Sirnaomics Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2257)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board (the "**Board**") of directors (the "**Director(s)**") of Sirnaomics Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2023, together with comparative figures for the six months ended June 30, 2022. This announcement, containing the full text of the interim report of the Company for the six months ended June 30, 2023 (the "**Interim Report 2023**"), complies with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in relation to information to accompany preliminary announcements of interim results.

These interim results have been reviewed by the audit committee of the Board and the Company's auditor, Deloitte Touche Tohmatsu.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.sirnaomics.com. The Interim Report 2023 containing all the information in accordance with the requirements under the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

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

Hong Kong, August 30, 2023

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

Table of Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Yang Lu *(alias* Patrick Lu*)*
Chairman, President and Chief Executive Officer

Dr. Xiaochang Dai
Chief Strategy Officer

Dr. Michael V. Molyneaux
Chief Medical Officer

Dr. David Mark Evans
Head of Drug Discovery and Collaboration

Non-Executive Directors

Mr. Mincong Huang
Mr. Jiankang Zhang

Independent Non-Executive Directors

Dr. Cheung Hoi Yu, *JP*
Mr. Fengmao Hua
Ms. Monin Ung
Ms. Shing Mo Han, Yvonne *(alias* Mrs. Yvonne Law*), BBS, JP*

AUDIT COMMITTEE

Ms. Shing Mo Han, Yvonne *(Chairperson)*
Mr. Fengmao Hua
Mr. Mincong Huang

REMUNERATION COMMITTEE

Ms. Monin Ung *(Chairperson)*
Dr. Xiaochang Dai
Dr. Cheung Hoi Yu

NOMINATION COMMITTEE

Mr. Fengmao Hua *(Chairperson)*
Dr. Yang Lu
Dr. Cheung Hoi Yu

AUTHORIZED REPRESENTATIVES

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Mr. Leung Ting Cheung

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Ms. Yun Zhang
Mr. Leung Ting Cheung

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Management Discussion and Analysis

BUSINESS OVERVIEW

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

Our lead drug candidates STP705, formulated for local administration for the treatment of Non-Melanoma Skin Cancer (NMSC), and STP707, formulated for systemic administration for the treatment of solid tumors respectively, have both achieved positive clinical readouts with the corresponding studies. These advancements of our leading drug candidates corroborate the potential of our proprietary PNP delivery platform. After completing an End-of-Phase-II meeting with and receiving guidance from the U.S. FDA in the first half of 2023, we are advancing the late-stage clinical development of STP705 for the treatment of isSCC (one type of NMSC). This development has solidified our leadership in RNAi therapeutics for cancer treatment on the global stage.

Based on an intriguing discovery during the clinical study for the treatment of isSCC with STP705, we initiated an effort to evaluate the potential of this siRNA drug candidate for medical aesthetics applications. After repeatedly validated activity of STP705 for fat reduction using a locally subcutaneous administration with a minipig animal model, we initiated a Phase I clinical study for fat reduction in adults undergoing abdominoplasty. The initial study readouts demonstrated excellent safety and clear signs of efficacy. While we are preparing a communication package currently for consultation with the U.S. FDA for advancing this clinical program into Phase II study, we are also in active discussions on potential collaborations for this novel aesthetics medicine product. Our GalNAc-based delivery platform, GalAhead™ (comprised of both mxRNA and muRNA approaches) technology, is for subcutaneous administration and is currently being investigated in diseases where targeting of liver hepatocytes may result in beneficial therapeutic outcomes. Our first GalAhead™ product, STP122G, has received regulatory clearance from the U.S. FDA to commence a Phase I clinical trial. We have already dosed the first cohort with eight healthy volunteers to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of STP122G. We plan to investigate the administration of our other novel GalAhead™ molecules in a variety of therapeutic areas including hypertriglyceridemia and complement-mediated diseases.

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

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

Product Pipeline

Sirnaomics is advancing a prioritized product pipeline and conducting four clinical trials in the U.S. for our lead clinical drug candidates STP705 and STP707, together with STP122G, in addition to RV-1730 which is a mRNA vaccine program currently under Phase I clinical study sponsored by RNAimmune. The following product pipeline table is adapted based on the Group's current focus on preclinical and clinical product development.

	Candidate	Gene Targets	Indications	Delivery Platform	Pre-clinical	IND Enabling	IND	Phase I	Phase II	Phase III	Rights	Status
Oncology	STP705	TGF-β1/COX-2	isSCC	PNP-IT							Global	Obtained guidance from FDA for late-stage trial
			BCC								Global	Reached optimal dosage, ready to move to next phase
	STP707	TGF-β1/COX-2	Multiple solid tumors	PNP-IV							Global	Interim data readout completed in Q4 2022
Medical Aesthetics	STP705	TGF-β1/COX-2	Fat remodeling	PNP - subcutaneous							Global	Interim data readout in Q2 2023
Antiviral	RV-1730	SARS-CoV-2	Covid-19 vaccine	LNP Intramuscular							Global	IND approved by FDA
GalAhead™	STP122G	Factor XI	Anticoagulation / Thrombosis	GalAhead™ subcutaneous							Global	First cohort dosed
	STP125G	ApoC3	Hypertriglyceridemia								Global	IND in 2023
	STP144G	Complement Factor B	Complement - mediated diseases								Global	IND in 2024
	Seven Other Early-Stage Assets										Global	

Abbreviations: isSCC = squamous cell carcinoma in situ; BCC = basal cell carcinoma; PNP = polypeptide nanoparticle (PNP) RNAi delivery platform; PNP-IT = PNP platform formulated for intratumoral administration; PNP-IV = PNP platform formulated for intravenous administration; GalAhead™ = GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers; LNP = lipid nanoparticle (LNP) formulation for delivery of mRNA

Clinical Programs

STP705

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

STP707

STP707 Powder for Infusion (STP707) is a sterile, lyophilized drug product that contains the same two siRNAs as STP705, formulated with a different proprietary nanoparticle carrier that facilitates intravenous infusion for systemic treatment. The product is currently under investigation in a Phase I clinical study for the treatment of multiple types of solid tumors with a "basket study" design, including pancreatic tumor, colorectal tumor, liver tumor and melanoma, etc. We also aim to develop combination therapies with STP707, and immune check point inhibitors or other oncology drugs currently used as treatments for those solid tumors.

STP122G

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

We may not be able to ultimately develop and market our clinical products STP705, STP707 and STP122G successfully.

Other Late-Stage Preclinical Candidates

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

Preclinical Drug Candidates Using the PNP Platform

STP355

STP355 comprises siRNA simultaneously targeting TGF-ß1 and VEGFR2 that are validated for their involvement in tumor microenvironment (TME) and tumor angiogenesis regulations. STP355 is formulated for systemic administration (IV) with our PNP delivery (HKP+H) platform. The therapeutic potential of STP355 has been evaluated in vitro and in vivo using multiple types of xenograft cancer models of mice, including breast cancer, melanoma and colorectal cancer. We plan to have STP355 moving into IND-enabling study with further validation using a selected orthotopic tumor model(s).

Preclinical Drug Candidates Using the GalAhead™ Platform

STP125G

STP125G is an siRNA that targets apolipoprotein C3 (APoC3). The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery when administered by subcutaneous injection. It is being developed for potential use in treating rare lipodystrophy conditions such as familial hypertriglyceridemia. After successful efficacy studies with cell culture and animal models of disease, APoC3-GalNAc-siRNA has been designated as a clinical candidate for further development. Nonclinical toxicology studies are in progress. The manufacture of drug substances in accordance with GMP has been completed and clinical trial supplies are being manufactured. We plan to submit an IND to the U.S. FDA in the fourth quarter of 2023.

STP144G

STP144G is an siRNA that targets Complement Factor B. The siRNA construct is conjugated with the GalNAc ligand to facilitate targeted drug delivery when administered by subcutaneous injection. It is being developed for potential use in treating complement-mediated immunologic diseases. After successful efficacy studies with cell culture and animal models, this candidate was selected for further development. Development and production of the drug substance and drug product in accordance with GMP for clinical trial supplies has been completed. It is notable that STP144G is the first GalAhead™ product manufactured at our Guangzhou Facility. Nonclinical toxicology studies have been initiated. We are currently planning an IND for this product in the first half of 2024.

Clinical Drug Candidates Using the LNP Platform

RV-1730

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

Delivery Platforms

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

In the early days of the Group, we exclusively in-licensed an academic PNP nucleic acid delivery method. Leveraging our 16-year R&D effort, we are now able to advance PNP as a therapeutic delivery technology. Our PNP delivery platform is based on a naturally biodegradable polypeptide molecule, a histidine-lysine (HK) polymer. The HK polymers vary in the pattern of repeating histidine and lysine moieties and may be branched. When admixed at the appropriate ratio with RNA, the HK polymers self-assemble into nanoparticles that encapsulate the RNA. PNP serves as an excipient as part of our drug products to meet all pharmaceutical requirements for large scale manufacturing to successfully test in humans in multiple clinical studies. We have obtained exclusive global rights for our PNP delivery technology and have built a comprehensive IP portfolio covering PNP-based RNA medicine products for cancers, fibrosis diseases and medical aesthetics.

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

Manufacturing

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

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

We have built our Guangzhou Facility in 2021 to further enhance our in-house manufacturing capacity. Within the first six months of 2023, the Guangzhou Facility has supported our preclinical tox studies and early stage of clinical studies. With STP122G, our GalAhead™ product, moving into clinical stage, plans are underway to expand the capabilities at the Guangzhou Facility to support our GalAhead™ product line. The successful operation of the Guangzhou Facility enables our in-house manufacturing capabilities and marks a transition from a biotech company to a biopharma corporation.

BUSINESS REVIEW

In the first half of 2023, we continued to make significant progress with respect to our pipeline development and business development. To ensure sufficient cash runway in light of the uncertainty in global macro economy, the Company has prioritized resources allocation in programs that have the significant potential and has put on hold or slowed down the development of other programs. The Group has also undergone a restructuring to optimize the U.S. and China team in early 2023.

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

Clinical Development

STP705

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

After positive data readouts from the Phase IIa and Phase IIb clinical studies on STP705 for the treatment of 69 isSCC patients and the Phase II clinical study with 30 BCC patients showing clear dose-dependent therapeutic effects and excellent safety profiles, we continued to advance the clinical development in February 2023 by formulating a communication package with the U.S. FDA to seek guidance for conducting a late-stage clinical development. After discussing the Phase IIa and Phase IIb results with the U.S. FDA via an End-of-Phase-II meeting, we were well-positioned to advance STP705 into a confirmatory clinical study for the treatment of isSCC. The FDA provided Sirnaomics guidance to move forward with late-stage clinical development because of the efficacious data provided as well as the widespread prevalence of SCC lesions. As mentioned in the Company's announcement dated June 19, 2023, we were preparing to move forward in 2023 with a well-designed single dosage study as a sub-group of subjects in a large Phase III clinical study. Positive results will provide the basis for completion of this large registration Phase III trial.

STP705 for medical aesthetic treatment: Phase I clinical study interim result

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

This study is our first application to apply an RNAi therapeutic candidate for medical aesthetics treatment. We plan to use the information from this study to expand into the treatment of submental fat and other areas of noninvasive fat remodeling. The study is expected to be completed in the second half of 2023. This Phase I study will serve as a blueprint for future studies of STP705 in the medical aesthetics category.

STP707

STP707 for Treatment of Multiple Solid Tumors with a Basket Study

The multi-center, open label, dose escalation and dose expansion tumor basket study are evaluating the safety, tolerability, and anti-tumor activity of STP707. 50 participants with advanced solid tumors, who have been unresponsive to standard therapies, are included in the dose escalation analysis. Once maximum tolerated dose or recommended Phase II dose has been established, additional patients will be enrolled to confirm safety and explore anti-tumor activity. The study encompasses 6 total cohorts who have received escalating doses of STP707 through IV administration on a 28-day cycle including 3 mg, 6 mg, 12 mg, 24 mg, 36 mg and 48 mg dosing cohorts. The participants were dosed once weekly for a total of 4 doses over a 28-day treatment cycle. These treated patients will continue in the study until they exhibit progressive disease. Additional secondary endpoints are to determine the pharmacokinetics of STP707 and to observe preliminary anti-tumor activity. Based on preliminary efficacy observations, 74% of evaluable patients demonstrated a best response of stable disease (SD) and a number of patients exhibited reduction in tumor burden per Response Evaluation Criteria in Solid Tumors (RECIST).

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

STP122G

STP122G for the treatment of anticoagulation disorders: Phase I clinical study commenced

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

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

In June 2023, we dosed the first participant in a Phase I clinical study of STP122G for anticoagulant treatment to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of STP122G. Safety and tolerability will be compared among five different doses for future studies.

