	203,620	188,591*
Lease liabilities	12.97	54	269	321	1,526	2,170	1,747
		4,335	92,248	345	114,487	211,415	195,753

	Weighted average interest rate	On demand or less than 30 days	31 days to 180 days	181 days to 365 days	1-5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At September 30, 2021							
Trade and other payables	–	4,040	–	–	–	4,040	4,040
Bank borrowings	4.15	–	30	31	1,605	1,666	1,443
Financial liabilities at FVTPL	18.81	–	–	–	459,702	459,702	306,068*
Lease liabilities	10.61	81	636	764	2,392	3,873	3,379
		4,121	666	795	463,699	469,281	314,930

The Company

	Weighted average interest rate	On demand or less than 30 days	1-5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At December 31, 2020					
Other payables	–	1,147	–	1,147	1,147

	Weighted average interest rate	On demand or less than 30 days	1-5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At September 30, 2021					
Other payables	–	2,081	–	2,081	2,081
Financial liabilities at FVTPL	18.81	–	459,702	459,702	306,068**
		2,081	459,702	461,783	308,149

* These amounts have excluded the carrying amounts of Series A Preferred Shares, SAFE and Series Seed Preferred Shares total amounting to US$3,346,000, US$8,225,000 and US$15,210,000 as December 31, 2019, December 31, 2020 and September 30, 2021, respectively as these instruments do not contain any redemption rights.

** These amounts have excluded the carrying amounts of Series A Preferred Shares of US$7,950,000 at September 30, 2021 as these instruments do not contain any redemption rights.

Fair value measurements of financial instruments

This note provides information about how the Group and the Company determine fair values of various financial assets and financial liabilities.

Fair value measurements and valuation processes

Some of the Group's and the Company's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group and the Company use market-observable data of the extent it is available. Where Level 1 inputs are not available, the Group and the Company determine the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

Fair value of the Group's and the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives

information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). There were no transfers out of Level 3 during the Track Record Period.

The Group

Financial assets	Fair value as at December 31, 2019	Fair value as at December 31, 2020	Fair value as at September 30, 2021	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
	US$'000	*US$'000*	*US$'000*				
Structured deposits	9,949	–	–	Level 3	Discounted cash flows Expected yields of 3% per annum invested by a bank (note a)	Expected yields	A significant increase in expected yields used would result in a significant increase in fair value, and vice versa.
Financial liabilities							
Financial liabilities at FVTPL – Preferred Shares	43,220	73,180	314,018	Level 3	Back-solve method and the OPM Time to liquidation, risk-free interest, expected volatility value, dividend yield and possibilities under liquidation, redemption and IPO scenario	Expected volatility value	A significant increase in expected volatility value would result in a significant increase in fair value, and vice versa. (notes b, c and d)

Financial liabilities	Fair value as at December 31, 2019	Fair value as at December 31, 2020	Fair value as at September 30, 2021	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
	US$'000	*US$'000*	*US$'000*				
Financial liabilities at FVTPL – Series C Warrants	26,141	31,902	–	Level 3	Back-solve method and the OPM Time to liquidation, risk-free interest, expected volatility value, dividend yield and possibilities under liquidation and equity financing scenario	Expected volatility value	A significant increase in expected volatility value would result in a significant increase in fair value, and vice versa. (note c)
Financial liabilities at FVTPL – Convertible Loans	–	88,989	–	Level 3			
Financial liabilities at FVTPL – SAFE	–	2,745	–	Level 3			

Financial liabilities	Fair value as at December 31, 2019	Fair value as at December 31, 2020	Fair value as at September 30, 2021	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
	US$'000	*US$'000*	*US$'000*				
Financial liabilities at FVTPL – Series Seed Preferred Shares	–	–	7,260	Level 3	Back-solve method and the OPM Time to liquidation, risk-free interest, expected volatility value, dividend yield and possibilities under liquidation scenario	Expected volatility value	A significant increase in expected volatility value would result in a significant increase in fair value, and vice versa. (note d)

The Company

	Fair value as at September 30, 2021	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
	US$'000				
Financial liabilities					
Financial liabilities at FVTPL – Preferred Shares	314,018	Level 3	Back-solve method and the OPM Time to liquidation, risk-free interest, expected volatility value, dividend yield and possibilities under liquidation, redemption and IPO scenario	Expected volatility value	A significant increase in expected volatility value would result in a significant increase in fair value, and vice versa. (note e)

Notes:

a) The management of the Group considers that the impact of the fluctuation in expected yields to the fair value of the structured deposits was insignificant as the structured deposits have short maturities, and therefore no reconciliation of Level 3 fair value measurements of financial assets is presented.

b) A 5% increases (decreases) in the expected volatility value, while all other variables keep constant, would increase (decrease) the carrying amount of Preferred Shares and Series C Warrants held by the Group as at December 31, 2019 by US$551,000 and US$72,000, respectively and US$(551,000) and US$(71,000), respectively.

c) A 5% increases (decreases) in the expected volatility value, while all other variables keep constant, would increase (decrease) the carrying amount of Preferred Shares, Series C Warrants, Convertible Loans and SAFE held by the Group as at December 31, 2020 by US$885,000, US$208,000, US$3,000 and US$22,000, respectively and US$(820,000), US$(164,000), US$3,000 and US$(22,000), respectively.

d) A 5% increases (decreases) in the expected volatility value, while all other variables keep constant, would increase (decrease) the carrying amount of Preferred Shares held by the Group as at September 30, 2021 by US$2,987,000 and US$(2,479,000), respectively while the impact on the carrying amount of Series Seed Preferred Shares as at September 30, 2021 is negligible.

e) A 5% increases (decreases) in the expected volatility value, while all other variables keep constant, would increase (decrease) the carrying amount of Preferred Shares held by the Company as at September 30, 2021 by US$2,987,000 and US$(2,479,000), respectively.

Reconciliation of Level 3 fair value measurements

The reconciliation of Level 3 measurements of financial liabilities at FVTPL are set out in note 25 and fair value losses on financial liabilities at FVTPL are presented as "changes in fair value of financial liabilities at FVTPL".

Fair value of the Group's and Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Financial liabilities at FVTPL	**Bank and other borrowings**	**Accrued issue costs**	**Lease liabilities**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2019	54,658	–	–	1,751	56,409
Financing cash flows	12,119	–	–	(632)	11,487
Non-cash changes					
New leases entered/lease modified	–	–	–	637	637
Finance costs	–	–	–	229	229
Change in fair value	2,584	–	–	–	2,584
At December 31, 2019	69,361	–	–	1,985	71,346
Financing cash flows	99,545	1,551	(169)	(640)	100,287
Non-cash changes					
Issuance of Convertible Loans for terminating contract with Xiangxue (Note 9)	6,750	–	–	–	6,750
New leases entered/lease modified	–	–	–	118	118
Finance costs	–	6	–	243	249
Waiver for loan repayment	–	(485)	–	–	(485)
Accrued issuance costs of financial liabilities at FVTPL	–	–	1,246	–	1,246
Deferred share issue costs	–	–	262	–	262
Change in fair value	17,574	–	–	–	17,574
Exchange adjustments	3,586	62	–	41	3,689
At December 31, 2020	196,816	1,134	1,339	1,747	201,036
Financing cash flows	113,212	267	(2,341)	(571)	110,567
Non-cash changes					
New leases entered/lease modified	–	–	–	2,020	2,020
Finance costs	–	35	–	182	217
Accrued issuance costs of financial liabilities at FVTPL	–	–	672	–	672
Deferred share issue costs	–	–	570	–	570
Change in fair value	13,112	–	–	–	13,112
Conversion of SAFE to a subsidiary's ordinary shares	(2,762)	–	–	–	(2,762)
Exchange adjustments	900	7	10	1	918
At September 30, 2021	321,278	1,443	250	3,379	326,350

For the nine months ended September 30, 2020 (unaudited)

	Financial liabilities at FVTPL	Bank and other borrowings	Accrued issue costs	Lease liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2020	69,361	–	–	1,985	71,346
Financing cash flows	2,300	898	–	(479)	2,719
Non-cash changes					
Accrued issuance costs of financial liabilities at FVTPL	–	–	11	–	11
New leases entered/lease modified	–	–	–	160	160
Finance costs	–	–	–	184	184
Change in fair value	19,773	–	–	–	19,773
Exchange adjustments	–	(11)	–	–	(11)
At September 30, 2020	91,434	887	11	1,850	94,182

34. RELATED PARTY TRANSACTIONS

Saved for disclosed elsewhere in the Historical Financial Information, the Group also entered into the following significant transactions with its related parties during the Track Record Period.

	For the year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
			(unaudited)	
Jiangsu Better Time Biotechnology Co., Ltd. ("BTM") 江蘇佳時泰醫藥生物科技有限公司 (Note)				
Consultancy services provided by a related party	–	–	–	168

Note: BTM is a company controlled by Dr. Xiaochang Dai, a director of the Company, who also has 100% beneficial interest in BTM.

Compensation of key management personnel

The remuneration of the directors of the Company and key management personnel of the Group during the Track Record Period were as follows:

	For the year ended December 31,		Nine months ended September 30,	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
			(unaudited)	
Salaries and other allowances	1,296	1,532	1,133	1,545
Retirement benefits schemes contributions	51	79	68	89
Share-based payment expense	333	432	232	890
Performance and discretionary bonus (Note)	88	170	58	15
	1,768	2,213	1,491	2,539

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

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at September 30, 2021, the amount of investment in a subsidiary mainly consists of investment cost of US$12,936,000 and deemed investment of US$81,510,000 in Delaware Sirnaomics.

Details of subsidiaries of the Company at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation or establishment/ operation	Issued and fully paid share capital/ paid-up capital	Effective equity interest attributable to the Group				Principal activities
			As at December 31, 2019	2020	As at September 30, 2021	As at the date of this report	
Directly owned subsidiary							
Delaware Sirnaomics (note a)	The US February 12, 2007	As at December 31, 2019, 2020: US$14,350 September 30, 2021: US$1	100%	100%	100%	100%	Developing and commercializing of RNAi technology and multiple therapeutics
Indirectly owned subsidiaries							
RNAimmune (note a)	The US May 5, 2016	As at December 31, 2019, 2020: US$145 September 30, 2021: US$208	N/A	61%	60%	60%	Technical research and development of mRNA delivery platform and mRNA-based drug and vaccine
Sirnaomics HK (note b)	Hong Kong March 8, 2019	HK$10,000	100%	100%	100%	100%	Investment holding
Suzhou Sirnaomics (note c)	The PRC March 10, 2008	As at December 31, 2019, 2020: RMB12,539,683 September 30, 2021: RMB289,081,718	79.75%	79.75%	100%	100%	Technical research, development, service and transfer of nucleic acid drugs
Guangzhou Sirnaomics (note c)	The PRC May 8, 2012	As at December 31, 2019, 2020: RMB30,000,000 September 30, 2021: RMB55,000,000	76.42%	76.42%	100%	100%	Promoting the field of scientific and application of service industry
RNAimmune Vaccine (Guangzhou) Co., Ltd. 達冕疫苗（廣州）有限公司 ("GZ RNAimmune") (note d)	The PRC January 28, 2021	RMB648,450	N/A	N/A	60%	60%	Inactive

Notes:

a. No statutory financial statements have been prepared for Delaware Sirnaomics and RNAimmune for the Track Record Period as they are incorporated in the US of Delaware where there are no statutory audit requirements.

