Sirnaomics Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2257)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The board (the "**Board**") of directors (the "**Directors**") of Sirnaomics Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2021, together with the comparative figures for the year ended December 31, 2020. The consolidated financial statements of the Group for the year ended December 31, 2021 have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the Company's auditor, Deloitte Touche Tohmatsu.

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

BUSINESS HIGHLIGHTS

During the year ended December 31, 2021 and the first quarter of 2022, we continued advancing our research and development effort, including the following milestones and achievements:

Clinical development

STP705

In January 2021, we performed dose administration for our first patient for the treatment of BCC in the U.S. On February 23, 2022, we announced interim data from the trial, which examined results from three cohorts with 15 total subjects, showed a dose response with complete response, as well as improved or stable cosmetic result with no significant cutaneous skin reactions. Interim data also suggests a favorable safety profile as there are no drug related adverse events or serious adverse events. We expect final data readout in the second half of 2022.

In March 2021, we initiated a Phase I clinical trial in the U.S. to for the treatment of HCC and CCA using intra-tumoral injection via computerized tomography guided treatment.

In April 2021, we initiated Phase I/II clinical trials with STP705 for the treatment of keloid scarless healing in the U.S. Our Phase I/II clinical trial for STP705 for keloid scarless healing evaluates 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. We performed dose administration for our first patient in the U.S. in May 2021.

In May 2021, we initiated Phase IIb clinical trial with STP705 for the treatment of isSCC in the U.S. Our Phase IIb clinical trial further evaluates 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. We performed dose administration for our first patient in the U.S. in June 2021. We expect Phase IIb interim data readout of STP705 for the treatment of isSCC in the second half of 2022.

STP707

In November 2021, we filed an IND for PSC, a rare form of liver fibrosis in the U.S. In February 2022, we further announced the receipt of the "safe to proceed" letter from the FDA for the IND application for STP707 in PSC. We have started dosing our first patient in March 2022. We expect interim data readout in the first half of 2023.

In February 2022, we announced the launch of a Phase I clinical trial for the treatment of solid tumor in the U.S. The first three patients in the clinical trial have received treatment. The Phase I clinical trial, which is a multi-center, open label, dose escalation, and dose expansion study, evaluates the safety, tolerability and anti-tumor activity of STP707. We expect interim data readout in the second half of 2022.

Early-stage Assets Progress

We are developing a number of IND-enabling and preclinical candidates based on our proprietary delivery platforms including PNP delivery platform, GalNAc RNAi delivery platforms, LNP and PLNP delivery platform.

STP355

STP355 comprises siRNA simultaneously targeting TGF-ß1 and VEGFR2, a target gene well-validated for its involvement in tumor angiogenesis and metastasis. We are developing STP355 for the treatment of multiple cancer types, including breast cancer, melanoma and colorectal cancer.

We expect to file an IND with the FDA in the U.S. in the first half of 2023.

STP908

STP908 comprises siRNA targeting the SARS-CoV-2 ORF1Ab and N-protein genes. 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 expect to file an IND with the FDA in the U.S. in the first half of 2023.

STP369

STP369 comprises siRNAs targeting BCL-xL and MCL-1, which are both validated tumorigenesis-associated genes. We are developing STP369 for the treatment of head and neck cancer and bladder cancer.

We expect to file an IND with the FDA in the U.S. in the first half of 2023.

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 expect to file an IND with the FDA in the U.S. in the second half of 2022.

STP125G

STP125G comprises RNAi triggers targeting formulated with our GalAhead™ delivery platform for subcutaneous administration. We are developing STP125G for use in treating hypertriglyceridemia. We maintain the global rights to develop and commercialize STP125G.

We expect to file an IND with the FDA in the U.S. in the first half of 2023.

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 expect to file an IND with the FDA in the U.S. in the first half of 2023.

RIM730

RIM730, developed by RNAimmune, comprises mRNA coding for SARS-CoV-2 full length spike protein from the Delta variant formulated with LNP delivery technology for intramuscular administration.

We expect to file an IND with the FDA in the U.S. in the second half of 2022.

Establishment of our Fill and Finish Plant Facility in Guangzhou

In December 2021, our Guangzhou Facility completed its full commissioning tasks with the media fill simulation three times in succession followed by trial run success of STP705 product in lyophilized solid dose.

We have commenced GMP production starting in first quarter of 2022. The Guangzhou Facility is expected to be in full GMP-compliant manufacturing of our pipeline products, including formulation, fill and finish, test and releasing. An anticipated annual capacity of producing around 50,000 vials of lyophilized human injectables is sufficient to support clinical trials we have currently planned.

FINANCIAL HIGHLIGHTS

	Year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Other income	**350**	771
Changes in fair value of financial liabilities at FVTPL	**(146,038)**	(17,574)
Administrative expenses	**(16,120)**	(5,157)
Research and development expenses	**(40,673)**	(14,894)
Listing expenses	**(12,192)**	(885)
Other expenses	**(678)**	(8,943)
Loss for the year	**(215,934)**	(46,428)

- For the year ended December 31, 2021, the loss on changes in fair value of financial liabilities at FVTPL increased to US$146.0 million, representing a growth of US$128.4 million, or 731.0%, from US$17.6 million for the year ended December 31, 2020, primarily due to the higher increase in the valuation of the preferred shares, as a result of a higher increase in the valuation of the Company.

- For the year ended December 31, 2021, the administrative expenses increased to US$16.1 million, representing a growth of US$10.9 million, or 212.6%, from US$5.2 million for the year ended December 31, 2020. The increase was primarily attributable to (i) directors' emolument and staff costs in relation to the Group's administrative staff to support business expansion; and (ii) professional and consultancy fee.

- For the year ended December 31, 2021, the research and development expenses increased to US$40.7 million, representing a growth of US$25.8 million, or 173.1%, from US$14.9 million for the year ended December 31, 2020. The increase was primarily attributable to: (i) directors' emolument and staff costs in relation to the Group's research and development staff; and (ii) clinical trials expenses and preclinical test expenses. Such increases were in line with the Group's continuous research and development efforts to support the Group's steadily advancing and expanding pipeline of drug candidates.

- The Group's loss for the year increased from US$46.4 million for the year ended December 31, 2020 to US$215.9 million for the year ended December 31, 2021. Such increase in loss is primarily attributable to: (i) increase in changes in fair value of financial liabilities at FVTPL; (ii) increase in research and development expenses; (iii) increase in administrative expenses; and (iv) increase in listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

Founded in 2007, our mission is to become a fully-integrated international biopharmaceutical company, leveraging our deep experience in ribonucleic acid ("**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 RNA interference ("**RNAi**") triggers and messenger RNA ("**mRNA**") and unlock their therapeutic potential.