RV-1730

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

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

IND Enabling Studies and Expected Clinical Studies

We are expecting to file the U.S. IND for STP125G in the fourth quarter of 2023. Based on the current progress of IND enabling studies for both efficacy and toxicity evaluation, drug formulation and CMC, the IND package is in development, and we are on track to file the clinical study application later this year.

Meanwhile, we are on track to file IND in the U.S. for STP144G in the first half of 2024.

Establishment of our Fill and Finish Plant Facility in Guangzhou

After the first full year of successful operation of our Guangzhou Fill and Finish (F&F) Facility, set up in December 2021, the facility continues to provide support to optimize our clinical supplies strategy in Asia by adapting production to our current needs.

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

For the first half of 2023, the Guangzhou Facility has mainly supported the Group for STP707. It also initiated filling line capacity expansion to include liquid dose fill in 2R vial to support our GalAhead™ platform. With STP122G moving to clinical stage, we plan to expand the capabilities to support our expanding GalAhead™ product line.

EDIRNA Operation

EDIRNA, our non-wholly owned subsidiary set up in 2022, is an early-stage biotech company focused on RNA-Editing technology for the discovery and development of novel therapeutics. Sirnaomics has provided an initial funding and licensed our exclusive proprietary delivery technologies to EDIRNA for advancing its proprietary "Edit-to-Cure Therapeutics™" platform, targeting diseases with high unmet clinical need.

We continue to look for innovative ways to deliver cutting-edge technologies that address current unmet needs. With the rapidly evolving RNA Editing market, we will utilize the Group's well-validated RNA delivery, RNA modification, large scale manufacturing and clinical development technologies and know-hows to build a strategic partnership with EDIRNA that align with our ultimate mission of improving health outcomes for patients.

Strengthening Senior Management Team

Recently in July 2023, we have made one significant addition to our senior management team by appointing Dr. Francois Lebel, a seasoned and experienced biopharmaceutical industry executive, as Senior Vice President for pre-clinical and clinical development of the Group. With Dr. Francois Lebel's in-depth knowledge and experience in novel drug product marketing approvals, his addition to Sirnaomics senior leadership will greatly enhance our capability to advance the therapeutic candidates through the late-stage product development. In August 2023, we have appointed Dr. Xiaochang Dai ("**Dr. Dai**") to be our Chief Strategy Officer. Dr Dai's understanding of the global competitive landscape of the RNAi field, together with his vision for the field, is considered instrumental in setting long term goals for the Company and its subsidiaries.

To form a leaner and effective management team, we have streamlined the senior management team by having Dr. Steven Long transitioning to RNAimmune, our non-wholly owned subsidiary. Meanwhile, we have arranged for Mr. George Ji's retirement from the role of Chief Operating Officer and Dr. David Mark Evans stepping down from the role of Chief Scientific Officer.

Expansion in Hong Kong

After Sirnaomics completed its IPO in Hong Kong in end of 2021, the Company has made a strategic decision to establish a meaningful presence of the Company's R&D capacities in the city, together with RNAimmune and EDIRNA, our non-wholly owned subsidiaries. The effort is guided with a vision to establish Hong Kong as a leading RNA medicine harbor in Asia. The specific missions are: (1) to develop innovative and effective RNA medicine; (2) to address diseases with unmet medical needs in Asian Pacific region; and (3) to promote translational research with Hong Kong academic institutions.

Sirnaomics, RNAimmune and EDIRNA have all established their Hong Kong offices and been admitted into Hong Kong Science and Technology Park (HKSTP). Sirnaomics has successfully received approval of a grant of HK$8 million from HKSTP Clinical Translational Catalyst Program, and received approval of a grant of HK$2 million from HKSTP Medtech Co-create Program. Not only the Group has established its leadership team in Hong Kong, the strategic and scientific discussions with the leaders of the academic institutions and the government officials in Hong Kong are intensified with two sharp goals: (1) collaborations for RNA medicine related R&D and clinical studies; and (2) building a commercial scale manufacturing plan in the Lok Ma Chau Loop.

FUTURE AND OUTLOOK

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

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

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

Our top priority is STP705 for the treatment of isSCC toward commercialization. After discussing the Phase IIa and Phase IIb results with the U.S. FDA via an End-of-Phase-II meeting in the first half of 2023, we were well-positioned to advance STP705 into a confirmatory clinical study for the treatment of isSCC. The FDA provided Sirnaomics guidance to move forward with late-stage clinical development because of the efficacious data provided as well as the widespread prevalence of SCC lesions. As mentioned in the Company's announcement dated June 19, 2023, we were preparing to move forward in 2023 with a well-designed single dosage study as a sub-group of subjects in a large Phase III clinical study. Positive results will provide the basis for completion of this large registration Phase III trial. Together with STP705 for the treatment of BCC for which we expect to have the final data readout in the second half of 2023, we expect to further advance our STP705 skin cancer franchise to late-stage development by the end of 2023. We expect to fund our STP705 trial with existing financial resources, fresh capital raised in the market and partnership.

To prepare for our expanding programs and further clinical development, our clinical teams in the U.S. and Asia are running multi-center global trials for indications such as isSCC and liver cancer, leveraging the populations of subjects for different indications in both parts of the world. To prepare for potential market approvals, we have started exploring potential partnerships and developed a commercialization plan to position STP705 when the upcoming clinical studies reach primary endpoints. Going forward, we plan to continue to invest in the studies for STP705 and expand indications beyond skin cancers.

While we advance the late-stage development of STP705 for the treatment of isSCC and BCC, we are excited to simultaneously move forward with STP707, which has proven the safety and efficacy of our proprietary PNP delivery systems in IV administration. In future development, STP707 and our targeted PNP delivery have potential to treat a variety of solid tumors and will differentiate Sirnaomics from other RNA players globally. As a result of positive interim data for STP707, we will explore collaboration of a Phase II combination trial, combining STP707 with novel approved cancer therapies such as immune check point inhibitors as well as traditional chemotherapy where first- and second-line treatments show minimal impact on disease outcomes. Such potential combination therapies may include CCA, HCC, melanoma, or pancreatic cancer. We will also explore other indications for Phase II trials and continue expanding our clinical development programs. STP707 is believed to have big market potential through IV administration and potential partnership possibility. We believe our optimal growth plan lies in dedicating our capital and corporate resources toward advancing our valuable assets with meaningful market potential. We expect to fund our STP707 trial with existing financial resources, fresh capital raised in the market and partnership.

Exploration of new areas — open up medical aesthetics market

We announced the interim data for our proof-of-concept Phase I STP705 trial to study fat remodeling in abdominoplasty patients in June 2023. Data for the six participants with 42 tissue samples have demonstrated excellent safety and efficacy results with no systemic adverse events and no significant local skin or tissue changes. All tissue samples examined in this review using variables doses of STP705 showed histological evidence suggestive of fat remodeling. This study is our first exploration to apply an RNAi therapeutic candidate for localized fat remodeling and we plan to use the information from this study to expand into the treatment of submental fat and other areas of noninvasive fat remodeling. This development program is expected to open up a new therapeutic area of medical aesthetics for our pipeline and has received very positive responses from the market. We anticipate final study report sometime in second half of 2023 after which time, we will request a meeting with the FDA to determine the path to approval for the program.

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

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

During the first half of 2023, we have successfully advanced STP122G, the first representative candidate for GalAhead™ delivery platform, into clinical stage, and filed IND for RV-1730, novel mRNA vaccines. These are exciting news as we are moving to clinical stage for both of our dual proprietary delivery platforms.

Our plan is to accelerate the research and development of our next generation GalAhead™ platform. We have nine GalAhead™ preclinical candidates in the pipeline and expect to have two INDs submitted soon. Following STP122G, we have a good lineup of assets, STP125G and STP144G, from our GalAhead™ delivery platform to file IND in the U.S. in the fourth quarter of 2023 and first half of 2024.

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

Our strategy and business development team continues to actively explore global and local partnership and cooperation opportunities with other industry players, specifically for our lead products STP705 and STP707, and with our GalAhead™ clinical and preclinical assets, including, but not limited to, STP122G, STP125G and STP144G. Such partnerships and cooperation are expected to help accelerate the development of multiple preclinical and clinical assets.

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

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

Commercialization

The Group has been devoted to commercializing the core product STP705 for the treatment of isSCC. We have continued to strengthen our clinical team to help advance the late-stage development of STP705 for the treatment of isSCC. The addition of Dr. Francois Lebel to our clinical team was one initiative to level up our experiences in late-stage development. Having consulted with industry consultants and key opinion leaders, and taking into account the latest developments on STP705, we currently expect that, as soon as by end of 2023, our STP705 will reach the well-designed single dosage study as a sub-group of a large Phase III clinical trial for the treatment of isSCC, with the NDA filing to be made as soon as 2025 and commercialization as soon as by end of 2025, subject to the regulatory review by the FDA and the funding available. Nevertheless, the estimated timeline of the commercialization remains highly uncertain given various factors that are beyond the control of the Group, including but not limited to the results of the clinical trials, discussion with the FDA on the design and protocol of subsequent trials, the possibility of conducting additional trials as may be requested by the FDA, and the approval and directions to be made by the FDA.

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

FINANCIAL REVIEW

	For the six months ended June 30,	
	2023 US$'000	2022 US$'000
Other income	**1,102**	858
Other gains and losses	**210**	(489)
Changes in fair value of financial asset at FVTPL	**155**	—
Changes in fair value of financial liabilities at FVTPL	**(441)**	(2,877)
Administrative expenses	**(10,815)**	(11,107)
Research and development expenses	**(30,709)**	(32,109)
Other expenses	**(150)**	—
Finance costs	**(458)**	(376)
Loss before tax	**(41,106)**	(46,100)
Income tax expense	**—**	—
Loss for the period	**(41,106)**	(46,100)

Overview

For the six months ended June 30, 2023, the Group did not generate any revenue from product sales. The Group recorded a loss of US$41.1 million for the six months ended June 30, 2023, as compared to US$46.1 million for the six months ended June 30, 2022.

Substantially all of the Group's net losses resulted from research and development expenses and administrative expenses.

Revenue

For the six months ended June 30, 2023, the Group did not generate any revenue from product sales.

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; and (ii) interest income from restricted bank balances and bank balances.

For the six months ended June 30, 2023, the other income of the Group increased to US$1.1 million, representing a growth of US$0.2 million, or 28%, from US$0.9 million for the six months ended June 30, 2022. The increase was primarily due to the increase in interest income from restricted bank balances and bank balances from US$0.1 million for the six months ended June 30, 2022 to US$0.8 million for the six months ended June 30, 2023, partly offset by the decrease in government grants obtained by the Group from US$0.7 million for the six months ended June 30, 2022 to US$0.2 million for the six months ended June 30, 2023.

Other Gains and Losses

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

The other gains and losses of the Group changed from a loss of US$0.5 million for the six months ended June 30, 2022 to a gain of US$0.2 million for the six months ended June 30, 2023. The change was primarily due to: (i) change from net foreign exchange losses of US$0.5 million for the six months ended June 30, 2022 to net foreign exchange gains of US$47,000 for the six months ended June 30, 2023; and (ii) gain on early termination of leases of US$0.2 million for the six months ended June 30, 2023.

Changes in Fair Value of Financial Liabilities at FVTPL

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

For the six months ended June 30, 2023, the loss on changes in fair value of financial liabilities at FVTPL of the Group decreased to US$0.4 million, representing a reduction of US$2.5 million, or 85%, from US$2.9 million for the six months ended June 30, 2022, primarily due to a lower rate of increase in the valuation of preferred shares of RNAimmune.

Administrative Expenses

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

	For the six months ended June 30,		
	2023	2022	Changes
	US$000	US$000	%
Directors' emolument and staff costs	**4,607**	2,980	55%
Professional and consultancy fees	**3,522**	6,202	(43%)
Depreciation of property, plant and equipment and right-of-use assets	**1,109**	568	95%
Office expenses	**619**	547	13%
Traveling expenses	**267**	219	22%
Others	**691**	591	17%
Total	**10,815**	11,107	(3%)

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

For the six months ended June 30, 2023, the administrative expenses of the Group decreased to US$10.8 million, representing a reduction of US$0.3 million, or 3%, from US$11.1 million for the six months ended June 30, 2022. The decrease was primarily attributable to the reduction of professional and consultancy fees as a result of the Group's cost saving strategy on marketing and business development activities, partly offset by the increase in directors' emolument and staff costs in relation to the Group's administrative staff, mainly due to increase in share-based payment expense.