Pursuant to the written resolution dated May 31, 2021, the Company exercised the conversion option of all the Preferred Shares of Delaware Sirnaomics and converted them into 18,725,227 with par value of US$0.001 per share ordinary shares of Delaware Sirnaomics on a 1:1 ratio. It has also been resolved that the 33,074,865 ordinary shares of the Delaware Sirnaomics were combined into 1000 ordinary shares.

On May 5, 2016, RNAimmune was incorporated in Delaware, the US by Dr. Yang Lu, Patrick being the sole director but has not issued any shares nor commenced any business since its incorporation. On February 1, 2020, RNAimmune issued 6,250,000 shares with par value of US$0.00001 each to Delaware Sirnaomics for US$250,000 and on March 8, 2020, RNAimmune further issued 2,600,000, 575,000, 275,000, 275,000, 275,000 shares with par value of US$0.00001 each for US$40,000 to the founders and management of RNAimmune, and the Group held 61% of equity interests in RNAimmune upon allotment of these shares and as at December 31, 2020. In February 2021, the SAFE investors of RNAimmune converted their SAFE into ordinary shares of RNAimmune and the Group's equity interests in RNAimmune has decreased to 43% upon this conversion. On July 12, 2021, Delaware Sirnaomics exercised the stock purchase warrant to purchase 6,250,000 additional shares at the purchase price of US$0.11 and the Group's equity interests in RNAimmune has increased to 60%.

b. The statutory financial statements of Sirnaomics HK for the period from March 8, 2019 (date of incorporation) to December 31, 2019 and for the year ended December 31, 2020 were prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by the HKICPA and were audited by JR & Co., certified public accountants registered in Hong Kong.

c. The statutory financial statements of Suzhou Sirnaomics and Guangzhou Sirnaomics for the years ended December 31, 2019 and 2020 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

On January 22, 2021, Suzhou Sirnaomics acquired the 4.17% equity interests held by a non-controlling shareholder in Guangzhou Sirnaomics at total consideration of RMB2,231,000 (equivalent to US $350,000).

As part of ODI arrangement, after a capital reduction took place on March 1, 2021 and the acquisition mentioned above, Suzhou Sirnaomics and Guangzhou Sirnaomics were wholly owned by Delaware Sirnaomics.

d. Statutory financial statements for GZ RNAimmune have not yet been due to issue up to the date of this report as it is established on January 28, 2021 with a registered capital of RMB50 million.

All subsidiaries are limited liability companies and have adopted December 31, as their financial year end date.

Details of non-wholly owned subsidiaries that have material non-controlling interests.

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests held by non-controlling interests			Loss allocated to non-controlling interests				Accumulated non-controlling interests		
		As at December 31, 2019	2020	As at September 30, 2021	For the year ended December 31, 2019	2020	For the nine months ended September 30, 2020	September 30, 2021	As at December 31, 2019	2020	As at September 30, 2021
					US$'000	*US$'000*	*US$'000 (unaudited)*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Suzhou Sirnaomics	The PRC	20.25%	20.25%	Nil	(451)	(2,221)	(911)	(95)	2,749	491	–
RNAimmune	The US	N/A	39%	40%	–	(421)	(145)	(1,815)	–	(304)	(393)
Individually immaterial subsidiary with non-controlling interests					(295)	(14)	(132)	(20)	53	66	(4)
					(746)	(2,656)	(1,188)	(1,930)	2,802	253	(397)

Summarized financial information in respect of Group's subsidiaries that had material non-controlling interests are set out below. The summarized financial information below represents amounts before the elimination of intragroup transactions.

(a) Suzhou Sirnaomics

	At December 31,	
	2019	2020
	US$'000	*US$'000*
Current assets	10,246	88,413
Non-current assets	4,327	4,420
Current liabilities	(975)	(90,332)
Non-current liabilities	(24)	(79)
Net assets	13,574	2,422
Total equity attributable to		
– owners of the Company	10,825	1,931
– non-controlling interests	2,749	491
	13,574	2,422

	For the year ended December 31		Nine months ended September 30	Four months ended April 30
	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
			(unaudited)	*(Note)*
Expenses and loss for the year/period	(2,230)	(10,968)	(4,496)	(471)
Loss for the year/period attributable to				
– owners of the Company	(1,779)	(8,747)	(3,585)	(376)
– non-controlling interests	(451)	(2,221)	(911)	(95)
	(2,230)	(10,968)	(4,496)	(471)
Other comprehensive (expense) income for the year/period attributable to				
– owners of the Company	(282)	(147)	88	225
– non-controlling interests	(72)	(37)	22	57
	(354)	(184)	110	282
Total comprehensive expense for the year/period attributable to				
– owners of the Company	(2,061)	(8,894)	(3,497)	(151)
– non-controlling interests	(523)	(2,258)	(889)	(38)
	(2,584)	(11,152)	(4,386)	(189)
Net cash outflow from operating activities	(3,529)	(7,765)	(4,778)	(2,124)
Net cash inflow (outflow) from investing activities	605	9,094	4,841	(265)
Net cash inflow (outflow) from financing activities	109	82,245	(64)	(74,284)
Net cash (outflow) inflow	(2,815)	83,574	(1)	(76,673)

Note: Suzhou Sirnaomics became a wholly-owned subsidiary of Delaware Sirnaomics upon the non-controlling shareholders of Suzhou Sirnaomics exercised the Series C Warrants in April 2021. As a result, the above financial information covers the four months ended April 30, 2021 only.

(b) RNAimmune

	At December 31, 2020	At September 30, 2021
	US$'000	*US$'000*
Current assets	2,031	8,518
Non-current assets	2	722
Current liabilities	(67)	(854)
Non-current liabilities	(2,745)	(9,379)
Net liabilities	(779)	(993)
Total deficit attributable to		
– owners of the Company	(475)	(600)
– non-controlling interests	(304)	(393)
	(779)	(993)

	For the period from February 1, 2020 to December 31, 2020	For the period from February 1, 2020 to September 30, 2020	Nine months ended September 30, 2021
	US$'000	*US$'000 (unaudited)*	*US$'000*
Expenses and loss for the period	(1,080)	(372)	(3,704)
Loss and total comprehensive expenses for the period attributable to			
– owners of the Company	(659)	(227)	(1,889)
– non-controlling interests	(421)	(145)	(1,815)
	(1,080)	(372)	(3,704)
Net cash outflow from operating activities	(706)	(416)	(3,545)
Net cash inflow (outflow) from investing activities	33	–	(551)
Net cash inflow from financing activities	2,590	2,590	9,678
Net cash inflow	1,917	2,174	5,582

36. CAPITAL COMMITMENTS

	At December 31, 2019	At December 31, 2020	At September 30, 2021
	US$'000	*US$'000*	*US$'000*
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the Historical Financial Information	–	499	815

37. PLEDGE OF ASSETS

The Group's bank facilities have been secured by the pledge of the Group's assets and the carrying amounts of the assets are as follows:

	At December 31, 2019	At December 31, 2020	At September 30, 2021
	US$'000	*US$'000*	*US$'000*
Restricted bank deposits	57	61	62

Restrictions on assets

In addition, lease liabilities of approximately US$1,985,000, US$1,747,000 and US$3,379,000 are recognized with related right-of-use assets of approximately US$1,824,000, US$1,520,000 and US$3,116,000 as at December 31, 2019, December 31, 2020 and September 30, 2021, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

38. MAJOR NON-CASH TRANSACTIONS

Saved for disclosed elsewhere in the Historical Financial Information, the Group have the following major non-cash transactions during the Track Record Period:-

Lease arrangements

During the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021, the Group entered into new lease agreements and renewed the existing leases for the use of leased properties for two years to four years. On the lease commencement during the years ended December 31, 2019 and 2020 and the nine months ended September 30, 2020 and 2021, the Group recognized US$637,000, US$118,000, US$160,000 (unaudited) and US$2,020,000 of right-of-use assets and US$637,000, US$118,000, US$160,000 (unaudited) and US$2,020,000 of lease liabilities, respectively.

39. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group have the following events:-

Subsequent to September 30, 2021, an investor subscribed for 793,651 Series Seed Preferred Shares issued by RNAimmune at a consideration of US$1,000,000.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to September 30, 2021 and up to the date of this report.

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for each of the two years ended December 31, 2020 and the nine months ended September 30, 2021 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's Reporting Accountants, as set out in Appendix I to this Prospectus (the "Accountants' Report"), and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS LESS LIABILITIES OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company prepared in accordance with 4.29(7) of the Listing Rules is set out below to illustrate the effect of the proposed Hong Kong public offering and international offering of the shares of the Company (collectively the "Global Offering") on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 as if the Global Offering had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at September 30, 2021 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets less liabilities of the Group is based on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 as derived from the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 US$'000 (Note 1)	**Estimated net proceeds from the Global Offering US$'000 (Note 2)**	**Unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 US$'000**	**Unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to the owners of Company as at September 30, 2021 per Share US$ (Note 3)**	**HK$ (Note 4)**
Based on an offer price of HK$72.70 (equivalent to US$9.33) per share	(140,959)	63,557	(77,402)	(3.45)	(26.91)
Based on an offer price of HK$65.90 (equivalent to US$8.45) per share	(140,959)	57,275	(83,684)	(3.73)	(29.09)

Notes:

1. The audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 is arrived at after deducting intangible assets of US$1,080,000 from the audited consolidated net liabilities attributable to owners of the Company of US$139,879,000 from the consolidated statement of financial position set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 7,540,000 shares at the Global Offering of HK$65.90 (equivalent to US$8.45) and HK$72.70 (equivalent to US$9.33) per offer share, being the low-end and high-end of the stated offer price range, respectively, after deduction of the estimated underwriting fees and commissions and other related expenses paid/payable by the Group (excluding listing expenses charged to profit or loss prior to September 30, 2021) and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under Pre-IPO Equity Incentive Plan or (iii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or (iv) the conversion of all preferred shares existing on September 30, 2021 into ordinary shares of the Company.

   For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into US$ at the rate of HK$1 to US$0.1283, which was the exchange rate prevailing on December 10, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Board of the U.S.. No representation is made that the HK$ amounts have been, could have been or may be converted to US$, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company per share is arrived at on the basis that a total of 22,419,638 shares were in issue assuming that the Global Offering had been completed on September 30, 2021 and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under Pre-IPO Equity Incentive Plan or (iii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or (iv) the conversion of all preferred shares existing on September 30, 2021 into ordinary shares of the Company.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company per share, the amount denominated in US$ has been converted into HK$ at the rate of US$1 to HK$7.7943, which was the exchange rate prevailing on December 10, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Board of the U.S.. No representation is made that the US$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2021. In particular, the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as shown on II-1 have not been adjusted to illustrate the effect of the following:

   Upon completion of the Global Offering, the conversion of all preferred shares existing on September 30, 2021 would have reclassified the carrying amount of all preferred shares existing on September 30, 2021 of US$314,018,000 (which has not included the fair value series seed preferred shares by RNAimmune, one of the subsidiary of the Company, of US$7,260,000), assuming no further changes in fair values of all preferred shares existing on September 30, 2021 upon Global Offering, to ordinary shares under equity. All outstanding shares of series seed preferred shares of RNAimmune shall be converted automatically into ordinary shares of RNAimmune upon the future listing of shares in RNAimmune. The conversion of all preferred shares existing on September 30, 2021 would have increased the total number of shares in issue assumption stated in Note 3 by 52,877,142 Shares and would have adjusted the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 by US$314,018,000.