We aim to focus initially on oncology and fibrosis, and then expand to anticoagulant therapies, cardiometabolic disease, complement mediated disease and viral infections. Our goal is to unlock the full potential of RNA therapeutics to address human diseases with high unmet medical need.

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 ("**R&D**") capabilities and manufacturing facilities 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 globally.

Pipeline

Sirnaomics is advancing a deep and broad portfolio of product candidates, including our seven ongoing clinical trials in the U.S. for our two lead product clinical drug candidates, STP705 and STP707, and at least 16 other products currently in preclinical studies, of which seven are expected to be in clinical stage in the near future.

Notes: * denotes our core product ** denotes orphan drug

1. Liver cancer (basket) includes cholangiocarcinoma, hepatocellular carcinoma, liver metastases etc.
2. We filed our Investigational New Drug Application ("**IND**") in China in June 2021, which is currently awaiting approval from National Medical Products Administration (NMPA), for study sites in China. The study sites will be part of 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. R&D conducted by RNAimmune, Inc. ("**RNAimmune**").

Abbreviations: isSCC = squamous cell carcinoma in situ; BCC = basal cell carcinoma; cSCC = cutaneous squamous cell carcinoma; NSCLC = non-small cell lung cancer; CRC = colorectal carcinoma; HTS = hypertrophic scar; 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; MRCT = multi regional clinical trial in which we will be the sponsor for all clinical trial sites; ID = Intradermal.

STP705

STP705 is a dual TGF-ß1/COX-2 inhibitor with intratumoral administration, intradermal and subcutaneous administration. 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. We are developing STP705 for Non-Melanoma Skin Cancers, including squamous cell carcinoma in situ ("**isSCC**") and basal cell carcinoma ("**BCC**"), keloid, hypertrophic scar ("**HTS**") and solid liver tumors.

We may not be able to ultimately develop and market our core product STP705 successfully.

STP707

STP707 is a dual TGF-ß1/COX-2 inhibitor which is administered intravenously for treatment systemically, including solid tumors or fibrotic tissue in the liver or lung. We are also developing combination therapies with STP707 and immune check point inhibitors and other novel oncology drugs currently used as treatments for solid tumor, including liver cancer, metastatic cutaneous squamous cell carcinoma ("**cSCC**") and non-small cell lung cancer ("**NSCLC**").

Other Preclinical Candidates

We are developing a number of IND-enabling and preclinical candidates. We are 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 pipeline currently in preclinical studies covers a range of therapeutic indications, including treatments for influenza, hepatitis B, human papilloma virus ("**HPV**") and coronavirus disease 2019 ("**COVID 19**") infections; treatments for cardiometabolic, blood and complement-mediated diseases; pancreatic cancer, colon cancer and other cancer treatments; and fat sculpting for medical aesthetics.

STP355

STP355 comprises small interfering RNA ("**siRNA**") simultaneously targeting TGF-ß1 and VEGFR2, a target gene well-validated for its involvement in tumor angiogenesis and metastasis, formulated using our polypeptide nanoparticle ("**PNP**") delivery platform for systemic administration. We are developing STP355 for the treatment of multiple cancer types, including breast cancer, melanoma and colorectal cancer.

STP908

STP908 comprises siRNA targeting the SARS-CoV-2 ORF1Ab and N-protein genes formulated with our PNP delivery platform. We have previously collaborated with researchers at the Boston University National Emerging Infectious Disease Laboratory on preclinical R&D relating to STP908. 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.

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.

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.

STP125G

STP125G comprises RNAi triggers targeting formulated with our GalAhead™ delivery platform for subcutaneous administration. We are developing STP125G for use in treating hypertriglyceridemia. We maintain the global rights to develop and commercialize STP125G.

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.

RIM730

RIM730, developed by RNAimmune, our non-wholly owned subsidiary, comprises mRNA coding for SARS-CoV-2 full length spike protein from the Delta variant formulated with lipid nanoparticle ("**LNP**") delivery technology for intramuscular administration.

Delivery Platforms

Our proprietary delivery platforms include our PNP delivery platform, useful for intratumoral or intravenous administration of RNAi therapeutics to targets beyond liver hepatocyte cells; our GalNAc RNAi delivery platforms for systemic administration of RNAi therapeutics to the liver hepatocytes; as well as our LNP and polypeptide-lipid nanoparticle ("**PLNP**") delivery platforms 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 R&D in-house to enhance our PNP delivery platform and adapt it for formulating novel RNA therapeutics to treat a range of therapeutic indications. We obtained global rights for our PNP delivery technology. We have developed in-house and own the global rights to GalNAc RNAi delivery platforms.

We have also developed a proprietary platform that combines the well characterized therapeutic molecule Gemcitabine into the backbone of an siRNA that improves the potency and efficacy of Gemcitabine as an anticancer therapeutic. The molecule provides a single construct that can be delivered to a cell using our PNP or a targeted delivery agent. We have demonstrated potent effects against pancreatic tumor cells as xenografts when delivered intravenously (IV) and in other cancers such as triple negative breast cancer and ovarian cancer we have demonstrated potency and efficacy of the constructs in vitro studies.

Manufacturing

We have developed manufacturing processes that are capable of large, commercial-scale GMP-compliant manufacturing of our product candidates. Our protein nanoparticle manufacturing technology uses microfluidic technology that is scalable from R&D level to clinical supply as well as commercialization for multiple indications, delivering high-quality products at low cost. We are also continuing to explore partnerships on next generation mixing technologies for future commercial applications.

Our GalAhead™ platform relies on established and commercialized clinical production and commercial manufacturing platforms.

We have continued to expand our external capacity to include contract development and manufacturing organization (CDMO) both in the U.S. and in China to meet both our clinical production as well as future commercial manufacturing needs. Our manufacturing facility in Guangzhou ("**Guangzhou Facility**") was commissioned in late December 2021 and has commenced the production to support multiple programs in the first quarter of 2022, producing materials for both non-clinical and clinical programs.

II. BUSINESS REVIEW

Capitalizing on our drug delivery technology platforms, excellent proof of concept data from our Phase IIa clincal trial for the treatment of isSCC and financial support from our investors, Sirnaomics has expanded a number of clinical trials in the U.S.

Clinical Development

STP705

In January 2021, we performed dose administration for our first patient for the treatment of BCC in the U.S. Our Phase II clinical trial evaluates 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. On February 23, 2022, we announced interim data from the trial, which examined results from three cohorts with 15 total subjects, showed a dose response with complete response, as well as improved or stable cosmetic result with no significant cutaneous skin reactions. Interim data also suggests a favorable safety profile as there are no drug related adverse events or serious adverse events.