Research and Development Expenses

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

	For the six months ended June 30,		
	2023	2022	Changes
	US$000	US$000	%
Directors' emolument and staff costs	**7,297**	7,170	2%
Chemistry, manufacturing and controls expenses	**6,111**	8,686	(30%)
Clinical trials expenses	**4,190**	3,524	19%
Toxicology study expenses	**4,956**	1,442	244%
Materials consumed	**2,274**	4,184	(46%)
Preclinical test expenses	**2,015**	4,512	(55%)
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	**1,410**	1,192	18%
Consultancy fee	**1,012**	575	76%
Others	**1,444**	824	75%
Total	**30,709**	32,109	(4%)

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

For the six months ended June 30, 2023, the research and development expenses of the Group decreased to US$30.7 million, representing a reduction of US$1.4 million, or 4%, from US$32.1 million for the six months ended June 30, 2022. The decrease was primarily attributable to decrease in the Group's chemistry, manufacturing and controls expenses, materials consumed and preclinical test expenses. Such decreases were in line with the Group's resource allocation strategy.

Other Expenses

The Group's other expenses for the six months ended June 30, 2023 represent subscription fee of financial asset at FVTPL of US$150,000.

Finance Costs

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

For the six months ended June 30, 2023, the finance costs of the Group increased by US$0.1 million, or 22%, to US$0.5 million from US$0.4 million for the six months ended June 30, 2022. The 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 six months ended June 30, 2023.

Loss for the Period

The Group's loss for the period decreased from US$46.1 million for the six months ended June 30, 2022 to US$41.1 million for the six months ended June 30, 2023. Such decrease in loss is primarily attributable to: (i) decrease in research and development expenses; and (ii) decrease in loss on changes in fair value of financial liabilities at FVTPL.

Cash flows

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
Net cash used in operating activities	**(38,313)**	(45,382)
Net cash used in investing activities	**(5,634)**	(9,128)
Net cash (used in) from financing activities	**(3,829)**	12,944
Net decrease in cash and cash equivalents	**(47,776)**	(41,566)
Cash and cash equivalents at January 1	**105,229**	211,994
Effect of foreign exchange rate changes	**(154)**	(729)
Cash and cash equivalents at June 30	**57,299**	169,699

Net cash used in operating activities for the six months ended June 30, 2023 decreased to US$38.3 million, representing a reduction of US$7.1 million, or 16%, from US$45.4 million for the six months ended June 30, 2022. The decrease was primarily due to the Group slowed down its research and development activities on certain insignificant programs.

Net cash used in investing activities for the six months ended June 30, 2023 decreased to US$5.6 million, representing a reduction of US$3.5 million, or 38%, from US$9.1 million for the six months ended June 30, 2022. The decrease was primarily due to decrease in purchase and deposits paid for property, plant and equipment.

Cash flows used in/from financing activities changed from net cash from financing activities of US$12.9 million for the six months ended June 30, 2022 to net cash used in financing activities of US$3.8 million for the six months ended June 30, 2023. The change was primarily due to payment for share repurchases of US$3.7 million for the six months ended June 30, 2023, while the Group raised proceeds from exercise of the over-allotment option of US$8.2 million and from issuance of Series A preferred shares of RNAimmune of US$6.1 million during the six months ended June 30, 2022.

Liquidity and Source of Funding and Borrowing

The Group's management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. As at June 30, 2023, the Group's cash and cash equivalents were mainly denominated in U.S. dollars, Renminbi and Hong Kong dollars. The Group relies on equity and debt financing as the major source of liquidity. The Group had no bank borrowings as at June 30, 2023.

As at June 30, 2023, the Group had no unutilized banking facilities.

As at June 30, 2023, the Group's cash and cash equivalents decreased to US$57.3 million from US$105.2 million as at December 31, 2022. The decrease was primarily resulted from the Group's research and development activities, general corporate and administrative activities.

As at June 30, 2023, the current assets of the Group were US$74.2 million, including cash and cash equivalents of US$57.3 million and prepayments, deposits and other receivables of US$16.9 million. As at June 30, 2023, the current liabilities of the Group were US$17.5 million, including trade and other payables of US$14.4 million, contract liability of US$0.7 million, deferred income of US$0.2 million and lease liabilities of US$2.2 million.

As at June 30, 2023, the Group's net assets decreased to US$68.8 million from US$111.6 million as at December 31, 2022, primarily due to decrease in cash and cash equivalents from US$105.2 million as of December 31, 2022 to US$57.3 million as of June 30, 2023.

Key Financial Ratios

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

	As at June 30, 2023 %	As at December 31, 2022 %
Current ratio	**423.8**	824.1

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

As at June 30, 2023, the Group's gearing ratio, which was calculated by bank and other interest-bearing borrowings less restricted bank balances and cash and cash equivalents divided by total equity, was 0% since the Group had no bank or other interest-bearing borrowings.

Significant Investments

As at December 31, 2022, the Group had investment in an investment fund classified as financial asset at FVTPL at a fair value of US$15.0 million. During the six months ended June 30, 2023, the Group further subscribed for the investment fund at a subscription amount of US$5 million (exclusive of transaction costs) for investment purpose to provide the Group with an opportunity to enhance return by utilizing idle cash of the Group. The subscription also enables the Group to participate in the Hong Kong, U.S. and Mainland China securities markets while reducing direct investment risks by leveraging on the professional management of the investment fund and the investment manager. For further details, please refer to the announcements of the Company dated December 29, 2022 and January 12, 2023.

As at June 30, 2023, the Group had financial asset at FVTPL of US$20.2 million, representing over 5% of the Group's total assets. For the six months ended June 30, 2023, the Group recognized a gain on changes in fair value of financial asset at FVTPL of US$155,000 and incurred a subscription fee on financial asset at FVTPL of US$150,000.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates (within the meaning of the Listing Rules) or joint ventures for the six months ended June 30, 2023.

Pledge of Assets

As at June 30, 2023, the Group did not have any pledge of assets.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this interim report, there was no specific plan for material investments or capital assets as at June 30, 2023.

Contingent Liabilities

As at June 30, 2023, the Group did not have any material contingent liabilities.

Foreign Exchange Exposure

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

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

Employees and Remuneration

As at June 30, 2023, the Group had a total of 180 employees. The following table sets forth the total number of employees by function as of June 30, 2023:

	Number of Employees
Management	15
Research	79
Manufacturing	33
Clinical and Regulation	9
General and Administration	44
Total	180

The total remuneration cost incurred by the Group for the six months ended June 30, 2023 was US$11.9 million (including share-based payment expense of US$1.8 million), as compared to US$10.2 million (including share-based payment expense of US$28,000) for the six months ended June 30, 2022. The remuneration of the employees of the Group comprises salaries and other allowances, retirement benefit scheme contributions, share-based payment expense as well as performance and discretionary bonus.

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

The Company has adopted the Pre-IPO Equity Incentive Plan, the RSU Scheme and the Share Option Scheme to incentivize eligible employees, details of which are set out in the section headed "Corporate Governance and Other Information — Pre-IPO Equity Incentive Plan, RSU Scheme and Share Option Scheme" in this interim report.

Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Yang Lu (*alias* Patrick Lu) (陸陽) ("**Dr. Lu**"), aged 67, is the founder, the Chairman of the Board, an executive Director, the President and the Chief Executive Officer of the Group. Dr. Lu has led the Company from an early discovery effort to an siRNA therapeutics product company, with multiple programs currently at clinical stage. Dr. Lu participates in the decision-making on major issues concerning the Company through the Board. Dr. Lu is a member of the Nomination Committee. He is also a director of certain subsidiaries of the Company.

Prior to establishing the 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 Zone 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.

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. Xiaochang Dai (戴曉暢) ("**Dr. Dai**"), aged 60, is an executive Director and the Chief Strategy Officer of the Group. Dr. Dai participates in the formulation of the general corporate business plans, strategies and major decisions of the Company through the Board. Dr. Dai is a member of the Remuneration Committee. He is also a director of certain subsidiaries of the Company.

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 the 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.

Dr. Michael V. Molyneaux ("**Dr. Molyneaux**"), aged 53, is an executive Director and the Chief Medical Officer of the Group. Dr. Molyneaux is 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.

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 the 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. 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 ("**Dr Evans**"), aged 61, is an executive Director and the Head of Drug Discovery and Collaboration of the Group. Dr. Evans is responsible for scientific, technological and Research operations in oncology and fibrosis. Dr. Evans served as an executive vice president of research and development of the 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 the 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

Mr. Mincong Huang (黃敏聰) ("**Mr. Huang**"), aged 35, is a non-executive Director. Mr. Huang participates in the formulation of the general corporate business plans, strategies and major decisions of the Company through the Board. Mr. Huang is a member of the Audit Committee. He is also a director of a subsidiary of the Company.

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, 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. Jiankang Zhang (章建康) ("**Mr. Zhang**"), aged 66, is a non-executive Director. Mr. Zhang participates in the formulation of the general corporate business plans, strategies and major decisions of the Company through the Board.

Mr. Zhang has over 40 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 the 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. Cheung Hoi Yu (于常海) ("**Dr. Yu**"), *JP*, aged 68, is an independent non-executive Director. Dr. Yu participates in the decision-making on major issues concerning the Company through the Board. Dr. Yu is a member of the Remuneration Committee and the Nomination Committee.

Dr. Yu has rich experience in scientific research and business operations. In addition to his position in the Group, Dr. Yu also serves as (i) a director of CR-CP Life Science Fund Management Limited since May 2021; (ii) a member of the Biotech Advisory Panel of The Stock Exchange of Hong Kong Limited since April 2018; (iii) 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; (iv) a director at Asian Fund for Cancer Research since November 2012; and (v) a member of the Technology and Innovation Subsector of the Election Committee of Hong Kong since October 2021. Dr. Yu served as the chairman of the Hong Kong Council for Testing and Certification from January 2016 to December 2021. In addition to that, Dr. Yu serves as a professor at the Neuroscience Research Institute (北京大學神經科學研究所) at Peking University (北京大學) since January 2002.

Dr. Yu founded the Hong Kong Biotechnology Organization (HKBIO) in September 2009 and the Guangdong — Hong Kong — Macau Greater Bay Area Biotechnology Alliance in December 2017, and has been serving as the president. 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 was appointed as a Justice of the Peace in July 2016.

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) ("**Mr. Hua**"), aged 55, is an independent non-executive Director. Mr. Hua participates in the decision-making on major issues concerning the Company through the Board. Mr. Hua is the chairperson of the Nomination Committee and a member of the Audit Committee.

In addition to his position at the Group, Mr. Hua serves as the chairman of the board of China Finance Strategies Investment Holdings since August 2014, and as independent non-executive director of (i) Lepu Biopharma Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2157) since December 2021; (ii) Ferretti S.p.A., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 9638) since December 2021; and (iii) Biocytogen Pharmaceuticals (Beijing) Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2315) 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;

- 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 Hong Kong Stock Exchange (stock code: 1873); and

- he served as the chief executive officer and as an executive director of Chempartner Pharmatech Co., Ltd., a company listed on Shenzhen Stock Exchange (stock code: 300149), from July 2021 to October 2022 and from August 2021 to October 2022, respectively.

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) ("**Ms. Ung**"), aged 54, is an independent non-executive Director. Ms. Ung participates in the decision-making on major issues concerning the Company through the Board. Ms. Ung is the chairperson of the Remuneration Committee. She is also a director of a subsidiary of the Company.

In addition to her position at the 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) ("**Mrs. Yvonne Law**"), *BBS, JP*, aged 68, is an independent non-executive Director. Mrs. Yvonne Law participates in the decision-making on major issues concerning the Company through the Board. Mrs. Yvonne Law is the chairperson of the Audit Committee.

In addition to her position at the 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 Hong Kong Stock Exchange (stock code: 3320) since August 2017; (ii) CSSC (Hong Kong) Shipping Company Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3877) since May 2019; (iii) AEON Credit Service (Asia) Company Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 900) since June 2020; (iv) China Merchants Energy Shipping Company Limited, a company listed on the Shanghai Stock Exchange (stock code: 601872) since October 2020; and (v) Analogue Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1977) since June 2023.

Mrs. Yvonne Law's current public appointments include serving as a member of the Hong Kong Deposit Protection Board since July 2023, as a member of the Board of Governors of EXCEL (Extension and Continuing Education for Life) of The Hong Kong Academy for Performing Arts (HKAPA) since January 2023, as a member of the audit committee of HKAPA since September 2022 and as the co-opted chairman of the Main Tender Board for HKAPA since January 2022. 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 a member of the 10th, 11th and 12th Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference from January 2008 to January 2023, the treasurer of the Council of the Hong Kong Academy for Performing Arts, Home Affairs Bureau, from January 2016 to December 2021, 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

Dr. Yang Lu (*alias* Patrick Lu) (陸陽), aged 67, is the founder, the Chairman of the Board, an executive Director, the President and the Chief Executive Officer of the Group. See "Executive Directors" in this section for the biographical details of Dr. Lu.