The effect of the conversion of preferred shares excluding the series seed preferred shares issued by RNAimmune into ordinary shares of the Company (the "Subsequent Transactions") would have adjusted the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2021 by US$314,018,000 to unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$230,334,000 based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$236,616,000 based on an Offer Price of HK$72.70 (equivalent to US$9.33) per Share and would have increased the total Shares in issue by 52,877,142 Shares to a total of 75,296,780 Shares in issue (which represents the number of issued share capital of 88,066,780 less the 12,770,000 ordinary shares to be issued to a professional trustee which will hold such shares, upon issue before the Listing, on trust under the Pre-IPO Equity Incentive Plan for employees). Had the Subsequent Transactions been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2021 per Share would be US$3.06 (equivalent to HK$23.84) based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and US$3.14 (equivalent to HK$24.49) based on an Offer Price of HK$72.70 (equivalent to US$9.33) per Share, respectively.

For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in US$ is converted into HK$ at the rate of US$1 to HK$7.7943, which was the exchange rate prevailing on December 10, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Board of the U.S.. No representation is made that the US$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Sirnaomics Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sirnaomics Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets less liabilities as at September 30, 2021 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated December 20, 2021 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the Prospectus) on the Group's financial position as at September 30, 2021 as if the Global Offering had taken place at September 30, 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the two years ended December 31, 2020 and the nine months ended September 30, 2021, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at September 30, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
December 20, 2021

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on December 6, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on December 6, 2021 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$230,000 divided into 230,000,000 shares of US$0.001 each.

2.2 Directors

(a) *Power to allot and issue Shares*

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class

of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) *Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration

may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his

intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Act.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the

Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum

period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise

this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further

resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by check or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every check or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such check or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such checks for dividend entitlements or dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such

distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from

attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a

resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and

subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 15, 2020 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its

articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such

companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion,

which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act (As Revised).

The undertaking is for a period of twenty years from October 28, 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents on Display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands on October 15, 2020 as an exempted company with limited liability. Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

Our registered place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. We are registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 29, 2021 under the same address. Mr. Leung Ting Cheung has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

As at the date of this prospectus, our Company's head office was located at 401 Professional Drive, Suite 280 Gaithersburg, MD 20879, the U.S..

2. Changes in Share Capital

On October 15, 2020, our Company was incorporated with an authorized share capital of US$150,000 divided into 150,000,000 shares of a par value of US$0.001 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this prospectus:

(a) On October 15, 2020, our Company issued one share with a par value of US$0.001 to Maples Corporate Services Limited, which was subsequently transferred to Dr. Lu on the same day for a consideration of US$0.001;

(b) On January 21, 2021, our Company issued and allotted an aggregate of 33,074,864 Shares to the following persons and entities with a par value of US$0.001 as part of the Reorganization:

Name	Number of Share Allotted	Number of Shares Held
Dr. Lu	7,624,624	7,624,625
Yang Lu Family Trust	2,500,000	2,500,000
Mike Ghias	1,250,000	1,250,000
Bojian Zheng	100,000	100,000
George Ji	347,100	347,100
Daofeng He	975,976	975,976
Yang Gao & Jie Cui	200,000	200,000
David Evans & Julee Ann Evans	91,538	91,538
Hongjun Yang & Qin Zhang	598,000	598,000
Yang (Alan) Lu & Liqian Jia	468,000	468,000
Jun Xu	397,000	397,000
Asghar Ghias	398,000	398,000
CSVC	2,024,860	2,024,860
Value Measure Investments Ltd.	3,687,316	3,687,316
Trinity Power Limited	4,062,691	4,062,691
Novarcel Group Limited	300,301	300,301
Soaring Star Ventures Limited	600,601	600,601
Xuning Wang	1,501,502	1,501,502
Global Vision Ventures Limited	3,003,004	3,003,004
Marvelous Legend Ventures Limited	600,601	600,601
Smooth River Limited	937,500	937,500
Alpha Win Goldenbridge Investment Limited	781,250	781,250
Cachet Multi Strategy Fund	625,000	625,000

(c) On March 18, 2021, our Company issued and allotted an aggregate of 12,850,828 Shares to the following persons and entities with a par value of US$0.001 as part of the Reorganization:

Name	Number of Share Allotted	Number of Shares Held
Shanghai Walga	3,593,750	3,593,750
Hongtao Jiaxuan	425,611	425,611
Hongtao Zhuoxuan	437,114	437,114
Shenzhen Star Sangel	1,562,500	1,562,500
Beijing Borui Ankang	3,125,000	3,125,000
Shanghai Chongshi	1,406,250	1,406,250
Shanghai Xinhao	2,300,603	2,300,603

(d) On May 12, 2021, our Company issued and allotted an aggregate of 1,904,540 Shares to the following persons and entities with a par value of US$0.001 as part of the Reorganization:

Name	Number of Share Allotted	Number of Shares Held
Shanghai Chongshi	952,270	2,358,520
Jiaxing HuaKong	952,270	952,270

(e) On May 27, 2021, our Company issued and allotted an aggregate of 1,054,596 Shares as fully-paid up Shares with a par value of US$0.001 to Guangzhou Xiangxue as part of the Reorganization.

(f) On May 31, 2021, our Company issued and allotted an aggregate of 5,713,617 Shares as fully-paid up Shares with a par value of US$0.001 to the following entities:

Name	Number of Share Allotted	Number of Shares Held
Jiangsu Sangel	1,428,404	1,428,404
Shenzhen Sangel	952,270	952,270
Shanghai Yuesheng	3,332,943	3,332,943

(g) On July 13, 2021, our Company issued and allotted an aggregate of 12,628,334 Shares as fully-paid up Shares with a par value of US$0.001 to the following entities:

Name	Number of Share Allotted	Number of Shares Held
Shanghai Chongshi	2,205,975	4,564,495
Smooth River Limited	390,533	1,328,033
Hongtao Boxuan	643,409	643,409
Thinkreal Holdings Limited	591,717	591,717
Novarcel Group Limited	355,030	355,030
SDG ALPHA WIN PE LPF	591,716	591,716
Foshanshi Gangyue Zhiyao II	1,360,351	1,360,351
AnHui He Zhuang	1,194,903	1,194,903
Maanshan Lingnuo	1,194,903	1,194,903
Zeta RNAi Limited	887,574	887,574
Dading W	355,030	355,030
Dading UNIFIN	392,545	392,545
Capital Catcher Limited	591,716	591,716
Zhuji Puhua Rongtuo	606,643	606,643
Puhua Capital	236,686	236,686
Kun Rui International	236,710	236,710
Vstar SWHY	236,683	236,683
NM Strategic	236,686	236,686
Dading C	260,352	260,352
Dading JP	59,172	59,172

(h) Before the Listing, our Company will issue and allot an aggregate of 12,770,000 Shares to the trustee, who holds on trust under the Pre-IPO Equity Incentive Plan, with a par value of US$0.001.

Save as disclosed above and in "– Resolutions of the Shareholders of Our Company dated December 6, 2021" below, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this prospectus.

The following subsidiaries have been incorporated as of the date of this prospectus:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
US Sirnaomics	U.S.	February 12, 2007
Sirnaomics (Hong Kong) Ltd.	Hong Kong	March 8, 2019
RNAimmune	U.S.	May 5, 2016
Suzhou Sirnaomics	PRC	March 10, 2008
Guangzhou Sirnaomics	PRC	May 8, 2012
Guangzhou RNAimmune	PRC	January 28, 2021

(a) Offshore subsidiaries

(i) On February 1, 2020, RNAimmune issued 6,250,000 common shares with a par value of USD0.00001 per share to US Sirnaomics;

(ii) On February 8, 2021, RNAimmune issued 4,259,256 common shares with a par value of USD0.00001 per share to the following persons and entities:

Name	Number of Share Allotted	Number of Shares Held
Huang Family Capital Ltd.	1,851,851	1,851,851
Daofeng He	1,388,888	1,388,888
Hong Kong Hongrun Enterprise Limited	555,555	555,555
Terra Magnum Sigma LLC	462,962	462,962

(iii) On March 26, 2021, RNAimmune issues 4,000,000 common shares with a par value of USD0.00001 per share to the following persons and entities:

Name	Number of Share Allotted	Number of Shares held
Dong Shen	2,600,000	2,600,000
Chun Lu	575,000	575,000
Jiaxi He	275,000	275,000
Stanley He	275,000	275,000
Yip Wing Kei	275,000	275,000

(iv) On March 29, 2021, RNAimmune agreed to issue 7,936,509 series seed preferred shares with a par value of USD0.00001 per share to the following persons and entities:

Name	Number of Share Allotted	Number of Shares Held
Smooth River Limited	2,380,952	2,380,952
US Sirnaomics	1,587,302	7,837,302
Shenzhen Hongtao Youxin Equity Investment Partnership (LP)	1,587,302	1,587,302
Shanghai Walga	793,651	793,651
High Forest Investment Fund (LP)	793,651	793,651
Daofeng He	595,238	1,984,126
Terra Magnum Sigma LLC	198,413	198,413

(b) Onshore subsidiaries

(i) on December 18, 2019, the registered capital of Guangzhou Sirnaomics was increased from RMB20,000,000 to RMB30,000,000;

(ii) on March 9, 2021, the registered capital of Guangzhou Sirnaomics was increased from RMB30,000,000 to RMB40,000,000;

(iii) on January 28, 2021, Guangzhou RNAimmune was established with a registered capital of RMB50 million;

(iv) on March 1, 2021, the registered capital of Suzhou Sirnaomics was decreased from RMB12,539,683 to RMB10,000,000;

(v) on March 16, 2021, the registered capital of Suzhou Sirnaomics was increased from RMB10,000,000 to RMB240,000,000; and

(vi) on July 8, 2021, the registered capital of Suzhou Sirnaomics was increased from RMB240,000,000 to RMB340,000,000.

Save as disclosed above and in *"Appendix I – Accountants' Report"*, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

Save for the subsidiaries mentioned in the Accountants' Report set out in Appendix I to this prospectus, our Company has no other subsidiaries.

4. Resolutions of the Shareholders of Our Company dated December 6, 2021

Written resolutions of our Shareholders were passed on December 6, 2021, pursuant to which, among others:

(a) immediately prior to the closing of Global Offering, the authorized share capital of our Company be changed from US$230,000 divided into 150,000,000 ordinary

shares of US$0.001 each, 2,024,860 Series A Preferred Shares, 7,374,632 Series B Preferred Shares, 14,600,142 Series C Preferred Shares, 16,249,174 Series D Preferred Shares, 18,000,000 Series E Preferred Shares and 21,751,192 undesignated shares of US$0.001 each ("**Undesignated Shares**"), to US$230,000 divided into 230,000,000 ordinary shares of US$0.001 each, by the conversion by re-designation and re-classification of the 2,024,860 issued Series A Preferred Shares, 7,374,632 issued Series B Preferred Shares, 14,600,142 issued Series C Preferred Shares, 16,249,174 issued Series D Preferred Shares, and 12,628,334 issued Series E Preferred Shares into 52,877,142 ordinary Shares;

(b) our Company approved and adopted the Memorandum of Association and Articles of Association conditionally upon the Listing;

(c) conditional on (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as to be stated in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the Offer Price having been determined; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements; and (iv) the Underwriting Agreements having been duly executed by the Underwriters and the Company:

(1) the Global Offering (including the Over-allotment Option) was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Directors were authorized to determine the Offer Price for, and to allot and issue the Offer Shares;

(2) a general unconditional mandate (the "**General Mandate**") was given to our Directors to exercise all the powers of our Company to allot, issue and deal with any Shares or securities convertible into Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted and issued or dealt with, such number of Shares as will represent up to 20% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering;

(3) a general unconditional mandate (the "**Buy-back Mandate**") was given to our Directors to exercise all powers of our Company to buy-back on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the

completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option; and

(4) the general unconditional mandate as mentioned in paragraph (3) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (3) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

Each of the general mandates referred to in paragraphs (c)(2), (c)(3) and (c)(4) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

5. Buying-back of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the purchase of our own securities.

(a) ***Provision of the Listing Rules***

The Listing Rules permit companies with a primary listing on the Stock Exchange to buy-back their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed purchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on December 6, 2021, the Buy-back Mandate was given to our Directors authorizing them to exercise all powers of our Company to buy-back Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions); (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of shares which a listed company may buy-back on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a buy-back (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such buy-back) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The

Listing Rules also prohibit a listed company from repurchasing its securities if the purchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a buy-back of securities discloses to the Stock Exchange such information with respect to the buy-back as the Stock Exchange may require.