In March 2021, we initiated a Phase I clinical trial in the U.S. to develop STP705 for the treatment of hepatocellular carcinoma ("**HCC**") and cholangiocarcinoma ("**CCA**") using intra-tumoral injection via computerized tomography guided treatment. This is an open-label, dose escalation study of up to 50 patients who have previously failed multiple rounds of standard of care therapy. Up to 30 subjects will be enrolled (6 per cohort), and will be administered injections on day 1, 8, 15 of a 28-day cycle.

In April 2021, we initiated Phase I/II clinical trials with STP705 for the treatment of keloid scarless healing in the U.S. Our Phase I/II clinical trial for STP705 for keloid scarless healing 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 have obtained excellent readouts of Phase IIa clinical trial of STP705 for the treatment of isSCC. Overall, 76% of subjects across all groups (25 subjects) achieved complete histological clearance. Dosing groups 30 ug and 60 ug, (9/10 subjects), 90% of them have achieved complete histological clearance. No significant cutaneous skin reactions and no treatment related AE's or SAE's. Skin Response Scores improved in 4/5 dosing cohorts and there were no dose limiting toxicities noted in the study population. We initiated Phase IIb clinical trial for the treatment of isSCC in May 2021 in the U.S. Our Phase IIb clinical trial further evaluates 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. We have performed dose administration for our first patient in the U.S. in June 2021.

STP707

In November 2021, we filed an IND for primary sclerosing cholangitis ("**PSC**"), a rare form of liver fibrosis in the U.S. In February 2022, we further announced the receipt of the "safe to proceed" letter from the U.S. Food and Drug Administration ("**FDA**") for the IND application for STP707 in PSC. The Phase I study is to evaluate the safety, tolerability, and pharmacokinetics of STP707, administered intravenously in healthy volunteers. We have performed dose administration for our first patient in March 2022.

In February 2022, we announced the launch of a Phase I clinical trial for the treatment of solid tumor in the U.S.. The first three patients in the clinical trial have received treatment. The Phase I clinical trial, which is a multi-center, open label, dose escalation, and dose expansion study, evaluates the safety, tolerability and anti-tumor activity of STP707. Thirty participants with advanced solid tumors, who have been unresponsive to standard therapies, will be enrolled in dose escalation. Once maximum tolerated dose or recommended Phase II dose has been established, up to 10 additional patients will be enrolled to confirm safety and explore anti-tumor activities. The study encompasses five cohorts who will receive one of five escalating doses of STP707 through IV administration on a 28-day cycle. The primary endpoints are to determine maximum tolerated dose and establish dosage recommendations for future Phase II studies. Additional secondary endpoints are to determine the pharmacokinetics of STP707, and to observe preliminary anti-tumor activities.

STP707 takes advantage of a dual-targeted inhibitory property and a PNP-enhanced targeted delivery to solid tumors and metastatic tumors via intravenous administration. An initial preclinical study has demonstrated that simultaneously knocking down TGF-β1 and COX-2 gene expression in the tumor microenvironment increases active T cell infiltration. A further combination study demonstrated synergistic anti-tumor activity between STP707 and a PD-L1 antibody using a mouse orthotopic liver cancer model.

Early-stage Assets Progress

We are developing a number of IND-enabling and preclinical candidates based on our proprietary delivery platforms including PNP delivery platform, GalNAc RNAi delivery platforms, LNP and PLNP delivery platforms.

Selected assets from PNP delivery platform	**Expected time to file U.S. IND**
STP355	1H 2023
STP908	1H 2023
STP369	1H 2023
Selected assets from GalNAc delivery platforms	
STP122G	2H 2022
STP125G	1H 2023
STP144G	1H 2023
Selected assets from RNAimmune	
RIM730	2H 2022

Establishment of our Fill and Finish Plant Facility in Guangzhou

In December 2021, our Guangzhou Facility completed its full commissioning tasks with the media fill simulation three times in succession followed by trial run success of STP705 product in lyophilized solid dose.

We have commenced GMP production starting in first quarter of 2022. The Guangzhou Facility is expected to be in full GMP-compliant manufacturing of our pipeline products, including formulation, fill and finish, test and releasing. An anticipated annual capacity of producing around 50,000 vials of lyophilized human injectables is sufficient to support clinical trials we have currently planned.

Intellectual Property

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. Two of our licensed patents which are directed to and protect our PNP delivery platform expired in September 2021, however our strategy enables us to continue using our delivery platform in selected indications.

The GalAhead™ program is protected by multiple patent applications. Two families of internationally-filed patents protect the platform generally, while further applications protect embodiments of the platform directed to specific molecular targets. STP122G and STP144G are each protected by patent applications having claims that cover GalAhead™ constructs targeting Factor XI and Complement Factor B, respectively. STP125G is protected by patent applications having claims that cover compositions and methods for treating hypertriglyceridemia. One additional patent application has been filed having claims encompassing claims directed to an additional target.

Collaboration

In April 2021, Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd. ("**Suzhou Sirnaomics**"), an indirect wholly-owned subsidiary of the Company, and Sirnaomics, Inc. ("**US Sirnaomics**"), a wholly-owned subsidiary of the Company (Suzhou Sirnaomics and US Sirnaomics together, the "**Sirnaomics Party**") and Walvax Biotechnology Co., Ltd. ("**Walvax**") entered into a co-development and license agreement to co-develop siRNA drugs targeting the influenza virus (the "**Target Drug**"). Walvax is a biopharmaceutical company specialized in R&D, manufacturing and distribution of vaccines and is an investor in our Series D Financing in 2020.

Under the co-development and license 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 Drug and to apply those technologies in the Territory for R&D purposes only. The Sirnaomics Party retains the exclusive rights for the Target Drug outside the Territory.

RNAimmune's Completion of Fundraising Rounds

In April 2021, RNAimmune secured a US$10 million Series Seed round to accelerate its R&D into mRNA vaccine and drug discovery focusing on infectious disease, cancer, and rare diseases.

In March 2022, RNAimmune announced the signing of definitive agreements for its approximately US$27 million Series A round fundraising to accelerate its R&D of mRNA vaccine and drug discovery focused on infectious disease, cancer, and rare diseases.

Fueled by the fresh capital, RNAimmune is also advancing its Pan-RAS tumor vaccine program in collaboration with the University of California, Los Angeles, and prophylactic HSV vaccine program in collaboration with the University of Houston.