Dr. Xiaochang Dai (戴曉暢), aged 60, is an executive Director and the Chief Strategy Officer of the Group. See "Executive Directors" in this section for the biographical details of Dr. Dai.

Dr. Michael V. Molyneaux, aged 53, is an executive Director and the Chief Medical Officer of the Group. See "Executive Directors" in this section for the biographical details of Dr. Molyneaux.

Dr. David Mark Evans, aged 61, is an executive Director and the Head of Drug Discovery and Collaboration of the Group. See "Executive Directors" in this section for the biographical details of Dr. Evans.

Dr. Edward Yongxiang Wang ("**Dr. Wang**"), aged 71, is the Chief Production Officer of the Group. Prior to joining the 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 Hong Kong 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.

Dr. Francois Lebel ("**Dr. Lebel**"), aged 71, joined the Group in July 2023 as the Senior Vice President for pre-clinical and clinical development of the Group. Dr. Lebel is a strategic leader with broad drug development experience including immuno-oncology and nucleic acid therapeutics. He takes a leading role in the Group's late-stage product development of the innovative RNAi drug candidates.

Prior to joining the Group, Dr. Lebel most recently served as the executive vice president for research and development and chief medical officer of Spectrum Pharmaceuticals, Inc., a company listed on Nasdaq (stock code: SPPI), from November 2018 to January 2023.

Dr. Lebel received his bachelor's degree in molecular biology and a medical degree from the University of Ottawa, Canada, and completed his post graduate training at McGill University and Harvard Medical School. He is Board Certified in Internal Medicine and is a fellow of the Royal College of Physicians of Canada.

Mr. Yip Wing Kei (*alias* **Nigel Yip) (葉永基)** ("**Mr. Yip**"), aged 37, is the vice president of corporate finance and Chief Financial Officer of the Group, and the Chief Financial Officer of RNAimmune. Mr. Yip has over 14 years of experience in strategic planning, financial analysis and management, merger and acquisition, private equity investment, fundraising and internal control. Mr. Yip joined the Group in October 2018 as the vice president of corporate finance, was appointed as the Chief Financial Officer, China in December 2020 and was re-designated as the Chief Financial Officer of the Group in November 2022.

Prior to joining the 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 served as an associate in Investment Banking Division and a vice president in Ultra High Net Worth Entrepreneur Coverage Department.

Mr. Yip holds a Master of Business Administration (MBA) degree from the University of Chicago Booth School of Business and a Bachelor of Economics and Finance degree from the University of Hong Kong.

Ms. Yun Zhang (*alias* **Monica Zhang) (張蘊)** ("**Ms. Zhang**"), aged 38, is the Chief Executive Officer, China and the board secretary of the Group, and the joint company secretary of the Company. Ms. Zhang has over 14 years of international experience in strategic management, fundraising, operation, marketing, business development and corporate governance. Ms. Zhang joined the 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 the Group since March 2018, was appointed as the Chief Operating Officer, China of the Group in November 2020 and was re-designated as the Chief Executive Officer, China of the Group in November 2022.

Prior to joining the Group, Ms. Zhang worked at the National Foundation for Cancer Research (NFCR) 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 of the board and the vice president of marketing and communication of the Chinese Biopharmaceutical Association (CBA) in Maryland, the U.S. since January 2013, and the deputy general secretary of the Guangzhou Biotechnology Organization (GZ-BIO) in the PRC since August 2017. Ms. Zhang is an active member of the BayHelix Group.

Ms. Zhang holds a Bachelor of English Studies (Translation and Interpretation) from the Shanghai University of International Business and Economics and a Master of International Affairs from the American University in Washington, D.C., U.S.

JOINT COMPANY SECRETARIES

Ms. Yun Zhang (*alias* Monica Zhang) (張蘊), aged 38, is the Chief Executive Officer, China of the Group and the joint company secretary of the Company. See "Senior Management" in this section for the biographical details of Ms. Zhang.

Mr. Leung Ting Cheung (*alias* Leo Leung) (梁庭彰) ("**Mr. Leung**"), aged 40, is the joint company secretary of the Company. Mr. Leung has over 16 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 used to be listed on the Hong Kong 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, a company listed on the Hong Kong Stock Exchange (stock code: 1846).

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.

PRE-IPO EQUITY INCENTIVE PLAN, RSU SCHEME AND SHARE OPTION SCHEME

Pre-IPO Equity Incentive Plan

On January 21, 2021, the Company adopted the Pre-IPO Equity Incentive Plan to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the Company. Each share option granted under the Pre-IPO Equity Incentive Plan represents the right to purchase the Shares of the Company at a pre-determined exercise price, subject to vesting and other conditions provided for under the Pre-IPO Equity Incentive Plan. The Company issued and allotted 12,770,000 Shares in aggregate to a professional trustee which holds the Shares on trust under the Pre-IPO Equity Incentive Plan. On April 22, 2022, the Pre-IPO Equity Incentive Plan was terminated by the Company, subject to the rights of the participants of the Pre-IPO Equity Incentive Plan with respect to the awards granted according to the Pre-IPO Equity Incentive Plan prior to its termination. As at June 30, 2023, no Shares are available for issue under the Pre-IPO Equity Incentive Plan.

The principal terms of the Pre-IPO Equity Incentive Plan are set out below. The terms of the Pre-IPO Equity Incentive Plan were not subject to the provisions of Chapter 17 of the Listing Rules when it was adopted and shall now be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules.

(1) 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.

(2) Participants

The participants of the Pre-IPO Equity Incentive Plan shall be: (i) a director, officer or employee of the Group, or (ii) an individual that has been engaged to be a director, officer or employee of the Group, or (iii) a consultant or advisor who provides services to the Group, or (iv) an individual that has been engaged to provide services to the Group.

(3) Administration

The compensation committee of the Board (or such successor committee with the same or similar authority) 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.

(4) Awards

An award means a grant of options, share appreciation rights or restricted shares.

(5) 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 the 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.

(6) Shares reserved

An aggregate of 12,770,000 Shares were reserved for issuance under the Pre-IPO Equity Incentive Plan. The Company issued and allotted the 12,770,000 Shares to a professional trustee which holds the Shares on trust under the Pre-IPO Equity Incentive Plan.

(7) 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 the 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.

(8) 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 non-qualified 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 (8)(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 the 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.

(9) 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.

(10) 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.

Details of the movements of the outstanding share options granted under the Pre-IPO Equity Incentive Plan during the six months ended June 30, 2023 are as follows:

	Date of grant	Expiry date	Vesting period	Exercise price per Share (US$)	Number of share options: At January 1, 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At June 30, 2023	Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK$)
Directors											
Dr. Yang Lu											
Tranche 2020–1	December 15, 2020	December 28, 2029	Note 1	2.35	675,000	–	–	–	–	675,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	1,100,000	–	–	–	–	1,100,000	–
Tranche 2021–6	September 30, 2021	December 30, 2030	Note 1	3.55	150,000	–	–	–	–	150,000	–
Dr. Xiaochang Dai											
Tranche 2018–2	August 28, 2018	December 30, 2027	Note 1	1.45	200,000	–	–	–	–	200,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	250,000	–	–	–	–	250,000	–
Dr. Michael V. Molyneaux											
Tranche 2016–1	October 3, 2016	December 30, 2025	Note 1	1.356	600,000	–	(52,500)	–	–	547,500	59.64
Tranche 2017–2	February 28, 2017	December 30, 2025	Note 1	1.356	400,000	–	–	–	–	400,000	–
Tranche 2018–2	August 28, 2018	December 30, 2027	Note 1	1.45	200,000	–	–	–	–	200,000	–
Tranche 2020–2	July 30, 2020	December 28, 2029	Note 4	1.75	200,000	–	–	–	–	200,000	–
Tranche 2021–4	January 26, 2021	December 30, 2030	Note 1	2.35	10,000	–	–	–	–	10,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	100,000	–	–	–	–	100,000	–
Dr. David Mark Evans											
Tranche 2017–3	September 1, 2017	December 30, 2025	Note 3	1.356	105,000	–	–	–	–	105,000	–
Tranche 2018–2	August 28, 2018	December 30, 2027	Note 1	1.45	300,000	–	–	–	–	300,000	–
Tranche 2020–2	July 30, 2020	December 28, 2029	Note 4	1.75	500,000	–	–	–	–	500,000	–
Tranche 2021–4	January 26, 2021	December 30, 2030	Note 1	2.35	10,000	–	–	–	–	10,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	50,000	–	–	–	–	50,000	–
Five highest paid individuals in aggregate (excluding those who are Directors)											
Tranche 2018–2	October 1, 2018	December 30, 2027	Note 1	1.45	300,000	–	–	–	–	300,000	–
Tranche 2018–3	November 8, 2018	December 30, 2027	Note 1	1.60	210,000	–	(4,000)	–	–	206,000	57.23
Tranche 2020–2	July 30, 2020	December 28, 2029	Note 4	1.75	550,000	–	–	–	–	550,000	–
Tranche 2020–5	November 5 & December 15, 2020	December 28, 2029	Note 1	2.35	150,000	–	–	–	–	150,000	–
Tranche 2021–4	January 26, 2021	December 30, 2030	Note 1	3.50	10,000	–	–	–	–	10,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	200,000	–	–	–	–	200,000	–

	Date of grant	Expiry date	Vesting period	Exercise price per Share (US$)	Number of share options: At January 1, 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At June 30, 2023	Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK$)
Other grantees											
Tranche 2016–2	October 3, 2016	December 30, 2025	Note 3	1.356	735,000	—	(100,000)	—	—	635,000	52.35
Tranche 2017–2	September 1, 2017	December 30, 2025	Note 1	1.356	23,050	—	(2,000)	—	—	21,050	56.78
Tranche 2017–3	September 1, 2017	December 30, 2025	Note 3	1.356	600,000	—	(6,500)	—	—	593,500	56.12
Tranche 2017–4	February 28, 2017	December 30, 2025	Note 2	1.356	100,000	—	—	—	—	100,000	—
Tranche 2018–2	August 28, 2018	December 30, 2027	Note 1	1.45	480,000	—	—	—	—	480,000	—
Tranche 2018–3	November 8, 2018	December 30, 2027	Note 1	1.60	10,000	—	—	—	—	10,000	—
Tranche 2019–2	March 28 & August 1, 2019	December 30, 2028	Note 1	1.75	179,000	—	—	—	—	179,000	—
Tranche 2020–1	July 30 & August 1, 2020	December 28, 2029	Note 5	1.75	600,000	—	(27,000)	—	—	573,000	54.99
Tranche 2020–2	July 30, 2020	December 28, 2029	Note 4	1.75	200,000	—	—	—	—	200,000	—
Tranche 2020–3	August 17, 2020	December 28, 2029	Note 1	1.75	100,000	—	—	—	—	100,000	—
Tranche 2020–4	November 5 & December 15, 2020	December 28, 2029	Note 1	2.35	75,000	—	—	—	—	75,000	—
Tranche 2020–5	November 5, 9, 16 & December 15, 2020	December 28, 2029	Note 1	2.35	467,400	—	(107,800)	—	—	359,600	57.52
Tranche 2021–2	April 15, 2021	December 30, 2030	Note 4	2.35	7,500	—	—	—	—	7,500	—
Tranche 2021–3	April 15, 2021	December 30, 2030	Note 4	2.35	7,500	—	—	—	—	7,500	—
Tranche 2021–4	January 26, February 22 & April 15, 2021	December 30, 2030	Note 1	2.35	157,400	—	(27,450)	—	(10,000)	119,950	57.55
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	1,264,700	—	(30,000)	—	—	1,234,700	55.62
Tranche 2021–6	September 30, 2021	December 30, 2030	Note 1	3.55	277,212	—	(12,000)	(153,667)	(1,000)	110,545	56.09
					11,553,762	—	(369,250)	(153,667)	(11,000)	11,019,845	

Notes:

(1) 12/48 of the share 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 share options vests on the last business day of each calendar month thereafter until the share option is vested in full. In the event of the Listing, all share options shall vest in full.

(2) 12/36 of the share 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 share options vests on the last business day of each calendar month thereafter until the share option is vested in full. In the event of the Listing, all share options shall vest in full.

(3) 12/24 of the share 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 share options vests on the last business day of each calendar month thereafter until the share option is vested in full. In the event of the Listing, all share options shall vest in full.