(iv) Status of Brought-back Shares

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands law.

(v) Suspension of Buy-back

A listed company may not make any purchase of securities after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not buy-back its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a purchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to purchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding purchases of securities made during the year, including a monthly analysis of the number of securities brought-back, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) ***Reasons for Buying-back***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to buy-back Shares in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such purchases will benefit our Company and Shareholders.

(c) ***Funding of Buying-back***

Purchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not buy-back the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may buy-back with profits of the Company or out of a new issuance of shares made for the purpose of the purchase or, if authorized by the Articles of Association and subject to the Companies Act, out of capital and, in the case of any premium payable on the purchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Act, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing position which, in the opinion of the Directors, are from time to time appropriate for the Company.

(d) ***General***

The exercise in full of the Buy-back Mandate, on the basis of 91,296,780 Shares in issue immediately following the completion of the Global Offering, but assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 9,129,678 Shares being brought-back by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any purchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any purchases pursuant to the Buy-back Mandate.

Any purchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buy-back Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the Series D Preferred Stock Investment Agreement dated September 30, 2020, entered into by (i) US Sirnaomics, and (ii) Shanghai Walga Biotechnology Limited (上海沃嘉生物技術有限公司), Beijing Borui Ankang Enterprise Management Center

(Limited Partnership) (北京博瑞安康企業管理中心（有限合夥）), Shenzhen Star Sangel Venture Capital Partnership (Limited Partnership) (深圳星瞳創業投資合夥企業（有限合夥）), Foshan Hongtao Jiaxuan Equity Investment Partnership (Limited Partnership) (佛山弘陶佳選股權投資合夥企業（有限合夥）), Foshan Hongtao Zhuoxuan Equity Investment Partnership (Limited Partnership) (佛山弘陶卓選股權投資合夥企業（有限合夥）), Xiangxue Pharmaceutical Co., Ltd. (廣州市香雪製藥股份有限公司), Zhuhai Longmen Freda Equity Investment Fund (Limited Partnership) (珠海隆門福瑞達股權投資基金（有限合夥）), Zhuhai Longmen Fifth Equity Investment Fund (Limited Partnership) (珠海隆門伍號股權投資基金合夥企業（有限合夥）), Shenzhen Rotating Boulder Tiancheng Zhixin Investment Partnership (Limited Partnership) (深圳市旋石天成智心投資合夥企業(有限合夥)) and Shenzhen Rotating Boulder Tiancheng Investment Partnership (Limited Partnership) (深圳市旋石天成投資合夥企業(有限合夥)) (together, the "**Original Series D1 Investors**"), pursuant to which US Sirnaomics issued the stock purchase warrants to the Original Series D1 Investors entitling the Original Series D1 Investors to purchase an aggregate of 13,905,424 series D preferred shares of US Sirnaomics at the purchase price of US$6.4 per share and on the terms and conditions as set forth in the stock purchase warrants;

(b) the Series D Preferred Stock Investment Agreement dated September 30, 2020 ("**Series D Preferred Stock Investment Agreement**"), entered into by (i) US Sirnaomics, and (ii) Smooth River Limited, Alpha Win Goldenbridge Investment Limited and Sangel Star Biomedical Fund LP (together, the "**Original Series D2 Investors**"), pursuant to which US Sirnaomics agreed to issue and sell, and the Original Series D2 Investors agreed to purchase, an aggregate of 4,062,500 series D preferred shares of US Sirnaomics at a total consideration of US$26,000,000;

(c) the First Amendment to Series D Preferred Stock Investment Agreement dated December 31, 2020 entered into by (i) US Sirnaomics, and (ii) Smooth River Limited, Alpha Win Goldenbridge Investment Limited and Cachet Multi Strategy Fund SPC-Cachet Special Opportunities SP (together, the "**Series D2 Investors**"), pursuant to which the Series D Preferred Stock Investment Agreement was amended to the effect that US Sirnaomics agreed to issue and sell, and the Series D2 Investors agreed to purchase, an aggregate of 2,343,750 series D preferred shares of US Sirnaomics at a total consideration of US$15,000,000;

(d) the Share Exchange Agreement dated January 1, 2021 entered into by (i) our Company, (ii) US Sirnaomics, (iii) Yang (Patrick) Lu, Yang Lu Family Trust, Mike M. Ghias, Bojian Zheng, George Ji, Haixia Huang, Daofeng He, Yang Gao, Jie Cui, David Mark Evans, Julee Ann Evans, Hongjun (Harry) Yang, Qin Zhang, Yang (Alan) Lu, Lisa Liqian Jia, Jun (John) Xu, Asgar Ghias (together, the "**Ordinary Shareholders**"), (iv) China-Singapore Suzhou Industrial Park Ventures Co. Ltd., Value Measure Investments Limited, Trinity Power Limited (together, the "**Series A and B Shareholders**"), (v) Guangzhou Yuexiu New Industrial Investment Fund II

(Limited Partnership) (廣州越秀新興產業二期投資基金合夥企業(有限合夥)), Guangzhou Yuexiu Huisi Industrial Investment Partnership (Limited Partnership) (廣州越秀匯思實業投資合夥企業(有限合夥)), Jiangsu Jiequan Sangel Biomedical Venture Capital (Limited Partnership) (江蘇聿泉仙瞳生物醫療創業投資合夥企業(有限合夥)), Shenzhen Sangel Biomedical Equity Investment Fund (Limited Partnership) (深圳仙瞳生物醫療股權投資基金合夥企業(有限合夥)), Jiaxing Huakong Equity Investment Fund Partnership (Limited Partnership) (嘉興華控股權投資基金合夥企業(有限合夥)) and Shenzhen Qianhai Shenghui Investment Fund Partnership (Limited Partnership) (深圳前海晟輝投資基金合夥企業(有限合夥)) (together, the "**Series C Warrant Holders**"), (vi) Novarcel Group Limited, Soaring Star Ventures Limited, Wang Xuning, Global Vision Ventures Limited, Marvelous Legend Ventures Limited (together, the "**Additional Series C Shareholders**"), (vii) Shanghai Walga Biotechnology Limited (上海沃嘉生物技術有限公司), Beijing Borui Ankang Enterprise Management Center (Limited Partnership) (北京博瑞安康企業管理中心（有限合夥）), Shenzhen Star Sangel Venture Capital Partnership (Limited Partnership) (深圳星瞳創業投資合夥企業（有限合夥）), Foshan Hongtao Jiaxuan Equity Investment Partnership (Limited Partnership) (佛山弘陶佳選股權投資合夥企業（有限合夥）), Foshan Hongtao Zhuoxuan Equity Investment Partnership (Limited Partnership) (佛山弘陶卓選股權投資合夥企業（有限合夥）), Xiangxue Pharmaceutical Co., Ltd. (廣州市香雪製藥股份有限公司), Zhuhai Longmen Freda Equity Investment Fund (Limited Partnership) (珠海隆門福瑞達股權投資基金（有限合夥）), Zhuhai Longmen Fifth Equity Investment Fund (Limited Partnership) (珠海隆門伍號股權投資基金合夥企業（有限合夥）), Shenzhen Rotating Boulder Tiancheng Zhixin Investment Partnership (Limited Partnership) (深圳市旋石天成智心投資合夥企業(有限合夥)) and Shenzhen Rotating Boulder Tiancheng Investment Partnership (Limited Partnership) (深圳市旋石天成投資合夥企業(有限合夥)) (together, the "**Series D Warrant Holders**"), and (viii) Smooth River Limited, Alpha Win Goldenbridge Investment Limited and Cachet Multi Strategy Fund SPC-Cachet Special Opportunities SP (together, the "**Series D Shareholders**"), pursuant to which, (1) the Ordinary Shareholders, the Series A and B Shareholders, the Additional Series C Shareholders, the Series D Shareholders agreed to transfer all their shares in US Sirnaomics to our Company in exchange for the Company issuing corresponding Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares, and (2) the Series C Warrant Holders and the Series D Warrant Holders agreed to exchange the stock purchase warrants entitling them to purchase series C and D preferred shares in US Sirnaomics respectively for stock purchase warrants entitling them to purchase Series C Preferred Shares and Series D Preferred Shares respectively;

(e) the Series E Preferred Share Investment Agreement dated June 1, 2021 entered into by (i) Company, and (ii) Shanghai Chongshi Enterprise Management Partnership (Limited Partnership) (上海沖石企業管理合夥企業(有限合夥)), Smooth River Limited, Foshan Hongtao Boxuan Equity Investment Partnership (Limited Partnership) (佛山弘陶博選股權投資合夥企業(有限合夥)), Thinkreal Holdings Limited, Novarcel Group Limited,

SDG Alpha Win PE LPF, Foshanshi Gangyue Zhiyao II Venture Capital Partnership (Limited Partnership) (佛山市港粵智藥貳號創業投資合夥企業(有限合夥)), Anhui He Zhuang High Tech Achievements Fund (安徽和壯高新技術成果基金合夥企業(有限合夥)), Maanshan Lingnuo Costone Equity Investment Partnership (Limited Partnership) (馬鞍山領諾基石股權投資合夥企業(有限合夥)), Zeta RNAi Limited, Capital Catcher Limited, Zhuji Puhua Rongtuo Equity Investment Partnership (Limited Partnership) (諸暨普華榮拓創業投資合夥企業(有限合夥)), Puhua Capital Ltd, Dading W Biotech Investment Ltd, Dading UNIFIN Education & Health Investment Fund, L.P., Kun Rui International Development Limited (昆瑞國際發展有限公司), Vstar SWHY Investment Fund Limited Partnership, NM Strategic Focus Fund II, L.P., Dading C Bioscience Fund Limited and Dading JP Bioscience Fund Limited (together, the "**Series E Investors**"), pursuant to which, the Company agreed to issue and sell, and the Series E Investors agreed to subscribe for an aggregate of 12,628,334 series E preferred shares of the Company at a total consideration of approximately US$106.7 million;

(f) the first amended and restated members' agreement dated June 28, 2021 between the Company, Yang (Patrick) Lu, Zheng Joan Wang (trustee for Yang Lu Family Trust), George Ji, Angela Cui He, Blue Bridge Consulting Inc., David Mark Evans, Julee Ann Evans, Hongjun (Harry) Yang, Qin Zhang, Yang (Alan) Lu, Lisa Liqian Jia, Jun (John) Xu, the Series A and B Shareholders, the Additional Series C Shareholders, the Series D Shareholders, Shanghai Walga Biotechnology Limited (上海沃嘉生物技術有限公司), Shenzhen Star Sangel Venture Capital Partnership (Limited Partnership) (深圳星瞳創業投資合夥企業(有限合夥)), Foshan Hongtao Jiaxuan Equity Investment Partnership (Limited Partnership) (佛山弘陶佳選股權投資合夥企業(有限合夥)), Foshan Hongtao Zhuoxuan Equity Investment Partnership (Limited Partnership) (佛山弘陶卓選股權投資合夥企業(有限合夥)), Shanghai Chongshi Enterprise Management Partnership (Limited Partnership) (上海沖石企業管理合夥企業(有限合夥)), Shanghai Xinhao Enterprise Management Partnership (Limited Partnership) (上海馨顥企業管理合夥企業(有限合夥)), Jiaxing Huakong Equity Investment Fund Partnership (Limited Partnership) (嘉興華控股權投資基金合夥企業(有限合夥)), Xiangxue Pharmaceutical Co., Ltd. (廣州市香雪製藥股份有限公司), Jiangsu Jiequan Sangel Biomedical Venture Capital (Limited Partnership) (江蘇聿泉仙瞳生物醫療創業投資合夥企業(有限合夥)), Shenzhen Sangel Biomedical Equity Investment Fund (Limited Partnership) (深圳仙瞳生物醫療股權投資基金合夥企業(有限合夥)), and the Series E Investors;