Impact of COVID-19

The COVID-19 pandemic had some adverse impact on our business operations and financial performance for the year ended December 31, 2021, because there had been some material and prolonged disruption of our ongoing clinical or preclinical trials due to (i) special work arrangements of our R&D staff and relevant government authorities in China and in the U.S.; (ii) fewer patients attending hospitals or clinics for trials; as well as (iii) shortage and higher cost of laboratory monkeys driven by the pandemic-related research.

III. FUTURE AND OUTLOOK

At Sirnaomics, we endeavor to make a meaningful contribution to the biopharmaceutical value chain, lead the development of new classes of innovative treatments, and most importantly, measurably improve the lives and wellbeing of patients worldwide.

In 2022, we have set clearly defined business priorities and initiatives, which we describe below.

Advance development of our lead product candidates STP705 and STP707 through clinical trials toward market approvals in a broad range of indications in the U.S. and China

Our top priority is commercializing STP705 for the treatment of isSCC. While we are conducting trials in the U.S. and expecting Phase IIb interim data readout of STP705 for the treatment of isSCC in the second half of 2022, we are anticipating a roll-out of trials globally.

To prepare for the roll-out, we have already built our clinical team in China and started discussion with contract research organizations ("**CROs**"). To get ready for market approvals for the STP705, we have started exploring potential partnership and establishing our in-house sales and marketing team to lead the sales effort.

To de-risk our STP705 candidate, we have expanded to treat other indications such as BCC, keloid, HTS and liver cancer and will be expanding to facial isSCC and fat sculpting in the U.S. We are expecting interim data for isSCC, liver cancer and final readout for BCC in the second half of 2022. The human clinical data from these trials will further validate our technology platform and selection of targets for STP705. We are electing to move forward with our HTS clinical trial program in China due to the larger pool of potential clinical trial subjects compared to the U.S. and expect to file an IND for HTS in China in the second half of 2022.

Sirnaomics' clinical strategy is to first obtain proof of concept data from STP705. With the accumulation of successful human clinical data from STP705 for the treatment for isSCC, we have commenced our clinical trials for STP707 which expand its therapeutic reach using systemic administration as a modality, opening up more opportunities to treat other oncology indications which could not be addressed by STP705.

We initiated patient dosing for STP707 for the treatment for multiple solid tumors in the first quarter of 2022 and we expect to release interim data in the second half of 2022.

We also further study the application of STP707 for treatment in patients with PSC, a rare disease with limited medical options. With the completion of an IND filing and the "safe to proceed" letter from the FDA, we have commenced a clinical trial of STP707 for the treatment of PSC in March and expect to release interim data in the first half of 2023.

Develop more innovative first-in-class preclinical asset into clinical stage

We are developing a number of IND-enabling and preclinical candidates in our rich pipeline. We are 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. We expect to bring STP122G and RIM730 to U.S. IND stage in second half of 2022.

STP122G will be the first representative candidate for GalAhead™ delivery platform to enter into clinical stage, targeting Factor XI for subcutaneous administration. We are developing STP122G as an anticoagulant therapeutic.

In addition, we are exploring partnership opportunities in relation to our GalAhead™ delivery platform which is a proven technology in the U.S. to accelerate the development of multiple assets on the platform.

The injection of fresh capital through the Series A round fundraising enables RNAimmune to advance to IND filing for RIM730 with the FDA in the second half of 2022 and accelerate the development of its novel PLNP delivery platform, modifying 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.

Plan to establish a commercial site in China

To secure our product supply and meet potential business demands, we may adopt a hybrid manufacturing model in the future that primarily utilizes our in-house manufacturing capabilities while employing contract manufacturing organizations (CMOs) for the manufacturing of our drug products.

In that effort, we are exploring to build a commercial scale manufacturing facility in China which will supply products to meet future commercial needs.

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

Our strategy and business development team explores global and local cooperation opportunities with other industry players, specifically for our lead products STP705 and STP707, together with our preclinical assets, including STP122G, generated from our GalAhead™ delivery platform.

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

We are 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.

Impact of COVID-19

We cannot foresee when the COVID-19 pandemic will become completely under control and therefore the aforementioned impacts on our business will remain. We are monitoring the COVID-19 situation as well as various regulatory and administrative measures adopted by local governments closely and will adjust our strategy and precautionary measures accordingly.

IV. FINANCIAL REVIEW

	2021	2020
	US$'000	*US$'000*
Other income	**350**	771
Other gains and losses	**(244)**	255
Changes in fair value of financial liabilities at fair value through profit or loss ("**FVTPL**")	**(146,038)**	(17,574)
Administrative expenses	**(16,120)**	(5,157)
Research and development expenses	**(40,673)**	(14,894)
Impairment losses reversed under expected credit loss model, net	**–**	242
Listing expenses	**(12,192)**	(885)
Other expenses	**(678)**	(8,943)
Finance costs	**(339)**	(243)
Loss before tax	**(215,934)**	(46,428)
Income tax expense	**–**	–
Loss for the year	**(215,934)**	(46,428)

Overview

For the year ended December 31, 2021, the Group did not generate any revenue from product sales. The Group recorded a loss of US$215.9 million for the year ended December 31, 2021, as compared with US$46.4 million for the year ended December 31, 2020.

Substantially all of the Group's net losses resulted from changes in fair value of financial liabilities at FVTPL, research and development expenses, administrative expenses and listing expenses.

Revenue

For the year ended December 31, 2021, the Group did not generate any revenue from product sales and did not recognize revenue from the co-development and license agreement entered into with Walvax.

Other Income

The Group's other income primarily consists of: (i) government grants, primarily representing cash incentives to support the Group's 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 the Group generated mainly from providing research and development consultancy services.

For the year ended December 31, 2021, the other income of the Group decreased to US$0.4 million representing a reduction of US$0.4 million, or 54.6%, from US$0.8 million for the year ended December 31, 2020. The decrease was primarily because the Group obtained a waiver of governmental loan repayment of US$0.5 million in November 2020 as a result of the COVID-19 pandemic.

Other Gains and Losses

The Group's other gains and losses primarily consist of: (i) changes in fair value of structured deposits; and (ii) net foreign exchange gains or losses.

For the year ended December 31, 2021, the other gains and losses of the Group decreased to a loss of US$0.2 million representing a reduction of US$0.5 million, or 195.7%, from a gain of US$0.3 million for the year ended December 31, 2020. The decrease was primarily due to increase of net foreign exchange losses of US$0.5 million from US$0.1 million for the year ended December 31, 2020 to US$0.6 million for the year ended December 31, 2021.