(4) The share option vest upon achieving certain research and development milestones. In the event of the Listing, all options shall vest.

(5) The share options vest on the date of grant.

(6) The unvested portion of share options granted under the Pre-IPO Equity Incentive Plan vested immediately upon fulfillment of milestone of the completion of Listing on December 30, 2021.

RSU Scheme

On April 22, 2022, the Board approved the adoption of the RSU Scheme to incentivize skilled and experienced personnel, and to recognize the contributions of the eligible participants of the Group. The RSU Scheme is initially valid and effective for the period commencing on the adoption date (i.e. April 22, 2022) and ending on the business day immediately prior to the 10th anniversary of the adoption date. The RSU Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules when it was adopted. No shareholders' approval was required to adopt the RSU Scheme. The Company will comply with Chapter 17 of the Listing Rules in accordance with the transitional arrangements for the existing share schemes.

The principal terms of the RSU Scheme are set out below.

(1) Purpose

The purposes of the RSU Scheme are to:

(i) recognize the contributions by the eligible participants with an opportunity to acquire a proprietary interest in the Company;

(ii) encourage and retain such individuals for the continual operation and development of the Group;

(iii) provide additional incentives for them to achieve performance goals;

(iv) attract suitable personnel for further development of the Group; and

(v) motivate the eligible participants to maximize the value of the Company for the benefits of both the eligible participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the eligible participants directly to the Shareholders through ownership of Shares.

(2) Effectiveness and Duration

Subject to any early termination as may be determined by the Board pursuant to the terms of the RSU Scheme, the RSU Scheme shall be valid and effective for a period of 10 years commencing on the RSU Scheme Adoption Date, after which no awards will be granted, but the provisions of the RSU Scheme shall in all other respects remain in full force and effect and the awards granted during the term of the RSU Scheme may continue to be valid and vest in accordance with their respective terms of grant.

(3) Administration

The Board shall have the sole and absolute right to, among other things, interpret and construe the provisions of the RSU Scheme, determine the Senior Grantees who will be granted awards under the RSU Scheme, the terms and conditions on which awards are granted to Senior Grantees and when the RSUs granted to Senior Grantees pursuant to the RSU Scheme may vest. The Chief Executives shall have the sole and absolute right to, among other things, determine the Junior Grantees who will be granted awards under the RSU Scheme, the terms and conditions on which awards are granted to Junior Grantees and when the RSUs granted to Junior Grantees pursuant to the RSU Scheme may vest.

The Company may appoint a trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. The Administrative Committee may (i) exercise the mandate granted by the Shareholders at general meetings of the Company and direct the Company to allot and issue Shares to the trustee to be held by the trustee to satisfy the RSUs upon vesting; and/or (ii) direct and procure the trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon exercise. The trustee will receive new Shares or purchase existing Shares only when there is a particular grant of RSUs. The Company shall procure that sufficient funds are provided to the trustee by whatever means as the Administrative Committee may determine to enable the trustee to satisfy its obligations in connection with the administration of the RSU Scheme.

(4) Eligible Participants and Grant of Awards

(I) Eligible participants

Eligible participants of the RSU Scheme include the following:

(i) any employee (whether full time or part time), executive, officer, director (including executive, non-executive and independent non-executive directors) of any member of the Group or any Related Entity; and

(ii) any consultant, advisor, or agent of any member of the Group or of any Related Entity who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group or any Related Entity.

(II) Grant of awards

The Board and the Chief Executives (as the case may be) shall be entitled at any time during the term of the RSU Scheme to make a grant to any eligible participant, as the Board or the Chief Executives (as the case may be) may in its absolute discretion determine. The amount of an award of RSUs may be determined at the sole and absolute discretion of the Board and the Chief Executives (as the case may be) and may differ among selected eligible participant.

Awards may be granted on such terms and conditions (such as by linking the vesting of the RSUs to the attainment or performance of milestones or targets by any member of the Group, the RSU grantee or any group of RSUs grantees) as the Board and the Chief Executives (as the case may be) may determine, provided such terms and conditions shall be consistent with any other terms and conditions of the RSU Scheme and shall be set out in the notice of RSU grant issued by the Company.

The consideration (if any) payable by a selected eligible participant to the trustee for acceptance of the award under the RSU Scheme shall be determined at the sole and absolute discretion of the Board (in the case of Senior Grantees) or the Chief Executives (in the case of Junior Grantees) and any such consideration shall be held by the trustee as income of the trust fund and be applied by the trustee as it deems appropriate or desirable in accordance with the terms of the RSU Scheme and the trust deed.

(5) Maximum Number of Shares Available for Awards

(I) RSU Scheme Limit

The Board shall not make any further award of RSUs which will result in the number of Shares awarded under the RSU Scheme exceeding 10% of the issued Shares as at the RSU Scheme Adoption Date (i.e. the RSU Scheme Limit). The granting of awards is also subject to an annual limit of 3% of the total issued Shares as at the RSU Scheme Adoption Date, unless otherwise approved by the Shareholders.

Any Share covered by an award (or any portion of an award) which is forfeited, cancelled or expired (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the RSU Scheme Limit. Shares that actually have been issued under the RSU Scheme pursuant to an award of RSUs shall not be returned to the RSU Scheme and shall not become available for future issuance under the RSU Scheme, except (i) otherwise permitted by the RSU Scheme, and (ii) that if unvested Shares are forfeited, or repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the RSU Scheme.

The Shares underlying the RSU Scheme may be issued by the Company pursuant to authorization granted by the Shareholders by way of general or specific mandate(s), and the general or specific mandate(s) may be refreshed from time to time in accordance with the Listing Rules.

(II) Maximum entitlement of each eligible participant

The maximum number of Shares which may be awarded to any one eligible participant under the RSU Scheme may not exceed 1% of the issued Shares as at the RSU Scheme Adoption Date.

(6) Vesting of Awards

Subject to the terms of the RSU Scheme and any additional requirement under the Listing Rules and the specific terms and conditions applicable to each award of RSUs (including performance milestones or targets, if applicable), the RSUs granted in an award shall be determined by the Board or the Chief Executives (as the case may be). If the performance milestones or targets and/or other conditions determined by the Board or the Chief Executives (if any) are not satisfied, the RSU shall automatically lapse on the date on which any such condition is not satisfied, as determined by the Board or the Chief Executives (as the case may be) in its/his sole and absolute discretion.

The RSUs which have vested shall be satisfied at the sole and absolute discretion of the Board or the Chief Executives (as the case may be) within a reasonable period from the vesting date of such RSUs, either by: (a) the Administrative Committee directing and procuring the trustee to transfer the Shares underlying the RSUs to the RSU grantee or his wholly owned entity (as represented by the RSU grantee) from the trust fund; and/or (b) the Administrative Committee directing and procuring the trustee to pay to the RSU grantee in cash an amount which is equivalent to the market value of the Shares, pursuant to the terms of the RSU Scheme.

Details of the movements of the outstanding RSUs granted under the RSU Scheme during the six months ended June 30, 2023 are as follows:

	Date of grant	Vesting period	RSU period	Purchase price per Share (HK$)	Number of RSUs: At January 1, 2023	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	At June 30, 2023	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested (HK$)
DIRECTORS											
Senior Grantees											
Dr. Yang Lu											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	101,000[4]	–	–	–	–	101,000	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	17,400[4]	–	–	–	–	17,400	–
Dr. Xiaochang Dai											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	90,000[4]	–	–	–	–	90,000	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	10,000[4]	–	–	–	–	10,000	–
Dr. Michael V. Molyneaux											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	60,400[4]	–	–	–	–	60,400	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	7,700[4]	–	–	–	–	7,700	–
Dr. David Mark Evans											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	38,800[4]	–	–	–	–	38,800	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	4,400[4]	–	–	–	–	4,400	–
OTHER EMPLOYEE PARTICIPANTS											
Five highest paid individuals in aggregate (excluding those who are Directors)											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	61,400	–	–	–	–	61,400	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	15,400	–	–	–	–	15,400	–
Other Senior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	32,000	–	–	–	–	32,000	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	15,400	–	–	–	–	15,400	–
Junior Grantee – Connected Person											
Dr. Xianbin Yang											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	4,000[4]	–	–	–	–	4,000	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	5,300[4]	–	–	–	–	5,300	–
Other Junior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	–	119,800	–	–	–	(40,500)	79,300	–
Tranche 2022–2	November 24, 2022	Note 2	Note 3	–	320,200	–	–	–	(51,900)	268,300	–
					903,200	–	–	–	(92,400)	810,800	

Notes:

(1) 50% of the Tranche 2022–1 RSUs granted shall vest on each of the first and second anniversary of the date of grant respectively.

(2) 25% of the Tranche 2022–2 RSUs granted shall vest on each of the first, second, third and fourth anniversary of the date of grant respectively.

(3) The RSUs shall be valid from the grant date and shall continue for a period of 10 years from the date of grant.

(4) On November 24, 2022, 339,000 RSUs were conditionally granted to these connected grantees who are either the directors, chief executives and/or substantial shareholder of members of the Group. These grants were approved by the independent Shareholders at the extraordinary general meeting of the Company held on February 3, 2023.

(5) The closing price of the Shares immediately before the date on which the RSUs were granted was HK$57.8 per Share.

(6) The grant date fair value of each Tranche 2022–1 RSUs was approximately US$6.82–US$7.50. The grant date fair value of each Tranche 2022–2 RSUs was approximately US$6.82–US$7.50. The accounting standards and policies adopted are set out in note 2 to the condensed consolidated financial statements. The methodology and assumptions used are disclosed in note 22 to the condensed consolidated financial statements.

(7) Upon the adoption of the RSU Scheme on April 22, 2022, RSUs in respect of a total of 8,904,023 Shares, may be granted under the RSU Scheme Limit.

(8) On June 28, 2022, the RSU annual mandate was granted by the Shareholders to the Directors at an extraordinary general meeting of the Company, pursuant to which the maximum number of new Shares which may be issued under the RSU annual mandate is 2,671,206. As at January 1, 2023, RSUs in respect of a total of 1,768,006 Shares were available for grant under the RSU annual mandate. As at June 30, 2023, such RSU annual mandate has expired.

(9) As at the date of this interim report, the total number of Shares available for issue pursuant to the grant of further RSUs under the RSU Scheme is 8,081,273, representing approximately 9.22% of the issued Shares.

Share Option Scheme

On April 22, 2022, the Board resolved to propose the adoption of the Share Option Scheme for the approval by the Shareholders. The Share Option Scheme constitutes a share option scheme under Chapter 17 of the Listing Rules, and the adoption of the Share Option Scheme was approved by the Shareholders on June 28, 2022.

The principal terms of the Share Option Scheme are set out below.

(1) Purpose

The purposes of the Share Option Scheme are to:

(i) recognize the contributions by the eligible participants with an opportunity to acquire a proprietary interest in the Company;

(ii) encourage and retain such individuals for the continual operation and development of the Group;

(iii) provide additional incentives for them to achieve performance goals;

(iv) attract suitable personnel for further development of the Group; and

(v) motivate the eligible participants to maximize the value of the Company for the benefits of both the eligible participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the eligible participants directly to the Shareholders through ownership of Shares.

(2) Effective and Duration

The Share Option Scheme shall take effect on the date of the passing of an ordinary resolution to approve the adoption of the Share Option Scheme by the Shareholders in general meeting, provided that the Listing Committee of the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of share options granted under the Share Option Scheme.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Share Option Scheme Adoption Date, after which period no further share options will be granted under the Share Option Scheme, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

(3) Administration

The Board shall have the sole and absolute right to, among other things, interpret and construe the provisions of the Share Option Scheme, determine the Senior Grantees who will be offered share options under the Share Option Scheme and the subscription price in relation to such share options in accordance with the provisions of the Share Option Scheme. The Chief Executives shall have the sole and absolute right to, among other things, determine the Junior Grantees who will be offered share options under the Share Option Scheme and the subscription price in relation to such share options in accordance with the provisions of the Share Option Scheme.

The Administrative Committee shall be responsible for, among other things, applying to the Listing Committee of the Hong Kong Stock Exchange for the approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of share options under the Share Option Scheme on the Hong Kong Stock Exchange and other administrative work of the Share Option Scheme as delegated by the Board and the Chief Executives from time to time.

(4) Eligible Participants and Making and Acceptance of a Grant

Eligible participants of the Share Option Scheme include the following:

(i) any employee (whether full time or part time, and include persons who are granted share options as an inducement to enter into employment contracts with the Group), executive, officer or director (including executive, non-executive and independent non-executive directors) of any member of the Group or any Related Entity; and

(ii) any consultant, advisor or agent of any member of the Group or of any Related Entity who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group or any Related Entity.