(g) the cornerstone investment agreement dated December 16, 2021 entered into among our Company, Kunming Jiashiqing Investment Partnership (Limited Partnership) (昆明佳時清投資合夥企業（有限合夥） ("**Kunming Jiashiqing**"), and China International Capital Corporation Hong Kong Securities Limited pursuant to which Kunming Jiashiqing agreed to subscribe for such number of Shares of our Company at the Offer Price in an aggregate amount of HK$183,959,289.84 (excluding brokerage fee, the SFC transaction levy and the Stock Exchange trading fee in respect of such number of Shares of our Company);

(h) the cornerstone investment agreement dated December 16, 2021 entered into among our Company, Zhejiang Innoforce Pharmaceuticals Co., Ltd. (浙江健新原力製藥有限公司) ("**Innoforce Pharmaceuticals**"), and China International Capital Corporation Hong Kong Securities Limited pursuant to which Innoforce Pharmaceuticals agreed to subscribe for such number of Shares of our Company at the Offer Price in an aggregate amount of US$5 million (excluding brokerage fee, the SFC transaction levy and the Stock Exchange trading fee in respect of such number of Shares of our Company); and

(i) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Patent

For details of owned and in-licensed patent portfolios that we consider to be or may be material to our business, see "Business — Intellectual Property Rights".

(b) Trademarks

As at the Latest Practicable Date, we had applied for the registration of the following trademark which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Applicant	Class	Application Number	Application Date (dd/mm/yyyy)
1.	sirnaomics Advancing RNAi Therapeutics	Hong Kong	Company	5,40,42,44	305659192	16/06/2021

(c) Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date (dd/mm/yyyy)
1.	sirnaomics.com	US Sirnaomics	20/10/2024
2.	sz-sirnaomics.com	Suzhou Sirnaomics	20/05/2023
3.	gz-nanotides.com	Guangzhou Sirnaomics	20/05/2023

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which we consider were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and appointment letters

(a) *Executive Directors*

Each of our executive Directors has entered into a service contract with our Company on December 16, 2021. Pursuant to this agreement, they agreed to act as executive Directors for an initial term of three years with effect from the date the appointment is approved by the Board until the third annual general meeting of our Company since the Listing Date (whichever is sooner). Either party has the right to give not less than three months' written notice to terminate the agreement. Details of the Company's remuneration policy is described in section headed "Directors and Senior Management — Directors' Remuneration".

(b) *Non-executive Directors and independent non-executive Directors*

Each of the non-executive Directors has entered into a service contract with our Company on December 16, 2021. The initial term for their service contracts shall commence from the date of their appointments and shall continue for three years after or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with our Company on December 16, 2021. The initial term for their appointment letters shall be three years from the date of this prospectus or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

2. Remuneration of Directors

(a) The aggregate amount of remuneration paid to our Directors (including directors' fees, salaries, retirement benefit schemes contributions, performance and discretionary bonus, share-based payment expenses and other allowances) for the two years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021 were approximately USD1,293,000, USD1,366,000 and USD1,427,000, respectively.

(b) Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending December 31, 2021, is expected to be approximately USD1.2 million in aggregate (excluding discretionary bonus and share-based payment expenses).

(c) None of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. **Disclosure of interests**

(a) ***Interests and short positions of our Directors or Chief Executives in the share capital of our Company and its associated corporations following completion of the Global Offering***

Immediately following completion of the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) *Interest in Shares and underlying Shares*

Name of Director or chief executive	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in our Company immediately after the Global Offering[1]**
Dr. Lu	Beneficial Interest Settlor of a discretional trust [2]	12,649,625	14.36%
Dr. Michael V. Molyneaux	Beneficial Interest [3]	1,510,000 (L)	1.71%
Dr. David Mark Evans	Beneficial Interest; interests held jointly with another person [4]	1,061,538 (L)	1.21%
Dr. Xiaochang Dai	Interest in a company controlled [5]	8,300,007 (L)	9.42%
Mr. Mincong Huang	Beneficiary of a trust [6]	600,601 (L)	0.68%

Notes:

(1) The calculation is based on the total number of 88,066,780 Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) Dr. Lu is the settlor of Yang Lu Family Trust and the beneficiaries of Yang Lu Family Trust are Zheng Joan Wang and Laura Yao Lu, being Dr. Lu's spouse and daughter, respectively. Zheng Joan Wang and Laura Yao Lu are co-trustees of the

Yang Lu Family Trust. Therefore, Dr. Lu is deemed to be interested in the 2,500,000 Shares held by Yang Lu Family Trust. Under the SFO, the deemed interest of Dr. Lu consists of (i) 2,500,000 Shares held by Yang Lu Family Trust, (ii) 7,624,625 Shares held by Dr. Lu himself and (iii) options granted to Dr. Lu to subscribe for 2,525,000 Shares under the Pre-IPO Equity Incentive Plan.

(3) Dr. Michael V. Molyneaux is interested in 1,510,000 share options granted to him pursuant to the Pre-IPO Equity Incentive Plan.

(4) Dr. David Mark Evans is in 970,000 share options granted to him pursuant to the Pre-IPO Equity Incentive Plan and 91,538 Shares jointly held by him and his spouse, Julee Ann Evans.

(5) Value Measure Investments Limited and Trinity Power Limited are wholly-owned by Dr. Xiaochang Dai. Under the SFO, Dr. Dai is deemed to be interested in 7,850,007 Shares held by Value Measure Investments Limited and Trinity Power Limited. Dr. Dai is also interested in options granted to him to subscribe for 450,000 shares under the Pre-IPO Equity Incentive Plan.

(6) Soaring Star Ventures Limited owns 600,601 Shares of the Company. The Huang Family Trust is the beneficiary of Soaring Star Ventures Limited. Mr. Huang is the beneficiary of the Huang Family Trust. Accordingly, Mr. Huang is deemed to be interested in 600,601 Shares held by Soaring Star Ventures Limited.

(ii) *Interest in associated corporations*

Name of director or chief executive	Nature of interest	Associated corporations	Number of Shares	Percentage of shareholding in the associated corporation
Mr. Mincong Huang	Beneficiary of a trust (1)	RNAimmune	1,851,851	5.19%

Note:

(1) Huang Family Capital Ltd. owns 600,601 Shares of the Company. Mr. Huang is the director of Huang Family Capital Ltd. The Huang Family Trust is the beneficiary of Huang Family Capital Ltd. Mr. Huang is the beneficiary of the Huang Family Trust. Accordingly, Mr. Huang is deemed to be interested in 1,851,851 Shares held by Huang Family Capital Ltd. in RNAimmune.

(b) ***Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO***

Except as disclosed in "Substantial Shareholders" in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

4. **Disclaimers**

Save as disclosed in this prospectus:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of our Group;

(b) none of the Directors or the experts named in the paragraph headed "— E. Other Information — 4. Consents of Experts" in this section has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of our Company within the two years ended on the date of this prospectus;

(d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(e) saved as disclosed in this prospectus, none of the Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group;

(f) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the Global Offering, have interests or short positions in our Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of our Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(g) none of the Directors or chief executive of our Company has any interests or short positions in our Shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange once our Shares are listed thereon.

D. INCENTIVE PLANS

1. PRE-IPO EQUITY INCENTIVE PLAN

The following is a summary of the principal terms of the Pre-IPO Equity Incentive Plan as adopted by our Company on January 21, 2021. The terms of the Pre-IPO Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

We have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix IA to the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See "Waivers from Compliance with the Listing Rules and Exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in relation to the Option Incentive Plan."

(a) Purpose

The purpose of the Pre-IPO Equity Incentive Plan is to attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to our Group.

(b) Participants

The Participants of the Pre-IPO Equity Incentive Plan shall be: (i) a director, officer or employee of our Group, or (ii) an individual that has been engaged to be a director, officer or employee of our Group, or (iii) a consultant or advisor who provides services to our Group, or (iv) an individual that has been engaged to provide services to our Group.

(c) Administration

The compensation committee of the Board and full power and authority to administer in its sole discretion the Pre-IPO Equity Incentive Plan, including the authority to: (i) interpret the provisions of the Pre-IPO Equity Incentive Plan; (ii) prescribe, amend and rescind rules and regulations relating to the Pre-IPO Equity Incentive Plan; (iii) correct any defect, supply any omission, or reconcile any inconsistency in carrying into effect the Pre-IPO Equity Incentive Plan; and (iv) make all other determinations necessary or advisable for the administration of the Pre-IPO Equity Incentive Plan.

A majority of the members of the compensation committee of the Board constitutes a quorum, and must make all determinations of the Committee. The compensation committee of the Board may make any determination under the Pre-IPO Equity Incentive Plan without notice

or meeting by a writing that a majority of the committee members have signed. All committee determinations are final and binding. If, at any time, the compensation committee of the Board is not in existence, the Board must administer the Pre-IPO Equity Incentive Plan and all references to the compensation committee of the Board in the Pre-IPO Equity Incentive Plan are deemed to mean the Board.

To the extent applicable law permits, the Board may delegate to another committee of the Board or to one or more officers of the Company any or all of the authority and responsibility of the compensation committee of the Board.

(d) Awards

An award means a grant of options, share appreciation rights or restricted shares.

(e) Discretionary grant of awards

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensation committee of the Board has full power and authority in its sole discretion to: (i) designate from time to time the participants to receive awards under the plan; (ii) determine the type or types of awards to be granted to each participant; (iii) determine the number of shares with respect to which an award relates; and (iv) determine any terms and conditions of an award. Awards under the plan may be granted either alone or in addition to, in tandem with, or in substitution for any other award (or any other award granted under another plan of our Group). The compensation committee's designation of a participant to receive an award in a given year does not require the compensation committee to designate such person to receive an award in any other year.

(f) Shares reserved

An aggregate of 12,770,000 shares are reserved for issuance under the Pre-IPO Equity Incentive Plan.

(g) Replenishment of shares

If an award lapses, expires, terminates, or is canceled without the issuance of shares or payment of cash under the award, then the shares subject to or reserved for in respect of such award, or the shares to which such award relates, may again be used for new awards, including issuance pursuant to incentive share options. If shares are delivered to (or withheld by) the Company in payment of the exercise price or withholding taxes of an award, then such shares may be used for new awards under the Pre-IPO Equity Incentive Plan, including issuance pursuant to incentive share options. If shares are issued under an award and if our Company subsequently reacquires them pursuant to rights reserved upon the issuance of the shares, then such shares may be used for new awards under the plan but excluding issuance pursuant to incentive share options.