Changes in Fair Value of Financial Liabilities at FVTPL

The Group's changes in fair value of financial liabilities at FVTPL mainly represent changes in fair value of: (i) preferred shares; (ii) Series C Warrants; (iii) convertible loans issued by Suzhou Sirnaomics to Series D investors; (iv) Simple Agreements for Future Equity ("**SAFE**") issued by RNAimmune to non-controlling shareholders of RNAimmune in August and September 2020; and (v) series seed preferred shares of RNAimmune.

For the year ended December 31, 2021, the loss on changes in fair value of financial liabilities at FVTPL of the Group increased to US$146.0 million, representing a growth of US$128.4 million, or 731.0%, from US$17.6 million for the year ended December 31, 2020, primarily due to the higher increase in the valuation of the preferred shares as a result of a higher increase in the valuation of the Company.

Administrative Expenses

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

	Year ended December 31,		
	2021	2020	Changes
	US$'000	*US$'000*	*%*
Directors' emolument and staff costs	**8,144**	1,931	322%
Professional and consultancy fees	**5,297**	1,738	205%
Traveling expenses	**400**	275	45%
Other office expenses	**913**	417	119%
Depreciation of property and equipment and right-of-use assets	**327**	224	46%
Marketing and business development	**215**	73	195%
Insurance	**207**	60	245%
Others	**617**	439	41%
Total	**16,120**	5,157	213%

The Group's administrative expenses primarily consist of: (i) directors' emolument and staff costs relating to the Group's administrative staff; and (ii) professional and consultancy fees, mainly representing financial accounting service fees and legal fees for patent-related and general corporate advisory services.

For the year ended December 31, 2021, the administrative expenses of the Group increased to US$16.1 million, representing a growth of US$10.9 million, or 212.6%, from US$5.2 million for the year ended December 31, 2020. The increase was primarily attributable to: (i) directors' emolument and staff costs in relation to the Group's administrative staff to support business expansion; and (ii) professional and consultancy fees.

Research and Development Expenses

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

	Year ended December 31,		
	2021	2020	Changes
	US$'000	*US$'000*	*%*
Directors' emolument and staff costs	**16,537**	4,419	274%
Chemistry, manufacturing and controls expenses	**6,665**	4,148	61%
Materials consumed	**3,239**	933	247%
Clinical trials expenses	**4,510**	1,266	256%
Preclinical test expenses	**5,845**	1,962	198%
Consultancy fee	**1,725**	1,115	55%
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	**1,303**	819	59%
Others	**849**	232	266%
Total	**40,673**	14,894	173%

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

For the year ended December 31, 2021, the research and development expenses of the Group increased to US$40.7 million, representing a growth of US$25.8 million, or 173.1%, from US$14.9 million for the year ended December 31, 2020. The increase was primarily attributable to: (i) directors' emolument and staff costs in relation to the Group's research and development staff; and (ii) clinical trials expenses and preclinical test expenses. Such increases were in line with the Group's continuous research and development efforts to support the Group's steadily advancing and expanding pipeline of drug candidates.

Listing Expenses

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the listing of the Company (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on December 30, 2021 (the "**Listing Date**"). For the year ended December 31, 2021 and 2020, the Group recorded listing expenses charged to profit or loss of US$12.2 million and US$0.9 million, respectively. Upon the Listing, listing expenses of US$4.1 million were capitalized.

Other Expenses

The following table sets out a breakdown of the Group's other expenses for the years indicated:

	Year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Loss on terminating a collaboration agreement	**–**	7,679
Issuance costs of financial liabilities at FVTPL	**678**	1,246
Others	**–**	18
	678	8,943

The Group's other expenses primarily consist of: (i) loss on termination of a collaboration agreement ("**Collaboration Agreement**") in 2020, representing the payment to Xiangxue Pharmaceutical Co., Ltd. ("**Xiangxue**") in 2020 upon the termination of the Collaboration Agreement; and (ii) issuance costs of financial liabilities at FVTPL, mainly professional and consultancy fees in relation to the issuance of convertible loans to the Series D investors, SAFE and Series E preferred shares.

For the year ended December 31, 2021, the other expenses of the Group decreased to US$0.7 million representing a reduction of US$8.2 million, or 92.4%, from US$8.9 million for the year ended December 31, 2020. The decrease was primarily attributable to the loss on termination of the Collaboration Agreement in 2020 while no such loss was incurred in 2021.

Finance Costs

The Group's finance costs were primarily interests on lease liabilities.

For the year ended December 31, 2021, the finance costs of the Group increased by US$0.1 million, or 39.5%, to US$0.3 million from US$0.2 million for the year ended December 31, 2020. This increase was primarily due to the increase in the interest on lease liabilities.

Income Tax Expense

No Hong Kong profits tax, U.S. corporate income and state taxes or China enterprise income tax were provided as the group entities had no assessable profits during the year ended December 31, 2021.

Loss for the Year

The Group's loss for the year increased from US$46.4 million for the year ended December 31, 2020 to US$215.9 million for the year ended December 31, 2021. Such increase in loss is primarily attributable to: (i) increase in loss on changes in fair value of financial liabilities at FVTPL; (ii) increase in research and development expenses; (iii) increase in administrative expenses; and (iv) increase in listing expenses.

Cash flows

	2021	2020
	US$'000	*US$'000*
Net cash used in operating activities	**(56,973)**	(18,999)
Net cash (used in) from investing activities	**(6,035)**	8,393
Net cash from financing activities	**170,964**	100,368
Net increase in cash and cash equivalents	**107,956**	89,762
Cash and cash equivalents at January 1	**103,122**	9,949
Effect of foreign exchange rate changes	**916**	3,411
Cash and cash equivalents at December 31	**211,994**	103,122

Net cash used in operating activities for the year ended December 31, 2021 increased to US$57.0 million, representing an increase of US$38.0 million, or 199.9%, from US$19.0 million for the year ended December 31, 2020. This increase was primarily due to the expansion of the Group's research and development activities, general corporate and administrative activities and listing expenses incurred in connection with the Listing.

Net cash used in investing activities for the year ended December 31, 2021 amounted to US$6.0 million, which primarily consisted of purchase and deposit paid for: (i) property and equipment of US$5.1 million; and (ii) intangible assets of US$0.8 million. Net cash from investing activities for the year ended December 31, 2020 amounted to US$8.4 million, which primarily consisted of: (i) proceeds from redemption of structured deposits of US$88.8 million, partially offset by the placement of structured deposits of US$78.4 million; and (ii) purchase and deposit paid for property and equipment of US$2.1 million.