The Board (in the case of Senior Grantees) and the Chief Executives (in the case of Junior Grantees) shall be entitled at any time during the operation of the Share Option Scheme, at its/his sole and absolute discretion, to make an offer of share options to an eligible participants by letter in such form as the Board or the Chief Executives (as the case may be) may from time to time determine. An amount of HK$1.00 is payable by the share option grantee to the Company upon acceptance of the offer of share options, and such remittance shall not be refundable and shall not be deemed to be a part payment of the subscription price.

(5) Maximum Number of Shares Available for Subscription

(I) Share Option Scheme Limit

The total number of Shares which may be issued upon exercise of all share options that may be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the issued Shares as of the Share Option Scheme Adoption Date (i.e. the Share Option Scheme Limit), unless the Company obtains the approval of the Shareholders in accordance with the terms of the Share Option Scheme in sub-paragraph (II) below to refresh the Share Option Scheme Limit. Share options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Share Option Scheme Limit.

(II) Refreshment of Share Option Scheme Limit

Subject to any additional requirement under the Listing Rules, the Company may seek the approval of the Shareholders in general meeting to refresh the Share Option Scheme Limit. Share options previously granted under the Share Option Scheme, including share options outstanding, cancelled or lapsed in accordance with the relevant option scheme or exercised options, shall not be counted for the purpose of calculating the limit to be refreshed.

The Company may seek separate approval by the Shareholders in general meeting to grant share options beyond the Share Option Scheme Limit, provided that such share options are granted only to participants specifically identified by the Company and any other applicable requirements under the Listing Rules are complied with before the approval of the Shareholders is sought.

(III) Maximum number of Shares issued pursuant to share options

The maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share options granted and yet to be exercised under any other schemes of the Company shall not exceed 30% of the issued Shares from time to time.

(IV) Maximum entitlement of each eligible participants

Subject to any additional requirement under the Listing Rules, where any new grant of share options to any eligible participants, when aggregated with all share options granted to such eligible participants (excluding any share options lapsed in accordance with the terms of the relevant schemes) in the 12-month period up to and including the share option grant date of such new grant, would result in the total number of Shares issued and to be issued to such eligible participants in aggregate exceeding over 1% of the issued Shares as at the share option grant date of such new grant, such new grant of share options must be separately approved by the Shareholders in general meeting with such eligible participants and his/her close associates (or associates if the eligible participants is a connected person of the Company) abstain from voting.

(6) Subscription Price

The subscription price shall be a price determined by the Board or the Chief Executives (as the case may be) and notified to any share option grantee (subject to any adjustments made pursuant to the "Changes in Capital Structure" clause of the Share Option Scheme) which shall be not less than the highest of:

(i) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the share option grant date of the relevant share options, which must be a Business Day;

(ii) an amount equivalent to the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the share option grant date of the relevant share options; and

(iii) the nominal value per Share on the share option grant date.

(7) Vesting and Exercise Period

The Board or the Chief Executives (as the case may be) may specify the exercise period, vesting schedule and conditions (including performance milestones or targets, if applicable) of the share options in the share option grant letter, provided, however, that all share options shall automatically lapse upon the expiry of the 10th anniversary of the share option grant date. Unless the share options have been withdrawn and cancelled or been forfeited in whole or in part, and subject to the provisions in the Share Option Scheme, the share option grantee may exercise his rights under the Share Option Scheme according to the vesting schedule set out in the relevant share option grant letter.

Details of the movements of the outstanding share options granted under the Share Option Scheme during the six months ended June 30, 2023 are as follows:

					Number of share options						
	Date of grant	Vesting period	Exercise period	Exercise price per Share (HK$)	At January 1, 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At June 30, 2023	Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK$)
DIRECTORS											
Senior Grantees											
Dr. Yang Lu											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	101,000[4]	—	—	—	—	101,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	117,600[4]	—	—	—	—	117,600	—
Dr. Xiaochang Dai											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	90,000	—	—	—	—	90,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	55,000	—	—	—	—	55,000	—
Dr. Michael V. Molyneaux											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	60,400	—	—	—	—	60,400	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	38,950	—	—	—	—	38,950	—
Dr. David Mark Evans											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	38,800	—	—	—	—	38,800	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	22,250	—	—	—	—	22,250	—
OTHER EMPLOYEE PARTICIPANTS											
Five highest paid individuals in aggregate (excluding those who are Directors)											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	61,400	—	—	—	—	61,400	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	77,900	—	—	—	—	77,900	—
Other Senior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	32,000	—	—	—	—	32,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	77,900	—	—	—	—	77,900	—
Junior Grantee — Connected Person											
Dr. Xianbin Yang											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	4,000	—	—	—	—	4,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	11,000	—	—	—	—	11,000	—
Other Junior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	119,800	—	—	—	(40,500)	79,300	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	603,650	—	—	—	(67,550)	536,100	—
					1,511,650	—	—	—	(108,050)	1,403,600	

Notes:

(1) 50% of the Tranche 2022–1 share options granted shall vest on each of the first and second anniversary of the date of grant respectively.

(2) 25% of the Tranche 2022–2 share options granted shall vest on each of the first, second, third and fourth anniversary of the date of grant respectively.

(3) The share options shall be valid from the grant date and shall continue for a period of 10 years from the date of grant.

(4) On November 24, 2022, 218,600 share options were conditionally granted to Dr. Yang Lu, being the Chairman of the Board, the Chief Executive Officer, an executive Director and a substantial shareholder of the Company. The grants were approved by the independent Shareholders at the extraordinary general meeting of the Company held on February 3, 2023.

(5) The closing price of the Shares immediately before the date on which the share options were granted was HK$57.8 per Share.

(6) The grant date fair value of each Tranche 2022–1 share options was approximately US$3.95-US$4.63. The grant date fair value of each Tranche 2022–2 share options was approximately US$4.26-US$4.93. The accounting standards and policies adopted are set out in note 2 to the condensed consolidated financial statements. The methodology and assumptions used are disclosed in note 22 to the condensed consolidated financial statements.

(7) Upon the adoption of the Share Option Scheme on June 28, 2022, share options to subscribe for a total of 8,904,023 Shares, may be granted under the Share Option Scheme Limit.

(8) As at January 1, 2023 and June 30, 2023, share options to subscribe for a total of 7,392,373 and 7,500,423 Shares, respectively, were available for grant under the Share Option Scheme Limit.

(9) As at the date of this interim report, the total number of Shares available for issue upon exercise of all outstanding share options granted under the Share Option Scheme is 1,381,600, representing approximately 1.58% of the issued Shares.

(10) As at the date of this interim report, the total number of Shares available for issue pursuant to the grant of further share options under the Share Option Scheme is 7,522,423, representing approximately 8.58% of the issued Shares.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended June 30, 2023 divided by the weighted average number of Shares of the Company for the six months ended June 30, 2023 is 0% as no option or award was granted under all schemes of the Company during the six months ended June 30, 2023.

CHANGES IN THE INFORMATION OF DIRECTORS OR CHIEF EXECUTIVE OF THE COMPANY

The changes in the information of Directors or chief executive of the Company since December 31, 2022 are set out below:

1. Dr. David Mark Evans stepped down from the role of Chief Scientific Officer and took the new role of the Head of Drug Discovery and Collaboration of the Group, with effect from May 16, 2023. His annual salary has been revised to US$250,000;

2. Ms. Shing Mo Han, Yvonne was appointed as an independent non-executive director of Analogue Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1977), with effect from June 27, 2023;

3. Dr. Xiaochang Dai was appointed as Chief Strategy Officer of the Group, re-designated from the role of Scientific & Strategic Director, with effect from August 30, 2023.

Save as disclosed above, as of the date of this interim report, there is no change in information of the Directors or chief executive of the Company which shall be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at June 30, 2023, the interests and short positions of the Directors and the chief executive of the Company in any of the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares

Name of Director or chief executive	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of interest in the Company [1]
Dr. Yang Lu	Beneficial interest; Settlor of a discretional trust [2]	13,127,075 (L)	14.83%
Dr. Xiaochang Dai	Beneficial interest; Interests in controlled corporations [3]	8,545,007 (L)	9.65%
Dr. Michael V. Molyneaux	Beneficial interest [4]	1,624,950 (L)	1.84%
Dr. David Mark Evans	Beneficial interest; Interest held jointly with another person [5]	1,160,788 (L)	1.31%
Mr. Mincong Huang	Beneficial interest; Beneficiary of a trust [6]	757,551 (L)	0.86%

Notes:

(L) denotes long position.

(1) The calculation is based on the total number of 88,544,830 issued Shares as at June 30, 2023.

(2) Dr. Yang Lu ("**Dr. Lu**") is the settlor of The Yang Lu Family Trust and the beneficiaries of The 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 The Yang Lu Family Trust. Under the SFO, the deemed interest of Dr. Lu consists of: (i) 2,500,000 Shares held by The Yang Lu Family Trust; (ii) 8,365,075 Shares held by Dr. Lu himself; (iii) options granted to Dr. Lu to subscribe for 1,925,000 Shares under the Pre-IPO Equity Incentive Plan; (iv) 218,600 share options granted to him to subscribe for 218,600 Shares under the Share Option Scheme, subject to vesting conditions; and (v) 118,400 Shares underlying the 118,400 RSUs granted to him under the RSU Scheme, subject to vesting conditions.

(3) Value Measure Investments Limited and Trinity Power Limited are wholly owned by Dr. Xiaochang Dai ("**Dr. 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: (i) options granted to him to subscribe for 450,000 Shares under the Pre-IPO Equity Incentive Plan; (ii) 145,000 share options granted to him to subscribe for 145,000 Shares under the Share Option Scheme, subject to vesting conditions; and (iii) 100,000 Shares underlying the 100,000 RSUs granted to him under the RSU Scheme, subject to vesting conditions.

(4) Dr. Michael V. Molyneaux ("**Dr. Molyneaux**") is interested in: (i) options granted to him to subscribe for 1,457,500 Shares under the Pre-IPO Equity Incentive Plan; (ii) 99,350 share options granted to him to subscribe for 99,350 Shares under the Share Option Scheme, subject to vesting conditions; and (iii) 68,100 Shares underlying the 68,100 RSUs granted to him under the RSU Scheme, subject to vesting conditions.

(5) Dr. David Mark Evans ("**Dr. Evans**") is interested in: (i) options granted to him to subscribe for 965,000 Shares under the Pre-IPO Equity Incentive Plan; (ii) 91,538 Shares jointly held by him and his spouse, Julee Ann Evans; (iii) 61,050 share options granted to him to subscribe for 61,050 Shares under the Share Option Scheme, subject to vesting conditions; and (iv) 43,200 Shares underlying the 43,200 RSUs granted to him under the RSU Scheme, subject to vesting conditions.

(6) Soaring Star Ventures Limited owns 600,601 Shares. The Huang Family Trust is the beneficiary of Soaring Star Ventures Limited and Mr. Mincong Huang ("**Mr. Huang**") is the beneficiary of the Huang Family Trust. Mr. Huang also owns 156,950 Shares. Accordingly, Mr. Huang is deemed to be interested in 751,551 Shares.

Interests in associated corporations

Name of Director or chief executive	Nature of interest	Associated corporations	Number of shares	Approximate percentage of shareholding in the associated corporations [1]
Dr. Molyneaux	Beneficial interest [2]	EDIRNA Inc.	250,000	25.00%
Mr. Huang	Beneficiary of a trust [4]	RNAimmune, Inc.	1,851,851	8.92%

Notes:

(1) The calculation is based on the total number of 1,000,000 common shares issued by EDIRNA Inc. as at June 30, 2023.

(2) Dr. Molyneaux is interested in 250,000 common shares of EDIRNA Inc. held by himself.

(3) The calculation is based on the total number of 20,759,256 common shares issued by RNAimmune, Inc. as at June 30, 2023.

(4) Huang Family Capital Ltd owns 1,851,851 common shares of RNAimmune, Inc. Mr. Huang is the director of Huang Family Capital Ltd. The Huang Family Trust is the beneficiary of Huang Family Capital Ltd and Mr. Huang is the beneficiary of the Huang Family Trust. Accordingly, Mr. Huang is deemed to be interested in 1,851,851 common shares of RNAimmune, Inc. held by Huang Family Capital Ltd.