(h) Options

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensate committee of the Board must determine all terms and conditions of each option, including but not limited to:

(i) whether the option is an incentive stock option or a nonqualified stock option;

(ii) the number of Shares subject to the option;

(iii) the exercise price per share, which must not be less than the fair market value of a share as determined on the date of grant; provided, however, that an incentive stock option granted to a 10% owner employee must have an exercise price that is at least 110% of the fair market value of a share on the date of grant;

(iv) the terms and conditions of exercise;

(v) unless the applicable option award or other applicable share option agreement (which has been approved by the compensation committee of the Board) expressly provides otherwise, the option, subject to the holder's continued employment or service by or for the Group, will vest 25% on the first anniversary of the date of grant and will vest in 1/36 portions for the then next 36 months thereafter on the last business day of each calendar month;

(vi) unless the applicable option award or other applicable share option agreement (which has been approved by the compensation committee of the Board) expressly provides otherwise, and notwithstanding anything else to the contrary in Section (h)(v) hereof, the option may vest, in full, in the sole discretion of the compensation committee of the Board, upon a change of control of our Group;

(vii) the applicable option award or other applicable share option agreement (which has been approved by the compensation committee of the Board) expressly provides otherwise, the expiration or termination date of the option will be the fifth anniversary of the date of grant of the option, provided, however, that each incentive stock option granted to a 10% owner-Employee must terminate no later than the fifth anniversary of the date of grant;

(viii) upon a participant's death, the option may be exercised by the person or persons to whom such participant's rights under the option pass by will or by applicable law or, if no such person has such rights, by his or her executor or administrator.

(i) Share appreciation rights

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensation committee of the Board must determine all terms and conditions of each share appreciation right, including but not limited to:

(i) the number of shares to which the share appreciation right relates;

(ii) the grant price, provided, however, that the grant price must not be less than the fair market value of the shares subject to the share appreciation right as determined on the date of grant;

(iii) the terms and conditions of exercise or maturity;

(iv) the termination date, provided, however, that a share appreciation right must terminate no later than the fifth anniversary of the date of grant;

(v) whether the share appreciation right will be settled in cash, shares, or a combination thereof;

(vi) upon a participant's death, the share appreciation right may be exercised by the person or persons to whom such participant's rights under the share appreciation right pass by will or by applicable law or, if no such person has such rights, by his or her executor or administrator.

(j) Restricted shares

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensation committee of the Board must determine all terms and conditions of each award of restricted shares, including but not limited to:

(i) the number of shares to which the award relates;

(ii) the period of time over which, and/or the criteria or conditions that must be satisfied so that, the risk of forfeiture and/or restrictions on transfer imposed on the restricted shares will lapse;

(iii) with respect to awards of restricted shares, the manner of registration of certificates for such shares, and whether to hold in escrow such certificates pending lapse of the risk of forfeiture and/or restrictions on transfer, or to issue such shares with an appropriate legend referring to such restrictions;

(iv) with respect to awards of restricted shares, whether dividends paid with respect to such shares are paid immediately or held in escrow or otherwise defined, and

whether such dividends are subject to the same terms and conditions as the awards to which they related, all in a manner to avoid giving rise to additional taxes under US Tax Code Section 409A.

(k) Transferability

Each award granted under the Pre-IPO Equity Incentive Plan is not transferable other than by will or the laws of descent and distribution, except that a participant may, to the extent the compensation committee of the Board allows and in a manner the compensation committee of the Board specifies: (a) designate in writing a beneficiary to exercise the award after the participant's death; or (b) transfer any award.

(l) Termination and amendment

At any time, the Board may amend, alter, suspend, discontinue, or terminate this Pre-IPO Equity Incentive Plan in its sole discretion, provided, however, that members must approve any of the following amendments to the Pre-IPO Equity Incentive Plan: (i) an amendment to increase materially the number of shares or to expand the class of individuals eligible to receive an award; or (ii) any other amendment if required by applicable law.

Except as provided in the Pre-IPO Equity Incentive Plan, and subject to the requirements of the Pre-IPO Equity Incentive Plan and all applicable law, the compensation committee of the Board may modify or amend any award or waive any restrictions or conditions applicable to any award or the exercise of the award, and the terms and conditions applicable to any awards may be amended, modified, or canceled at any time by mutual agreement between the compensation committee of the Board and the participant or any other persons as then may have an interest in the award, so long as any amendment or modification does not increase the number of shares issuable under this Pre-IPO Equity Incentive Plan (except as permitted), but the compensation committee of the Board need not obtain the consent of the participant (or other interested party) for the cancelation of an award. Notwithstanding the foregoing, any such amendment must be made in a manner that enables an award (i) intended to be exempt from US Tax Code Section 409A to continue to be so exempt and (ii) intended to comply with US Tax Code Section 409A to continue to so comply.

(m) Tax

Our Company is entitled to withhold the amount of any tax attributable to any amount payable or any shares deliverable under the Pre-IPO Equity Incentive Plan, and our Company may defer making payment or delivery in connection with an award if any such tax may be pending unless and until our Company is indemnified to its satisfaction.

(n) Share transfer restrictions

Shares issued under the Plan may not be sold or otherwise disposed of, except as permitted by the Board. As a condition to the receipt of shares hereunder, the participant (or

individual entitled to receive shares following the participant's death) may be required, at the time of issuance or later, to execute a members' agreement and/or other similar agreement required by the Board of holders of all or substantially all of the shares then issued and outstanding.

(o) Right to purchase shares

Our Company has the right, but not the obligation, to purchase the shares acquired by the participant under the Pre-IPO Equity Incentive Plan upon the occurrence of any of the following events:

(i) the participant's termination or expiration of employment by or service to our Group, or

(ii) the issuance of any shares following a participant's termination or expiration of employment by or service to our Group pursuant to the terms of an award, including the exercise of an option following such term.

(p) Outstanding grants

As of the Latest Practicable Date, options to subscribe for an aggregate of 13,300,000 Shares have been granted to a total of 105 eligible participants by our Company at nil consideration under the Pre-IPO Equity Incentive Plan. As of Latest Practicable Date, 530,000 options have been fully exercised and 12,770,000 options remained outstanding, representing 15.86% of the total issued Shares of our Company immediately before the Listing and 14.50% immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised, the options granted under the Pre-IPO Equity Incentive Plan are exercised). All the options under the Pre-IPO Equity Incentive Plan were granted between September 2011 and July 2021 and the Company will not grant further options under the Pre-IPO Equity Incentive Plan after the Listing.

Assuming the full exercise of the options granted under the Pre-IPO Equity Incentive Plan, in relation to the shareholding of the Shareholders immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), there will be no dilution to the shareholding of the Company, and no consequent impact on the earnings per Share for the two years ended December 31, 2020 and the nine months ended September 30, 2021.

Below are the details of options granted to our Directors, senior management, other connected persons, and grantees who have been granted 450,000 options or above under the Pre-IPO Equity Incentive Plan which are outstanding:

Grantee	Position/connected relationship	Address	Grant Date (Note 1)	Exercise Price (USD/ per option)	Number of outstanding Shares under the options granted	Expiration Date	Approximate percentage of enlarged issued share capital of our Company immediately after the Global Offering	Vesting
Yang (Patrick) Lu, PhD	Chairman of the Board, Executive Director, president and chief executive officer	19424 Gulf Boulevard, Unit 501, Indian Shores, FL33785, United States	9/1/2017	US$ 1.50	200,000	8/30/2022	**0.23%**	b
			8/28/2018	US$ 1.60	400,000	12/30/2022	**0.45%**	a
			12/15/2020	US$ 2.35	675,000	12/28/2029	**0.77%**	a
			7/12/2021	US$ 3.50	1,100,000	12/30/2030	**1.25%**	a
			9/30/2021	US$ 3.55	150,000	12/30/2030	**0.17%**	a
Michael V. Molyneaux, MD, MBA	Executive Director and chief medical officer	2 Trapani Laguna Niguel, CA 92677, United States	1/26/2021	US$ 2.35	10,000	12/30/2030	**0.01%**	a
			10/3/2016	US$1.356	600,000	12/30/2025	**0.68%**	a
			2/28/2017	US$1.356	400,000	12/30/2025	**0.45%**	a
			8/28/2018	US$ 1.45	200,000	12/30/2027	**0.23%**	a
			7/30/2020	US$ 1.75	200,000	12/28/2029	**0.23%**	c
			7/12/2021	US$ 3.50	100,000	12/30/2030	**0.11%**	a
George Ji, MBA	Chief Operation Officer of the Group	11720 Clare Hill Ave, Riverview, FL33579, United States	9/1/2017	US$1.356	200,000	12/30/2025	**0.23%**	b
			8/28/2018	US$ 1.45	100,000	12/30/2027	**0.11%**	a
			12/15/2020	US$ 2.35	50,000	12/28/2029	**0.06%**	a
			7/12/2021	US$ 3.50	50,000	12/30/2030	**0.06%**	a
			9/15/2021	US$ 3.55	153,667	12/30/2030	**0.17%**	a
			9/1/2011	US$0.325	(530,000 options exercised with no option outstanding)	N/A	**N/A**	N/A
David Mark Evans, PhD	Executive Director and chief scientific officer	17610 Conoy Road, Barnesville, MD20838, United States	1/26/2021	US$ 2.35	10,000	12/30/2030	**0.01%**	a
			9/1/2017	US$1.356	110,000	12/30/2025	**0.12%**	b
			8/28/2018	US$ 1.45	300,000	12/30/2027	**0.34%**	a
			7/30/2020	US$ 1.75	500,000	12/28/2029	**0.57%**	c
			7/12/2021	US$ 3.50	50,000	12/30/2030	**0.06%**	a
Yang (Alan) Lu, PhD	China Chief Scientific Officer	1407 Burton Ave, Lutherville-Timonium, MD21093, United States	10/3/2016	US$1.356	800,000	12/30/2025	**0.91%**	b
			9/1/2017	US$1.356	90,000	12/30/2025	**0.10%**	b
			12/15/2020	US$ 2.35	50,000	12/28/2029	**0.06%**	a
			7/12/2021	US$ 3.50	20,000	12/30/2030	**0.02%**	a
Dmitry Samarsky, PhD	Chief Technology Officer	15 Waysid Rd, Westborough, MA01581, United States	10/1/2018	US$ 1.45	375,000	12/30/2027	**0.43%**	a
			7/30/2020	US$ 1.75	550,000	12/28/2029	**0.62%**	c
			1/26/2021	US$ 2.35	10,000	12/30/2030	**0.01%**	a
			7/12/2021	US$ 3.50	50,000	12/30/2030	**0.06%**	a
Xiaochang Dai, PhD	Non-executive Director	No. 52 Cuihu North Road, Wuhua District, Kunming, PRC	8/28/2018	US$ 1.45	200,000	12/30/2027	**0.23%**	a
			7/12/2021	US$ 3.50	250,000	12/30/2030	**0.28%**	a
Zhifeng Long, PhD	Chief development officer	14232 Reed Farm Way, North Potomac, MD20878-3809, United States	8/28/2018	US$ 1.45	100,000	12/30/2027	**0.11%**	a
			8/1/2019	US$ 1.75	100,000	12/30/2028	**0.11%**	a
			7/30/2020	US$ 1.75	200,000	12/28/2029	**0.23%**	a
			12/15/2020	US$ 2.35	50,000	12/28/2029	**0.06%**	c
			7/12/2021	US$ 3.50	100,000	12/30/2030	**0.11%**	a
Yun Zhang	China chief operating officer, board secretary and joint company secretary	Poly XiaoLouDaYuan. 18-26-101, Zengcheng, Guangzhou, PRC	9/1/2017	US$1.356	20,000	12/30/2025	**0.02%**	b
			11/8/2018	US$ 1.60	10,000	12/30/2027	**0.01%**	a
			11/5/2020	US$ 2.35	20,000	12/28/2029	**0.02%**	a
			12/15/2020	US$ 2.35	100,000	12/28/2029	**0.11%**	a
			7/12/2021	US$ 3.50	400,000	12/30/2030	**0.45%**	a
Yip Wing Kei	Vice president of corporate finance and China chief financial officer	Flat 1D, Tower 10, One Beacon Hill, Kowloon Tong, Hong Kong	11/8/2018	US$ 1.60	250,000	12/30/2027	**0.28%**	a
			11/5/2020	US$ 2.35	50,000	12/28/2029	**0.06%**	a
			12/15/2020	US$ 2.35	100,000	12/28/2029	**0.11%**	a
			7/12/2021	US$ 3.50	150,000	12/30/2030	**0.17%**	a
Yongxiang Wang	Chief Production Officer	11130 Potomac OaksDr, Rockville, MD20850, United States	8/17/2020	US$ 1.75	100,000	12/28/2029	**0.11%**	a
			7/12/2021	US$ 3.50	150,000	12/30/2030	**0.17%**	a