Net cash from financing activities for the year ended December 31, 2021 increased to US$171.0 million, representing an increase of US$70.6 million, or 70.3%, from US$100.4 million for the year ended December 31, 2020. This increase was primarily due to proceeds from issuance of Series E preferred shares of US$106.2 million and proceeds from the Listing of US$63.7 million raised during the year ended December 31, 2021, while proceeds from issuance of Series D preferred shares of US$104.0 million were raised during the year ended December 31, 2020.

Liquidity and Source of Funding and Borrowing

The Group's management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. The Group relies on equity and debt financing as the major source of liquidity. The Group had no bank borrowings as at December 31, 2021.

As at December 31, 2021, the Group had unutilized banking facilities of US$3.9 million.

As at December 31, 2021, the Group's cash and cash equivalents increased to US$212.0 million from US$103.1 million as at December 31, 2020. The increase primarily resulted from the proceeds from issuance of Series E preferred shares and proceeds from the Listing.

As at December 31, 2021, the current assets of the Group were US$223.8 million, including bank balances and cash of US$212.0 million and other current assets of US$11.8 million. As at December 31, 2021, the current liabilities of the Group were US$16.2 million, including trade and other payables of US$14.1 million, contract liability of US$0.8 million and lease liabilities of US$1.3 million.

As at December 31, 2021, the Group improved from its net liabilities position of US$94.2 million as of December 31, 2020 to net assets of US$210.3 million as of December 31, 2021, primarily due to (i) increase in bank balances and cash from US$103.1 million as of December 31, 2020 to US$212.0 million as of December 31, 2021; and (ii) decrease in financial liabilities at FVTPL from US$196.8 million as of December 31, 2020 to US$8.4 million as of December 31, 2021 primarily due to the conversion of preferred shares to ordinary shares of the Company upon the Listing.

Key Financial Ratios

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

	As at December 31,	
	2021	2020
	%	%
Current ratio	**1,379.1**	111.7

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

Material Investments

The Group did not make any material investments during the year ended December 31, 2021.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended December 31, 2021.

Pledge of Assets

As at December 31, 2021, the Group had total US$63,000 of restricted bank deposits pledged to secure its banking facilities.

Contingent Liabilities

As at December 31, 2021, the Group did not have any material contingent liabilities.

Foreign Exchange Exposure

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

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As at December 31, 2021, the Group, including RNAimmune, had a total of 175 full-time employees. The following table sets forth the total number of employees by function as of December 31, 2021:

	Number of Employees
Management	11
Research	82
Manufacturing	31
Clinical and Regulation	10
General and Administrative	41
Total	**175**

The total remuneration cost incurred by the Group for the year ended December 31, 2021 was US$24.7 million (including share-based payment expense of US$11.3 million), as compared to US$6.4 million (including share-based payment expense of US$1.0 million) for the year ended December 31, 2020. The remuneration of the employees of the Group comprises salaries and other allowances, retirement benefit scheme contributions, share-based payment expense as well as performance and discretionary bonus.

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

CORPORATE GOVERNANCE

The Company has adopted and applied the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). To the best knowledge of the Directors, except for code provision A.2.1 (which has been re-numbered as CG Code code provision C.2.1 since January 1, 2022) set out below, the Company has complied with all applicable code provisions under the CG Code during the period from the Listing Date to December 31, 2021.

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own code of conduct regarding securities transactions, which applies to all Directors and relevant employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company, on terms no less than the required standard indicated by the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the period from the Listing Date to December 31, 2021. No incident of non-compliance of the Model Code by the Directors and relevant employees was noted during the period from the Listing Date to December 31, 2021.

USE OF PROCEEDS FROM THE LISTING

The Company's Shares were listed on the Hong Kong Stock Exchange on December 30, 2021 with gross proceeds of US$63.7 million raised. On January 21, 2022, the over-allotment option as described in the prospectus dated December 20, 2021 issued by the Company (the "**Prospectus**") was partially exercised by the Joint Representatives with gross proceeds of US$8.2 million raised on January 26, 2022. The net proceeds raised during the Global Offering (including the partial exercise of the over-allotment option) were approximately US$54.8 million with a total of 8,513,450 new Shares issued. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company intends to utilize the additional net proceeds on a pro rata basis for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes based on actual business needs.

The table below sets forth a detailed breakdown and description of the use of net proceeds as at December 31, 2021:

Purposes	% of use of net proceeds (as disclosed in the Prospectus)	Net proceeds received on Listing Date *(US$ million)*	Utilized net proceeds up to December 31, 2021 *(US$ million)*	Unutilized net proceeds up to December 31, 2021 *(US$ million)*	Net proceeds from partial exercise of over-allotment option *(US$ million)*	Total net proceeds from Global Offering *(US$ million)*	Estimated timeline for utilizing the net proceeds from Global Offering
To fund the development and commercialization of STP705	57.9%	26.9	–	26.9	4.8	31.7	By the end of 2023
To fund the development of STP707	15.6%	7.3	–	7.3	1.3	8.6	By the end of 2022
To fund our GalNAc Program yielded products such as STP122G, STP133G, and STP144G and other preclinical stage product candidates, and where such research and development will further advance our proprietary GalAhead and PDoV-GalNAc delivery platforms for development of novel product candidates	15.4%	7.1	–	7.1	1.3	8.4	By the end of 2022
To fund the research and development of our other preclinical drug candidates	7.3%	3.4	–	3.4	0.6	4.0	By the end of 2022
For general corporate and working capital purposes	3.8%	1.8	–	1.8	0.3	2.1	By the end of 2022
Total	**100.0%**	**46.5**	**–**	**46.5**	**8.3**	**54.8**	

AUDIT COMMITTEE

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

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

The Audit Committee had, together with the management of the Company, reviewed the consolidated financial statements of the Group for the year ended December 31, 2021 and the accounting principles and policies adopted by the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to December 31, 2021.