Save as disclosed above, as at June 30, 2023, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, so far as the Directors are aware, the following persons (other than the Directors and chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of substantial shareholders	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of interest in the shareholding [1]
Yu ZENG	Interest in a controlled corporation [2]	4,564,495 (L)	5.16%
Xialing YAN	Interest of spouse [3]	4,564,495 (L)	5.16%
Shenzhen Qianhai Rotating Boulder Fund Management Co., Ltd. ("**Rotating Boulder Fund**")	Interest in controlled corporations [2]	4,564,495 (L)	5.16%
Shenzhen Rotating Boulder Tiancheng The Second Investment Partnership (Limited Partnership) ("**Tiancheng The Second**")	Interest in a controlled corporation [2]	4,564,495 (L)	5.16%
Shenzhen Rotating Boulder Tiancheng The Third Investment Partnership (Limited Partnership) ("**Tiancheng The Third**")	Interest in a controlled corporation [2]	4,564,495 (L)	5.16%
Shanghai Chongshi Enterprise Management Partnership (LP) ("**Shanghai Chongshi**")	Beneficial Interest [2]	4,564,495 (L)	5.16%

Notes:

(L) denotes long position.

(1) The calculation is based on the total number of 88,544,830 issued Shares as at June 30, 2023.

(2) Each of Rotating Boulder Fund (as general partner of Shanghai Chongshi), Tiancheng The Third (as a limited partner holding approximately 47.50% in Shanghai Chongshi), Tiancheng The Second (as a limited partner holding approximately 64.36% in Tiancheng The Third), and Yu ZENG (as the controlling shareholder of Rotating Boulder Fund) is deemed to be interested in the Shares held by Shanghai Chongshi under the SFO.

(3) Xialing YAN is the spouse of Yu ZENG, and was therefore deemed to be interested in the Shares in which Yu ZENG was interested under the SFO.

Save as disclosed above, as at June 30, 2023, the Company has not been notified of any other relevant interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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

During the six months ended June 30, 2023, as the Board considered that the trading price of the Shares did not reflect their intrinsic value, the Board determined to exercise its powers under the general mandates to repurchase Shares granted by the Shareholders at the annual general meetings held on June 28, 2022 and June 28, 2023, respectively. The Share repurchases reflect the Board's confidence in the Company's development prospects. The total number of Shares repurchased by the Company on the Hong Kong Stock Exchange during the six months ended June 30, 2023 was 593,900 at a total consideration (before expenses) of HK$28,841,398. As at June 30, 2023, 73,000 repurchased Shares have been cancelled. As at the date of this interim report, the remaining 520,900 repurchased Shares were subsequently cancelled.

Details of the Share repurchases during the six months ended June 30, 2023 are as follows:

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2023. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2023.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

USE OF PROCEEDS FROM THE LISTING

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

The table below sets forth a detailed breakdown and description of the use of net proceeds as at June 30, 2023:

Purposes	% of use of net proceeds (as disclosed in the Prospectus)	Net proceeds from Global Offering (US$ million)	Utilized net proceeds up to December 31, 2022 (US$ million)	Net proceeds utilized during the Reporting Period (US$ million)	Unutilized net proceeds up to June 30, 2023 (US$ million)	Estimated timeline for utilizing the net proceeds from Global Offering
To fund the development and commercialization of STP705	57.9%	31.7	11.7	4.2	15.8	By mid of 2025
To fund the development of STP707	15.6%	8.6	7.9	0.7	—	—
To fund our GalNAc Program yielded products such as STP122G, STP133G, and STP144G and other preclinical stage product candidates, and where such research and development will further advance our proprietary GalAhead™ and PDoV-GalNAc delivery platforms for development of novel product candidates	15.4%	8.4	8.4	—	—	—
To fund the research and development of our other preclinical drug candidates	7.3%	4.0	4.0	—	—	—
For general corporate and working capital purposes	3.8%	2.1	2.1	—	—	—
Total	**100.0%**	**54.8**	**34.1**	**4.9**	**15.8**	

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and applied the code provisions of the CG Code set out in Appendix 14 to the Listing Rules. To the best knowledge of the Directors, except for code provision C.2.1 of the CG Code set out below, the Company has complied with all applicable code provisions under the CG Code during the Reporting Period.

Code provision C.2.1 provides that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of our Company are currently performed by Dr. Yang Lu ("**Dr. Lu**"). In view of Dr. Lu's substantial contribution to the Group since our establishment and his extensive experience, we consider that having Dr. Lu acting as both our chairman and chief executive officer will provide strong and consistent leadership to the Group and facilitate the efficient execution of our business strategies. We consider it

appropriate and beneficial to our business development and prospects that Dr. Lu continues to act as both the chairman and chief executive officer, and therefore currently do not propose to separate the functions of chairman and chief executive officer. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Save as disclosed above, the Board is of the view that the Company has complied with the code provisions in the CG Code as set out in Appendix 14 to the Listing Rules during the Reporting Period. No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the CG Code by the Company at any time during the Reporting Period.

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.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the Directors and relevant employees was noted during the Reporting Period.

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 Audit Committee had, together with the management of the Company, reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2023 and the accounting principles and policies adopted by the Group.

REVIEW OF THE UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2023 have been reviewed by the independent auditor of the Company, Deloitte Touche Tohmatsu, 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 Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of material related party transactions of the Group undertaken in the normal course of business are set out in note 24 to the condensed consolidated financial statements, none of which fall under the definition of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

(i) In July 2023, the Company repurchased 385,450 of its own ordinary Shares through the Hong Kong Stock Exchange at a consideration of HK$21,620,000 (equivalents to approximately US$2,772,000). The repurchased Shares were cancelled on August 9, 2023.

(ii) On July 5, 2023, the Company and EDIRNA entered into a stock purchase agreement, pursuant to which (i) EDIRNA agreed to allot and issue, and the Company agreed to subscribe for 111,111 shares of common stock of EDIRNA at US$4.50 per share, amounting to a total consideration of US$500,000; and (ii) EDIRNA agreed to issue to the Company a stock purchase warrant which the Company has the right to purchase, at its sole discretion, up to 157,232 shares of series seed preferred stock of EDIRNA at US$6.36 per share, amounting to a total consideration of up to US$1,000,000 assuming that the stock purchase warrant is exercised in full by the Company.

On the same date, US Sirnaomics and EDIRNA entered into a license & option agreement, pursuant to which, in return for 220,000 shares of common stock of EDIRNA, US Sirnaomics granted to EDIRNA (i) an irrevocable, perpetual, exclusive, fully paid, worldwide, non-sublicensable, and non-transferable license, under the licensed patents, solely to conduct research and development in the field as defined in the license & option agreement; and (ii) an option to enter into a patent license agreement with US Sirnaomics pursuant to which US Sirnaomics would grant to EDIRNA an exclusive license under the licensed patents for the licensed products.

Details of the above are set out in the Company's announcement dated July 5, 2023.

Save as above and disclosed in this interim report, no important events affecting the Company occurred since June 30, 2023 and up to the date of this interim report.

On behalf of the Board

Dr. Yang Lu
Chairman

Hong Kong, August 30, 2023

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF SIRNAOMICS LTD.
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Sirnaomics Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 68 to 116, which comprise the condensed consolidated statement of financial position as of June 30, 2023, and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of 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" ("**HKSRE 2410**") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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.

Report on Review of Condensed Consolidated Financial Statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 30, 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	NOTES	For the six months ended June 30, 2023 US$'000 (Unaudited)	2022 US$'000 (Unaudited)
Other income	4	**1,102**	858
Other gains and losses	5	**210**	(489)
Changes in fair value of financial asset at fair value through profit or loss ("**FVTPL**")	14	**155**	—
Changes in fair value of financial liabilities at FVTPL	20, 23	**(441)**	(2,877)
Administrative expenses		**(10,815)**	(11,107)
Research and development expenses		**(30,709)**	(32,109)
Other expenses	6	**(150)**	—
Finance costs	7	**(458)**	(376)
Loss before tax		**(41,106)**	(46,100)
Income tax expense	8	**—**	—
Loss for the period	9	**(41,106)**	(46,100)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(468)**	(1,061)
Other comprehensive expense for the period		**(468)**	(1,061)
Total comprehensive expense for the period		**(41,574)**	(47,161)
Loss for the period attributable to:			
Owners of the Company		**(37,959)**	(41,880)
Non-controlling interests		**(3,147)**	(4,220)
		(41,106)	(46,100)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(38,408)**	(42,920)
Non-controlling interests		**(3,166)**	(4,241)
		(41,574)	(47,161)
Loss per share	11		
— Basic and diluted (US$)		**(0.50)**	(0.55)

Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	As at June 30, 2023 US$'000 (Unaudited)	As at December 31, 2022 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**22,988**	24,076
Right-of-use assets	13	**4,654**	5,446
Intangible assets		**853**	919
Financial asset at FVTPL	14	**20,159**	15,004
Deposits	15	**1,001**	1,237
		49,655	46,682
CURRENT ASSETS			
Prepayments, deposits and other receivables	15	**16,883**	12,020
Cash and cash equivalents	16	**57,299**	105,229
		74,182	117,249
CURRENT LIABILITIES			
Trade and other payables	17	**14,425**	11,758
Contract liability	18	**692**	718
Deferred income	19	**220**	—
Lease liabilities		**2,167**	1,751
		17,504	14,227
NET CURRENT ASSETS		**56,678**	103,022
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,333**	149,704
NON-CURRENT LIABILITIES			
Financial liabilities at FVTPL	20	**29,580**	29,139
Lease liabilities		**7,912**	9,005
		37,492	38,144
NET ASSETS		**68,841**	111,560
CAPITAL AND RESERVES			
Share capital	21	**89**	88
Reserves		**82,359**	121,918
Equity attributable to owners of the Company		**82,448**	122,006
Non-controlling interests		**(13,607)**	(10,446)
TOTAL EQUITY		**68,841**	111,560

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company												
	Share capital US$'000	Shares held for share option scheme US$'000	Shares held for share award scheme US$'000 (Note 21(ii))	Share premium US$'000	Other reserves US$'000 (Note i)	Treasury share reserve US$'000 (Note 21(iii))	Translation reserve US$'000	Share option reserve US$'000	Share award reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2022 (audited)	88	(13)	–	516,841	(11,650)	–	(1,249)	13,624	–	(306,026)	211,615	(1,327)	210,288
Loss for the period	–	–	–	–	–	–	–	–	–	(41,880)	(41,880)	(4,220)	(46,100)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(1,040)	–	–	–	(1,040)	(21)	(1,061)
Total comprehensive expense for the period	–	–	–	–	–	–	(1,040)	–	–	(41,880)	(42,920)	(4,241)	(47,161)
Recognition of share-based payment	–	–	–	–	–	–	–	17	–	–	17	11	28
Issue of shares upon the exercise of the over-allotment option (Note ii)	1	–	–	8,238	–	–	–	–	–	–	8,239	–	8,239
At June 30, 2022 (unaudited)	89	(13)	–	525,079	(11,650)	–	(2,289)	13,641	–	(347,906)	176,951	(5,557)	171,394
At January 1, 2023 (audited)	88	(12)	–	518,808	(11,650)	(1,205)	(3,030)	13,135	197	(394,325)	122,006	(10,446)	111,560
Loss for the period	–	–	–	–	–	–	–	–	–	(37,959)	(37,959)	(3,147)	(41,106)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(449)	–	–	–	(449)	(19)	(468)
Total comprehensive expense for the period	–	–	–	–	–	–	(449)	–	–	(37,959)	(38,408)	(3,166)	(41,574)
Share repurchases (Note 21)	–	–	–	–	–	(3,705)	–	–	–	–	(3,705)	–	(3,705)
Cancellation of treasury shares (Note 21)	–**	–	–	(1,736)	–	1,736	–	–	–	–	–	–	–
Recognition of share-based payment	–	–	–	–	–	–	–	886	930	–	1,816	5	1,821
Exercise of share options	–	1	–	1,043	–	–	–	(305)	–	–	739	–	739
Lapse/forfeiture of share options	–	–	–	–	–	–	–	(375)	–	375	–	–	–
Issue of shares held on trust	1	–	(1)	–	–	–	–	–	–	–	–	–	–
At June 30, 2023 (unaudited)	89	(11)	(1)	518,115	(11,650)	(3,174)	(3,479)	13,341	1,127	(431,909)	82,448	(13,607)	68,841

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

Notes:

i Other reserves included 1) effect of 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 ("**Suzhou Sirnaomics**") to preferred shares of its holding company, namely, Sirnaomics, Inc. ("**US 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 shares to ordinary shares of a subsidiary, RNAimmune, Inc. ("**RNAimmune**"), 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 the group reorganization in connection with the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") which was completed on January 21, 2021.

ii On January 26, 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$8,239,000) pursuant to the exercise of the over-allotment option on January 21,2022 by the Joint Representatives as described and defined in the prospectus of the Company dated December 20, 2021.

* The English names are for identification purpose only.