Grantee	Position/connected relationship	Address	Grant Date (Note 1)	Exercise Price (USD/ per option)	Number of outstanding Shares under the options granted	Expiration Date	Approximate percentage of enlarged issued share capital of our Company immediately after the Global Offering	Vesting
Chun Lu	China chief operating officer of RNAimmune	8898 Basile-Routhier, Montreal, OC, H2M, 1T1, Canada	7/12/2021	US$ 3.50	50,000	12/30/2030	**0.06%**	a
			9/30/2021	US$ 3.55	6,100	12/30/2030	**0.01%**	a
Dong Shen, PhD	President of RNAimmune	3601 Greenway, Unit 506, Baltimore, MD21218, United States	9/30/2021	US$ 3.55	11,585	12/30/2030	**0.01%**	a
Jun Xu, MD	General manager of Suzhou Sirnaomics and vice president of pre-clinical studies of our Company	18120 Coachmans Road, Germantown, MD20874, United States	9/1/2017	US$1.356	150,000	12/30/2025	**0.17%**	b
			7/30/2020	US$ 1.75	50,000	12/28/2029	**0.06%**	a
			12/15/2020	US$ 2.35	50,000	12/28/2029	**0.06%**	a
			7/12/2021	US$ 3.50	50,000	12/30/2030	**0.06%**	a

Notes:

a. 12/48 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/48 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

b. 12/24 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/24 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

c. the option vest upon achieving certain research and development milestones. In the event of the Listing, all options shall vest

Below are the details of options granted to our advisors and consultants under the Pre-IPO Equity Incentive Plan:

Grantee	Position/connected relationship	Address	Grant Date (Note 1)	Exercise Price (USD/ per option)	Number of outstanding Shares under the options granted	Expiration Date	Approximate percentage of enlared issued share capital of our Company immediately	Vesting
A James Mixson	Advisor	15620 Thistlebridge Drive, Rockville, MD21201, United States	8/1/2020	US$ 1.75	300,000	12/28/2029	**0.34%**	e
			8/28/2018	US$ 1.45	100,000	12/30/2027	**0.11%**	a
Barry T. Rouse, PhD, DSc	Advisor	405 Anteelah Trl Knoxville, TN37919, United States	8/28/2018	US$ 1.45	20,000	12/30/2027	**0.02%**	a
John J.P. Kastelein, MD, PhD, FESC	Advisor	Eemnesserweg 37 1261 HH, Blaricum, the Netherlands	4/15/2021	US$ 2.35	15,000	12/30/2030	**0.02%**	d
Larry Wang	Advisor	2 Yueran Second Street, Fuchun Shanju, Daguan Road, Lianhe Area, Huangpu District, Guangzhou, PRC	7/30/2020	US$ 1.75	100,000	12/28/2029	**0.11%**	e
Marc M Lemaitre, Dr Sc	Advisor	881 Clifton Crest Terrace, Cincinnati, OH45220, Untied States	9/1/2017	US$1.356	20,000	12/30/2025	**0.02%**	c
			2/28/2017	US$1.356	100,000	12/30/2025	**0.11%**	b
Samuel B Sterrett, Jr (Rimon, PC)	Advisor	1990 K Street, NW, #420 Washington, DC 20006, United States	7/30/2020	US$ 1.75	100,000	12/28/2029	**0.11%**	e
			7/12/2021	US$ 3.50	50,000	12/30/2030	**0.06%**	a
Geoffrey M. Karny	Consultant	11924 Sentinel Point Ct. Reston, VA20191, United States	7/30/2020	US$ 1.75	50,000	12/28/2029	**0.06%**	e

Grantee	Position/connected relationship	Address	Grant Date (Note 1)	Exercise Price (USD/ per option)	Number of outstanding Shares under the options granted	Expiration Date	Approximate percentage of enlared issued share capital of our Company immediately	Vesting
Qianming Guan	Consultant	35A, Block B, Fangman Garden, Huajing Xincheng, Tianhe District, Guangzhou, PRC	7/12/2021	US$ 3.50	1,000	12/30/2030	**0.00%**	a
Yibin Cai, PhD	Consultant	Room 1206, Block 3, No.12 Zhongguancun South Street, Haidian District, Beijing, PRC	9/1/2017	US$1.356	20,000	12/30/2025	**0.02%**	c

Notes:

a. 12/48 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/48 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

b. 12/36 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/36 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

c. 12/24 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/24 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

d. the option vest upon achieving certain research and development milestones. In the event of the Listing, all options shall vest

e. options vest on the date of grant

As of the Latest Practicable Date, other than the 23 members of our Directors, senior management, advisers, consultants, other connected persons, and grantees who have been granted more than 450,000 options as disclosed above, no options were granted to any Directors or connected persons of the Group under the Pre-IPO Equity Incentive Plan.

Save as the 23 grantees disclosed above, the remaining 82 grantees who are not members of our Directors or other connected person of the Company have been granted equal to or less than 450,000 options under the Pre-IPO Equity Incentive Plan which are outstanding to subscribe for a total of 1,672,648 Shares, representing approximately 1.90% of the issued share capital of our Company upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Set out below are the details of options granted to such 82 grantees:

Range of outstanding Shares under options granted	Total number of grantees	Total number of outstanding Shares under options granted	Grant Date (Note 1)	Exercise Price (USD/per option)	Expiration Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering	Vesting
1,000 - 100,000	79	1,159,315	9/1/2017, 8/28/2018, 11/8/2018, 3/28/2019, 8/1/2019, 11/05/2020, 11/09/2020, 11/16/2020, 12/15/2020, 1/26/2021, 2/22/2021, 4/15/2021, 7/12/2021, 9/30/2021	US$1.356, US$1.45, US$1.60, US$1.75, US$2.35, US$3.50, US$3.55	12/30/2025, 12/30/2027, 12/30/2028, 12/28/2029, 12/30/2030	**1.3%**	a,c
100,001 -200,000	2	305,000	8/28/2018, 3/28/2019, 12/15/2020, 7/12/2021	US$1.45, US$1.75, US$2.35, US$3.50	12/30/2027, 12/30/2028, 12/28/2029, 12/30/2030	**0.35%**	a
200,001 -300,000	1	208,333	8/1/2019, 12/1/2019, 7/30/2020, 11/5/2020, 4/15/2021	US$1.75, US$2.35	12/30/2028, 12/28/2029, 12/30/2030	**0.24%**	d

Notes:

1. Certain grants were made pursuant to the then equity incentive plan of US Sirnaomics, which were substituted with grants under the Pre-IPO Equity Incentive Plan on the same terms. The date(s) of grant represents the date of such grant made pursuant to the then equity incentive plans of US Sirnaomics.

2. Please refer to below for different vesting schedules of the options granted:

   a. 12/48 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/48 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

   b. 12/36 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/36 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

   c. 12/24 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/24 of the options vests on the last business day of each calendar month thereafter until the option is vested in full. In the event of the Listing, all options shall vest in full

   d. options vest in six months from the date of grant

   e. the option vest upon achieving certain research and development milestones. In the event of the Listing, all options shall vest

   f. options vest on the date of grant

(q) Establishment of trustee for the Pre-IPO Equity Incentive Plan

Our Company is in the process of engaging a professional trustee to hold and manage our Shares to be issued under the Pre-IPO Equity Incentive Plan. Upon establishment, our Company will issue up to 12,770,000 Shares to the trustee. The trustee will not exercise the voting rights attached to such Shares.

2. RNAimmune Share Award Plan

The following is a summary of the principal terms of RNAimmune Share Award Plan as adopted by RNAimmune on March 8, 2020. The terms of the RNAimmune Share Award Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the RNAimmune Share Award Plan is to attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to RNAimmune Group.

(b) Participants

The participants of the RNAimmune Share Award Plan shall be: (i) a director, officer or employee of RNAimmune Group, or (ii) an individual that has been engaged to be a director, officer or employee of RNAimmune Group, or (iii) a consultant or advisor who provides services to RNAimmune Group, or (iv) an individual that has been engaged to provide services to RNAimmune Group.

(c) Administration

The compensation committee of the board of RNAimmune has full power and authority to administer in its sole discretion the RNAimmune Share Award Plan, including the authority to: (i) interpret the provisions of the RNAimmune Share Award Plan, (ii) prescribe, amend and rescind rules and regulations relating to the RNAimmune Share Award Plan, (iii) correct any defect, supply any omission, or reconcile any inconsistency in carrying into effect the RNAimmune Share Award Plan, and (iv) make all other determinations necessary or advisable for the administration of the RNAimmune Share Award Plan.

A majority of the members of the compensation committee of the board of RNAimmune constitutes a quorum, and must make all determinations of the Committee. The compensation committee of the board of RNAimmune may make any determination under the RNAimmune Share Award Plan without notice or meeting by a writing that a majority of the committee members have signed. All committee determinations are final and binding. If, at any time, the compensation committee of the board of RNAimmune is not in existence, the board of RNAimmune must administer the RNAimmune Share Award Plan and all references to the compensation committee in the RNAimmune Share Award Plan are deemed to mean the board of RNAimmune.

To the extent applicable law permits, the board of RNAimmune may delegate to another committee of the board of RNAimmune or to one or more officers of the RNAimmune any or all of the authority and responsibility of the compensation committee of the board of RNAimmune.

(d) Awards

An award means a grant of options, share appreciation rights or restricted shares.

(e) Discretionary grant of awards

Subject to the terms and conditions of the RNAimmune Share Award Plan, the compensation committee of the board of RNAimmune has full power and authority in its sole discretion to: (i) designate from time to time the participants to receive awards under the plan; (ii) determine the type or types of awards to be granted to each participant; (iii) determine the number of shares with respect to which an award relates; and (iv) determine any terms and conditions of an award. Awards under the plan may be granted either alone or in addition to, in tandem with, or in substitution for any other award (or any other award granted under another plan of RNAimmune Group). The compensation committee's designation of a participant to receive an award in a given year does not require the compensation committee to designate such person to receive an award in any other year.

(f) Shares reserved

An aggregate of 7,000,000 shares are reserved for issuance under the RNAimmune Share Award Plan, all of which may be issued pursuant to the exercise of incentive share options.

(g) Replenishment of shares

If an award lapses, expires, terminates, or is cancelled without the issuance of shares or payment of cash under the award, then the shares subject to or reserved for in respect of such award, or the shares to which such award relates, may again be used for new awards, including issuance pursuant to incentive share options. If shares are delivered to (or withheld by) RNAimmune in payment of the exercise price or withholding taxes of an award, then such shares may be used for new awards under the RNAimmune Share Award Plan, including issuance pursuant to incentive share options. If shares are issued under an award and if RNAimmune subsequently reacquires them pursuant to rights reserved upon the issuance of the shares, then such shares may be used for new awards under the plan but excluding issuance pursuant to incentive share options.