DIVIDENDS

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2021.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Tuesday, June 28, 2022 (the "**AGM**"). A notice convening the AGM of the Company will be issued and despatched to the shareholders of the Company (the "**Shareholders**") in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, June 23, 2022 to Tuesday, June 28, 2022, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, June 22, 2022.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and condensed consolidated statement of cash flows and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.sirnaomics.com. The annual report of the Company for the year ended December 31, 2021 containing all the information in accordance with the requirements under the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	NOTES	**2021**	2020
		US$'000	*US$'000*
Other income	*5*	**350**	771
Other gains and losses	*6*	**(244)**	255
Changes in fair value of financial liabilities at FVTPL		**(146,038)**	(17,574)
Administrative expenses		**(16,120)**	(5,157)
Research and development expenses		**(40,673)**	(14,894)
Impairment losses reversed under expected credit loss model, net		**–**	242
Listing expenses		**(12,192)**	(885)
Other expenses	*7*	**(678)**	(8,943)
Finance costs	*8*	**(339)**	(243)
Loss before tax		**(215,934)**	(46,428)
Income tax expense	*9*	**–**	–
Loss for the year	*10*	**(215,934)**	(46,428)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**141**	(71)
Other comprehensive income (expense) for the year		**141**	(71)
Total comprehensive expense for the year		**(215,793)**	(46,499)
Loss for the year attributable to:			
Owners of the Company		**(213,071)**	(43,772)
Non-controlling interests		**(2,863)**	(2,656)
		(215,934)	(46,428)

	NOTES	**2021**	2020
		US$'000	*US$'000*
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(212,989)**	(43,833)
Non-controlling interests		**(2,804)**	(2,666)
		(215,793)	(46,499)
Loss per share	*12*		
— Basic and diluted (US$)		**(14.30)**	(3.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	NOTES	**2021**	2020
		US$'000	*US$'000*
NON-CURRENT ASSETS			
Property and equipment		**7,862**	2,931
Right-of-use assets		**6,855**	1,520
Intangible assets		**1,069**	349
Deposits		**1,056**	247
		16,842	5,047
CURRENT ASSETS			
Prepayments, deposits and other receivables		**11,748**	1,954
Restricted bank balances		**63**	61
Bank balances and cash		**211,994**	103,122
		223,805	105,137
CURRENT LIABILITIES			
Trade and other payables	*13*	**14,098**	4,667
Contract liability		**784**	–
Lease liabilities		**1,346**	443
Financial liabilities at FVTPL		**–**	88,989
		16,228	94,099
NET CURRENT ASSETS		**207,577**	11,038
TOTAL ASSETS LESS CURRENT LIABILITIES		**224,419**	16,085
NON-CURRENT LIABILITIES			
Financial liabilities at FVTPL		**8,437**	107,827
Bank borrowings		**–**	1,134
Lease liabilities		**5,694**	1,304
		14,131	110,265
NET ASSETS (LIABILITIES)		**210,288**	(94,180)

	NOTES	**2021**	2020
		US$'000	*US$'000*
CAPITAL AND RESERVES (DEFICITS)			
Share capital	*14*	**88**	14
Reserves (deficits)		**211,527**	(94,447)
Equity (deficits) attributable to owners of the Company		**211,615**	(94,433)
Non-controlling interests		**(1,327)**	253
TOTAL EQUITY (DEFICITS)		**210,288**	(94,180)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	2021	2020
	US$'000	*US$'000*
Net cash used in operating activities	**(56,973)**	(18,999)
Net cash (used in) from investing activities	**(6,035)**	8,393
Net cash from financing activities	**170,964**	100,368
Net increase in cash and cash equivalents	**107,956**	89,762
Cash and cash equivalents at January 1	**103,122**	9,949
Effect of foreign exchange rate changes	**916**	3,411
Cash and cash equivalents at December 31, represented by bank balances and cash	**211,994**	103,122

1. GENERAL INFORMATION

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

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

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

2. GROUP REORGANIZATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**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 Sirnaomics, Inc. ("**US Sirnaomics**") and its subsidiaries, 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**"), 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 ("**HK Sirnaomics**") and RNAimmune, Inc. ("**RNAimmune**").

* *The English names are for identification purpose only.*

In preparation for the Listing on the Hong Kong 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 on 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. Lu, 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 were designated "**Series A Preferred Shares**", 7,374,632 were designated "**Series B Preferred Shares**", 14,600,142 were designated "**Series C Preferred Shares**" and 16,249,174 were designated "**Series D Preferred Shares**".

(iii) On January 21, 2021, US Sirnaomics, the then shareholders of US 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 US Sirnaomics transferred all their shares in US Sirnaomics to the Company, and in exchange for such transfer, the Company issued 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 then shareholders of US Sirnaomics to mirror their shareholding in US Sirnaomics. The holders of Series C Warrants and Series D Warrants exchanged their Series C Warrants and Series D Warrants of US 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 were proportionately issued to the ordinary equity owners of the Company, which involved interspersing the Company between US Sirnaomics and its shareholders, the Group comprising the Company, US Sirnaomics and its subsidiaries resulting from the Group Reorganization is regarded as a continuing entity throughout the year, regardless of the actual date when they legally form part of a group. Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2021 and 2020 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 year ended December 31, 2021 and 2020, or since their respective dates of incorporation, where there is a shorter period.

The consolidated statement of financial position of the Group as at December 31, 2020 has 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 that date taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF AMENDMENTS TO IFRSs

The Group has consistently applied all the new and amendments to IFRSs, International Accounting Standards ("**IASs**"), and interpretations issued by the IASB which are effective for the accounting periods beginning on January 1, 2021.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that 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 June 30, 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 and IAS 12 mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 ***Classification of Liabilities as Current or Non-current***

The 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 December 31, 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$8,437,000 as at December 31, 2021 and are classified as non-current. Upon the application of the amendments, 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$8,437,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months.

Amendments to IAS 12 ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. As at December 31, 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to US$6,855,000 and US$7,040,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

4. REVENUE AND SEGMENT INFORMATION

Revenue

The Group has not generated any revenue during the year.

Segment information

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

Geographical information

The Group's operations and non-current assets are mainly located at the U.S. and the mainland of the 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	
	2021	2020
	US$'000	*US$'000*
The U.S.	**7,885**	1,930
The PRC	**8,243**	3,028
Hong Kong	**5**	1
	16,133	4,959

5. OTHER INCOME

	2021	2020
	US$'000	*US$'000*
Government grants *(Note)*	**34**	527
Interest income from restricted bank balances and bank balances	**213**	80
Consultancy income	**37**	121
Others	**66**	43
	350	771

Note: Government grants include waiver of governmental loan repayment (2020: 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 during the year.

6. OTHER GAINS AND LOSSES

	2021	2020
	US$'000	*US$'000*
Net foreign exchange losses	**(559)**	(136)
Gain on disposal of property and equipment	**3**	–
Changes in fair value of structured deposits	**312**	391
	(244)	255

7. OTHER EXPENSES

	2021	2020
	US$'000	*US$'000*
Loss on terminating a collaboration agreement *(Note)*	**–**	7,679
Issuance costs of financial liabilities at FVTPL	**678**	1,246
Others	**–**	18
	678	8,943

Note: In October 2020, Suzhou Sirnaomics entered into an agreement with 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.