(h) Options

Subject to the terms and conditions of the RNAimmune Share Award Plan, the compensate committee must determine all terms and conditions of each option, including but not limited to:

(i) whether the option is an incentive stock option or a nonqualified stock option;

(ii) the number of shares subject to the option;

(iii) the exercise price per share, which must not be less than the fair market value of a share as determined on the date of grant; provided, however, that an incentive stock option granted to a 10% owner- employee must have an exercise price that is at least 110% of the fair market value of a share on the date of grant;

(iv) the terms and conditions of exercise;

(v) unless the applicable option award or other applicable share option agreement (which has been approved by the compensation committee) expressly provides otherwise, the option, subject to the holder's continued employment or service by or for RNAimmune Group, will vest 25% on the first anniversary of the date of grant and will vest in 1/36 portions for the then next 36 months thereafter on the last business day of each calendar month;

(vi) unless the applicable option award or other applicable share option agreement (which has been approved by the compensation committee) expressly provides

otherwise, and notwithstanding anything else to the contrary in Section (h)(v) hereof, the option may vest, in full, in the sole discretion of the compensation committee, upon a change of control of RNAimmune;

(vii) the applicable option award or other applicable share option agreement (which has been approved by the compensation committee) expressly provides otherwise, the expiration or termination date of the option will be the fifth anniversary of the date of grant of the option, provided, however, that each incentive stock option granted to a 10% owner-employee must terminate no later than the fifth anniversary of the date of grant;

(viii) upon a participant's death, the option may be exercised by the person or persons to whom such participant's rights under the option pass by will or by applicable law or, if no such person has such rights, by his or her executor or administrator.

(i) Share appreciation rights

Subject to the terms and conditions of the RNAimmune Share Award Plan, the compensation committee must determine all terms and conditions of each share appreciation right, including but not limited to:

(i) the number of shares to which the share appreciation right relates;

(ii) the grant price, provided, however, that the grant price must not be less than the fair market value of the shares subject to the share appreciation right as determined on the date of grant;

(iii) the terms and conditions of exercise or maturity;

(iv) the termination date, provided, however, that a share appreciation right must terminate no later than the fifth anniversary of the date of grant;

(v) whether the share appreciation right will be settled in cash, shares, or a combination thereof;

(vi) upon a participant's death, the share appreciation right may be exercised by the person or persons to whom such participant's rights under the share appreciation right pass by will or by applicable law or, if no such person has such rights, by his or her executor or administrator.

(j) Restricted shares

Subject to the terms and conditions of the RNAimmune Share Award Plan, the compensation committee must determine all terms and conditions of each award of restricted shares, including but not limited to:

(i) the number of shares to which the award relates;

(ii) the period of time over which, and/or the criteria or conditions that must be satisfied so that, the risk of forfeiture and/or restrictions on transfer imposed on the restricted shares will lapse;

(iii) with respect to awards of restricted shares, the manner of registration of certificates for such shares, and whether to hold in escrow such certificates pending lapse of the risk of forfeiture and/or restrictions on transfer, or to issue such shares with an appropriate legend referring to such restrictions;

(iv) with respect to awards of restricted shares, whether dividends paid with respect to such shares are paid immediately or held in escrow or otherwise defined, and whether such dividends are subject to the same terms and conditions as the awards to which they related, all in a manner to avoid giving rise to additional taxes under US Tax Code Section 409A.

(k) Transferability

Each award granted under the RNAimmune Share Award Plan is not transferable other than by will or the laws of descent and distribution, except that a participant may, to the extent the compensation committee allows and in a manner the compensation committee specifies: (a) designate in writing a beneficiary to exercise the award after the participant's death; or (b) transfer any award.

(l) Termination and amendment

At any time, the board of RNAimmune may amend, alter, suspend, discontinue, or terminate this RNAimmune Share Award Plan in its sole discretion, provided, however, that members must approve any of the following amendments to the RNAimmune Share Award Plan: (i) an amendment to increase materially the number of shares or to expand the class of individuals eligible to receive an award; or (ii) any other amendment if required by applicable law.

Except as provided in the RNAimmune Share Award Plan, and subject to the requirements of the RNAimmune Share Award Plan and all applicable law, the compensation committee may modify or amend any award or waive any restrictions or conditions applicable to any award or

the exercise of the award, and the terms and conditions applicable to any awards may be amended, modified, or canceled at any time by mutual agreement between the compensation committee and the participant or any other persons as then may have an interest in the award, so long as any amendment or modification does not increase the number of shares issuable under this RNAimmune Share Award Plan (except as permitted), but the compensation committee need not obtain the consent of the participant (or other interested party) for the cancellation of an award. Notwithstanding the foregoing, any such amendment must be made in a manner that enables an award (i) intended to be exempt from US Tax Code Section 409A to continue to be so exempt and (ii) intended to comply with US Tax Code Section 409A to continue to so comply.

(m) Tax

RNAimmune is entitled to withhold the amount of any tax attributable to any amount payable or any shares deliverable under the RNAimmune Share Award Plan, and RNAimmune may defer making payment or delivery in connection with an award if any such tax may be pending unless and until RNAimmune is indemnified to its satisfaction.

(n) Share transfer restrictions

Shares issued under the RNAimmune Share Award Plan may not be sold or otherwise disposed of, except as permitted by the board of RNAimmune. As a condition to the receipt of shares hereunder, the participant (or individual entitled to receive shares following the participant's death) may be required, at the time of issuance or later, to execute a members' agreement and/or other similar agreement required by the board of directors of holders of all or substantially all of the shares then issued and outstanding.

(o) Right to purchase shares

RNAimmune has the right, but not the obligation, to purchase the shares acquired by the participant under the RNAimmune Share Award Plan upon the occurrence of any of the following events:

(i) the participant's termination or expiration of employment by or service to RNAimmune Group, or (ii) the issuance of any shares following a participant's termination or expiration of employment by or service to RNAimmune Group pursuant to the terms of an award, including the exercise of an option following such term.

(p) Outstanding grants

As of the Latest Practicable Date, awards to subscribe for an aggregate of 4,925,000 shares have been granted to a total of 11 eligible participants by RNAimmune:

Grantee	Position/connected relationship	Address	Date of grant	Exercise Price (USD/per option)	Number of outstanding Shares under the options granted	Expiration Date	Approximate percentage of enlarged issued share capital of RNAimmune	Vesting
Dong Shen	President of RNAimmune	3601 Greenway, Unit 506, Baltimore, MD21218, U.S.	May 1, 2020	US$0.11	2,800,000	December 28, 2029	7.84%	a
Zhifeng Long	Chief development officer of our Company	14232 Reed Farm Way, North Potomac, MD20878-3809, U.S.	April 29, 2021	US$1.26	800,000	December 30, 2030	2.24%	a
Chun Lu	China chief operating officer of RNAimmune	8898 Basile-Routhier, Montreal, OC, H2M, 1T1, Canada	May 1, 2020	US$0.10	600,000	December 28, 2029	1.68%	d
Ziyang He	Chief business officer of RNAimmune	7101 Cliff Pine Drive, Gaithersburg, MD20879, United States	May 1, 2020	US$0.10	200,000	December 28, 2029	0.56%	a
Jiaxi He	Chief medical officer of RNAimmune	Room 2201 No. 7 Dashatou 4th Road Guangzhou PRC	May 1, 2020	US$0.10	200,000	December 28, 2029	0.56%	a
Yip Wing Kei (葉永基)	Chief financial officer of RNAimmune	Flat 1D, Tower 10, One Beacon Hill, Kowloon Tong, Hong Kong	May 1, 2020	US$0.10	200,000	December 28, 2029	0.56%	a
David Brown	Senior research scientist of RNAimmune	207 Longpoint Way, Gaithersburg, MD20878, U.S.	April 29, 2021	US$1.26	25,000	December 30, 2030	0.07%	b
Ju Hyeong Jeon	Senior research scientist of RNAimmune	4634 Cambria Road, Frederick, MD21703, U.S.	April 29, 2021	US$1.26	25,000	December 30, 2030	0.07%	b
Neeti Anathaswamy	Senior research scientist of RNAimmune	12708 Lamp Post LN, Potomac, MD20854, U.S.	April 29, 2021	US$1.26	25,000	December 30, 2030	0.07%	c
Renxiang Chen	Senior research scientist of RNAimmune	7737 Heritage Farm Drive, Gaithersburg, MD20886, U.S.	April 29, 2021	US$1.26	25,000	December 30, 2030	0.07%	c
Yong Sik Bong	Senior research scientist of RNAimmune	118 Missouri Court, Frederick, MD21702, U.S.	April 29, 2021	US$1.26	25,000	December 30, 2030	0.07%	c

Notes:

a. Upon achieving certain R&D/financial milestones of RNAimmune

b. 12/36 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/36 of the options vest on the last business day of each calendar month thereafter until the options are vested in full

c. 12/48 of the options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/48 of the options vest on the last business day of each calendar month thereafter until the options are vested in full

d. 2/3 vested upon grant and 1/3 to be vested upon achieving certain R&D/financial milestones of RNAimmune

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fee in relation to the Listing is US$1,000,000.

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (Advising on Futures Contracts) and Type 6 (advising on Corporate Finance) regulated activities under the SFO
Commerce and Finance Law Offices	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands legal advisors
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
China Insights Industry Consultancy Limited	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual Document

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary Expenses

The preliminary expenses incurred by the Company amount to approximately US$5,000.

8. Disclaimers

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this prospectus:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company of any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(c) Save as disclosed in the paragraph headed "B. Further Information about our Business — 1. Summary of Material Contracts" in this section, none of our Directors or proposed Directors or experts (as named in this prospectus), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(d) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.

(e) Save as disclosed in this prospectus, no equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.

(f) Save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures.

(g) There is no arrangement under which future dividends are waived or agreed to be waived.

(h) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(i) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of **GREEN** Application Form;

(b) a copy of each of the material contracts referred to the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 4. Consents of Experts" in Appendix IV to this prospectus.

2. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.sirnaomics.com** during a period of 14 days from the date of this prospectus:

(a) our Memorandum and Articles of Association;

(b) the Accountants' Report of our Group and the report on the unaudited pro forma financial information of our Group issued by Deloitte Touche Tohmatsu, the texts of which are respectively set out in Appendix I and Appendix II to this prospectus;

(c) the audited consolidated financial statements of our Company for the two years ended December 31, 2019 and 2020 and the nine months ended September 30, 2021;

(d) the legal opinions issued by Commerce & Finance Law Offices, our PRC Legal Advisor, in respect of certain aspects of our Group and the property interests of our Group;

(e) the letter of advice issued by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal advisors, in respect of certain aspects of the Cayman Companies Act referred to in Appendix III to this prospectus;

(f) the Cayman Companies Act;

(g) the report issued by China Insights Consultancy, the summary of which is set forth in the section headed "Industry Overview" in this prospectus;

(h) the material contracts referred to the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 4. Consents of Experts" in Appendix IV to this prospectus;

(j) terms of the Pre-IPO Equity Incentive Plan; and

(k) the service contract and letters of appointment with our Directors referred to in section headed "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Particulars of Directors' service contracts and appointment letters" in Appendix IV to this prospectus.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of the full list of all the grantees who have been granted options under the Pre-IPO Equity Incentive Plan, containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be available for inspection at the Company's principal place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus.


sirnaomics
Advancing RNAi Therapeutics