8. FINANCE COSTS

	2021	2020
	US$'000	*US$'000*
Interest on bank and other borrowings	**72**	6
Interest on lease liabilities	**319**	243
Total borrowing costs	**391**	249
Less: amounts capitalized in the cost of qualifying assets	**(52)**	(6)
	339	243

9. INCOME TAX EXPENSE

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

Hong Kong Profits Tax of HK Sirnaomics is calculated at 8.25% on the first 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 U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate has charged at flat rate of 21% during the year. 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 3.535% to 8.84% during the year.

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, U.S. corporate income and state taxes and EIT were provided as the group entities had no assessable profits during the year.

10. LOSS FOR THE YEAR

	2021	2020
	US$'000	*US$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**488**	37
Outsourcing service fees included in research and development expenses	**17,020**	7,377
Amortization of the intangible assets	**64**	37
Depreciation of property and equipment	**791**	543
Depreciation of right-of-use assets	**775**	463
	1,630	1,043
Analyzed as:		
— charged in administrative expenses	**327**	224
— charged in research and development expenses	**1,303**	819
	1,630	1,043
Directors' remuneration	**6,661**	1,366
Other staff costs		
— Salaries and other allowances	**9,537**	3,935
— Retirement benefit scheme contributions	**647**	165
— Share-based payment expense	**6,065**	699
— Performance and discretionary bonus *(Note)*	**1,771**	185
	24,681	6,350
Analyzed as:		
— charged in administrative expenses	**8,144**	1,931
— charged in research and development expenses	**16,537**	4,419
	24,681	6,350

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.

11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2021, nor has any dividend been proposed since the end of the reporting period.

12. 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:

	2021	2020
Loss for the year attributable to owners of the Company for the purpose of basic and diluted per share *(US$'000)*	**(213,071)**	(43,772)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**14,897,047**	13,805,513

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, 2020.

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, 2021 and 2020, the different series of Preferred Shares issued by the Company, US Sirnaomics and RNAimmune, the Series C Warrants, Convertible Loans and share options issued by the Company, US Sirnaomics and RNAimmune outstanding 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, 2021 and 2020 are the same as basic loss per share for the respective year.

13. TRADE AND OTHER PAYABLES

	2021	2020
	US$'000	*US$'000*
Trade payables	**1,484**	782
Payables for issuance costs of financial liabilities at FVTPL	**–**	1,107
Accruals for listing expenses and issuance costs	**6,858**	1,025
Accruals for staff costs	**2,028**	386
Accruals for other research and development expenses	**21**	67
Accruals for outsourcing research and development fees	**1,765**	697
Accruals for other operating expenses	**1,228**	563
Payables for acquisition of property and equipment	**714**	40
	12,614	3,885
	14,098	4,667

The credit period on purchase of materials or receiving services for research and development activities is usually within 30 days (2020: 30 days). The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2021	2020
	US$'000	*US$'000*
0 to 30 days	**1,397**	644
31 to 60 days	**3**	3
Over 60 days	**84**	135
	1,484	782

14. SHARE CAPITAL

The share capital as at December 31, 2020 represented the combined issued share capital of the Company and US Sirnaomics. The share capital as at December 31, 2021 represents the issued share capital of the Company.

Details of the share capital of the Company 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 in relation to Group Reorganization		
— 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)
Automatic conversion of preferred shares upon initial public offering ("**IPO**")	80,000,000	80,000
At December 31, 2021	230,000,000	230,000

	Number of shares	Share capital *US$*
Issued and fully paid		
At October 15, 2020 (date of incorporation) and December 31, 2020	1	–*
Issuance of ordinary shares in relation to Group Reorganization	14,349,637	14,350
Exercise of share options	530,000	530
Issuance of ordinary shares pursuant to IPO	7,540,000	7,540
Automatic conversion of preferred shares upon IPO	52,877,142	52,877
Issuance of ordinary shares held on trust	12,770,000	12,770
At December 31, 2021	88,066,780	88,067

* *Less than US$1*

15. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

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

Name of subsidiaries	Place and date of incorporation or establishment/ operation	Issued and fully paid share capital/paid-up capital	Effective equity interest attributable to the Group		Principal activities
			As at December 31,		
			2021	2020	
Directly owned subsidiary					
US Sirnaomics	The U.S. February 12, 2007	US$1 (2020: US$14,350)	**100%**	100%	Developing and commercializing of RNAi technology and multiple therapeutics
Indirectly owned subsidiaries					
RNAimmune	The U.S. May 5, 2016	US$208 (2020: US$145)	**60%**	61%	Technical research and development of mRNA delivery platform and mRNA-based drug and vaccine
HK Sirnaomics	Hong Kong March 8, 2019	HK$10,000 (2020: HK$10,000)	**100%**	100%	Investment holding
Suzhou Sirnaomics	The PRC March 10, 2008	RMB336,771,270 (2020: RMB12,539,683)	**100%**	79.75%	Technical research, development, service and transfer of nucleic acid drugs
Guangzhou Sirnaomics	The PRC May 8, 2012	RMB70,000,000 (2020: RMB30,000,000)	**100%**	76.42%	Manufacturing and development of drug products
RNAimmune Vaccine (Guangzhou) Co., Ltd. 達冕疫苗(廣州)有限公司	The PRC January 28, 2021	RMB10,846,037	**60%**	N/A	Manufacturing and development of vaccines

16. CAPITAL COMMITMENTS

	2021	2020
	US$'000	*US$'000*
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the consolidated financial statements	**11,357**	499

17. 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:

	2021	2020
	US$'000	*US$'000*
Restricted bank deposits	**63**	61

Restrictions on assets

In addition, lease liabilities of approximately US$7,040,000 (2020: US$1,747,000) are recognized with related right-of-use assets of approximately US$6,855,000 (2020: US$1,520,000) as at December 31, 2021. 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.

18. EVENTS AFTER THE REPORTING PERIOD

(a) On January 21, 2022, 973,450 ordinary shares of the Company were allotted and issued by the Company at HK$65.9 per share for gross proceeds of approximately HK$64,150,000 (equivalent to US$8,234,000) upon the partial exercise of the over-allotment option by the Joint Representatives as described and defined in the prospectus of the Company dated December 20, 2021.

(b) In March 2022, RNAimmune entered into a definitive agreement for its series A round fundraising, pursuant to which Sirnaomics, Inc., a wholly-owned subsidiary of the Company, and six other independent investors, conditionally agreed to subscribe for and RNAimmune conditionally agreed to allot and issue, in aggregate 8,802,589 series A preferred shares of RNAimmune, at the total consideration of approximately US$27 million (equivalent to approximately US$3.09 per series A preferred share).

Save as disclosed above, no important events affecting the Company occurred since December 31, 2021 and up to the date of this announcement.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees and business partners for their support and contribution to the Group.

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

Hong Kong, March 31, 2022

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