** Amount is less than US$1,000.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(38,313)**	(45,382)
INVESTING ACTIVITIES		
Purchase and deposits paid for property, plant and equipment	**(1,498)**	(9,036)
Placement of structured deposits	**(5,850)**	(12,354)
Proceeds from redemption of structured deposits	**5,865**	12,376
Purchase of financial asset at FVTPL	**(5,000)**	—
Refund of (payment for) rental deposit	**39**	(239)
Interest received	**810**	125
NET CASH USED IN INVESTING ACTIVITIES	**(5,634)**	(9,128)
FINANCING ACTIVITIES		
Proceeds from exercise of share options	**739**	—
Repayment of lease liabilities	**(405)**	(682)
Interest paid on lease liabilities	**(458)**	(207)
Payment for share repurchases	**(3,705)**	—
Proceeds from exercise of the over-allotment option	**—**	8,239
Proceeds from issuance of financial liabilities at FVTPL	**—**	6,100
Receipt of lease allowance	**—**	812
Accrued issue costs paid	**—**	(1,318)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(3,829)**	12,944
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(47,776)**	(41,566)
CASH AND CASH EQUIVALENTS AT JANUARY 1	**105,229**	211,994
Effect of foreign exchange rate changes	**(154)**	(729)
CASH AND CASH EQUIVALENTS AT JUNE 30, represented by bank balances and cash	**57,299**	169,699

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

1. GENERAL INFORMATION

Sirnaomics Ltd. (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Hong Kong Stock Exchange effective from December 30, 2021. The respective address of the registered office and the principal place of business of the Company are disclosed in the corporate information section to the interim report.

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 ribonucleic acid interference ("**RNAi**") technology and multiple therapeutics.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs

In the current reporting period, the Group has applied the following new and amendments to IFRSs, International Accounting Standards ("**IASs**"), and interpretations issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two model Rules

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs (Continued)

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Income Taxes ("IAS 12") Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.1.1 Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities 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 taxable temporary differences.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs (Continued)

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Income Taxes ("IAS 12") Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;

(ii) the Group also, as at January 1, 2022, recognized 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 difference associated with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

3. REVENUE AND SEGMENT INFORMATION

Revenue

The Group has not generated any revenue during the 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 United States of America (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	
	As at June 30, 2023 US$'000 (Unaudited)	As at December 31, 2022 US$'000 (Audited)
The U.S.	**20,587**	21,680
The PRC	**7,923**	9,107
Hong Kong	**148**	6
	28,658	30,793

4. OTHER INCOME

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Government grants (Note)	**229**	697
Interest income from restricted bank balances and bank balances	**810**	123
Others	**63**	38
	1,102	858

Note:

For both periods, government grants include cash incentives specifically for research and development activities, which are recognized upon compliance with the relevant conditions where applicable. For the six months ended June 30, 2022, government grants included a cash incentive of US$620,000 upon completion of listing of the Company's shares on the Hong Kong Stock Exchange.

5. OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Net foreign exchange gains (losses)	**47**	(511)
Gain on early termination of leases	**161**	—
Loss on disposal of property, plant and equipment	**(13)**	—
Changes in fair value of structured deposits	**15**	22
	210	(489)

6. OTHER EXPENSES

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Subscription fee of financial asset at FVTPL (Note 14)	**150**	—

7. FINANCE COSTS

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**458**	376

8. INCOME TAX EXPENSE

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

Hong Kong Profits Tax of Sirnaomics (Hong Kong) Limited ("**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 both periods presented. In addition, under the relevant rules of state taxes in Florida, Virginia, California, Massachusetts and Maryland of the U.S., the state tax rates are charged at ranging from 5.5% to 8.84% during the period (six months ended June 30, 2022: 5.5% to 8.84%).

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

Sirnaomics Biopharmaceuticals (Guangzhou) Co., Ltd.* 聖諾生物醫藥技術(廣州)有限公司 ("**Guangzhou Sirnaomics**") and Suzhou Sirnaomics have 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 have been registered with the local tax authorities for enjoying the reduced Enterprise Income Tax ("**EIT**") rate at 15% for a term of three years. The latest approval for Guangzhou Sirnaomics enjoying this tax benefit was obtained in December 2020 for the financial years of 2020, 2021 and 2022. This tax benefit was obtained by Suzhou Sirnaomics in October 2022 for the financial years of 2022, 2023 and 2024.

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

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9. LOSS FOR THE PERIOD

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Outsourcing service fees included in research and development expenses	**17,272**	18,164
Amortization of intangible assets	**43**	45
Depreciation of property, plant and equipment	**1,780**	795
Depreciation of right-of-use assets	**696**	920
	2,519	1,760
Analyzed as:		
— charged in administrative expenses	**1,109**	568
— charged in research and development expenses	**1,410**	1,192
	2,519	1,760
Staff costs (including directors' remuneration)		
— Salaries and other allowances	**9,343**	9,305
— Retirement benefit scheme contributions	**735**	664
— Share-based payment expense	**1,821**	28
— Performance and discretionary bonus (Note)	**5**	153
	11,904	10,150
Analyzed as:		
— charged in administrative expenses	**4,607**	2,980
— charged in research and development expenses	**7,297**	7,170
	11,904	10,150

Note:

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

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

11. LOSS PER SHARE

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

	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share (US$'000)	**(37,959)**	(41,880)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**76,268,032**	76,135,776

The weighted average number of ordinary shares for the purpose of basic loss per share shown above for the periods ended June 30, 2023 and 2022 has been arrived at after deducting the shares held by the trustee of the shares held for share option scheme and share award scheme of the Company and treasury shares held by the Company as set out in note 21. 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 six months ended June 30, 2023 and 2022, the different series of preferred shares issued by RNAimmune, the over-allotment option granted by the Company to the International Underwriters as described and defined in the prospectus of the Company dated December 20, 2021 and the share options issued by the Company, RNAimmune and EDIRNA Inc. ("**EDIRNA**") outstanding were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive.

12. PROPERTY, PLANT 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 December 31, 2022 (audited)	14,540	1,046	10,789	281	529	802	27,987
Additions	16	17	873	—	65	—	971
Transfer	494	—	61	—	—	(555)	—
Disposals/written off	—	—	(51)	—	(18)	—	(69)
Exchange adjustments	(100)	(79)	(179)	(10)	(23)	(3)	(394)
At June 30, 2023 (unaudited)	14,950	984	11,493	271	553	244	28,495
ACCUMULATED DEPRECIATION							
At December 31, 2022 (audited)	579	238	2,805	100	189	—	3,911
Provided for the period	758	67	887	27	41	—	1,780
Eliminated on disposals/ written off	—	—	(39)	—	(17)	—	(56)
Exchange adjustments	(22)	(58)	(38)	(4)	(6)	—	(128)
At June 30, 2023 (unaudited)	1,315	247	3,615	123	207	—	5,507
CARRYING VALUES							
At June 30, 2023 (unaudited)	13,635	737	7,878	148	346	244	22,988
At December 31, 2022 (audited)	13,961	808	7,984	181	340	802	24,076

For the six months ended June 30, 2022, the Group acquired property, plant and equipment of approximately US$10,636,000 which mainly consisted of laboratory equipment and assets under construction.

13. RIGHT-OF-USE ASSETS

	Equipment US$'000	Leased properties US$'000	Total US$'000
As at January 1, 2023 (audited)			
Carrying amount	4	5,442	5,446
As at June 30, 2023 (unaudited)			
Carrying amount	—	4,654	4,654

During the six months ended June 30, 2023, the Group leases various offices and equipment for its operations. Lease contracts are entered into for fixed term of one to ten years (six months ended June 30, 2022: one to ten 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.

14. FINANCIAL ASSET AT FVTPL

In 2022, HK Sirnaomics, a wholly owned subsidiary of the Company, subscribed for Class B non-voting, participating, non-redeemable shares (the "**Segregated Portfolio Shares**") of a segregated portfolio of TradArt Flagship Investment SPC (the "**Fund**"), at a total subscription amount of US$15,000,000. During the six months ended June 30, 2023, HK Sirnaomics further subscribed for the Segregated Portfolio Shares of the Fund at a subscription amount of US$5,000,000. The subscription fee of US$150,000 in relation to current period subscription amount has been paid to the Fund upon subscription and recognized in profit or loss for the current interim period. The Fund has appointed TradArt Asset Management Co., Limited, an independent third party of the Group, as its investment manager.

The main investment strategies of the segregated portfolio are to invest in initial public offerings candidates and secondary market stocks in countries including but not limited to, Hong Kong, the U.S. and the PRC.

14. FINANCIAL ASSET AT FVTPL (Continued)

The fair value of this investment fund was determined with reference to the adjusted net asset value approach. The investment manager determines the net asset values of the investment fund by using methodology based on relevant comparable data to quantify the adjustment from cost or latest transaction price where appropriate, or to justify that cost or latest transaction price is a proper approximation to fair value of the underlying investments held by the investment fund.

	Financial asset at FVTPL US$'000
At January 1, 2023 (audited)	15,004
Additions	5,000
Unrealized changes in fair value	155
At June 30, 2023 (unaudited)	20,159

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2023 US$'000 (Unaudited)	As at December 31, 2022 US$'000 (Audited)
Prepayments to outsourced service providers	15,528	11,060
Prepayments for legal and other professional services	611	284
Deposits paid for purchase of property, plant and equipment	143	332
Rental deposits	885	922
Others receivables	697	639
Deposit paid for purchase of intangible assets	20	20
	17,884	13,257
Analyzed as:		
Current	16,883	12,020
Non-current	1,001	1,237
	17,884	13,257

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates ranging from 0.001% to 4.86% (December 31, 2022: 0.001% to 3.49%).

17. TRADE AND OTHER PAYABLES

	As at June 30, 2023 US$'000 (Unaudited)	As at December 31, 2022 US$'000 (Audited)
Trade payables	6,382	4,892
Accruals for outsourcing research and development fees	5,350	3,395
Accruals for other operating expenses	2,018	1,833
Accruals for staff costs	675	922
Payables for acquisition of property, plant and equipment	—	716
	8,043	6,866
	14,425	11,758

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

	As at June 30, 2023 US$'000 (Unaudited)	As at December 31, 2022 US$'000 (Audited)
0 to 30 days	5,096	3,843
31 to 60 days	821	1,014
Over 60 days	465	35
	6,382	4,892

18. CONTRACT LIABILITY

In 2021, the Group entered into a license agreement (the "**Agreement**") with Walvax Biotechnology Co., Ltd. ("**Walvax**"), the parent company of Shanghai Walga Biotechnology Limited, 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.

As at June 30, 2023 and December 31, 2022, the Group had received an upfront fee of RMB5,000,000 (approximately US$692,000 (December 31, 2022: US$718,000)) which was 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.

19. DEFERRED INCOME

During the six months ended June 30, 2023, financial subsidies of RMB1,600,000 (approximately US$220,000) have been received from PRC local governments on research and development projects. The purposes of the financial subsidies are to (i) reduce and mitigate risk of technology innovation and (ii) encourage enterprises and research institutes to invest in research and development. Financial subsidies 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.

As at June 30, 2023, the amount was recognized as a deferred income until the conditions attaching to the grants have been fulfilled.

20. FINANCIAL LIABILITIES AT FVTPL

(i) Preferred Shares

RNAimmune was authorized to issue 50,000,000 preferred shares of US$0.00001 par value per share, of which 7,936,509 and 15,000,000 authorized preferred shares were designated as series seed preferred shares ("**Series Seed Preferred Shares**") and series A preferred shares ("**Series A Preferred Shares**"), respectively. The remaining 27,063,491 authorized preferred shares had not been designated as at June 30, 2023.

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 Seed Preferred Shares	2021	7	7,936,509	1.26	10,000
Series A Preferred Shares	2022	8	7,553,390	3.09	23,340
			15,489,899		33,340

(ii) Series Seed Preferred Shares and Series A Preferred Shares issued by RNAimmune

On March 29, 2021, RNAimmune entered into share purchase agreements of Series Seed Preferred Shares with US 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. As at June 30, 2023 and December 31, 2022, 7,936,509 Series Seed Preferred Shares were issued and outstanding.

On March 10, 2022, RNAimmune entered into share purchase agreements of Series A Preferred Shares with US Sirnaomics and independent investors to issue 2,588,997 and 6,258,891 Series A Preferred Shares at a consideration of US$8,000,000 and US$19,340,000, respectively. As at June 30, 2023 and December 31, 2022, out of the 6,258,891 Series A Preferred Shares which the independent investors agreed to purchase, 4,964,393 preferred shares with a total consideration of US$15,340,000 were issued and outstanding.

No redemption rights are held by the holders of Series Seed Preferred Shares and Series A Preferred Shares and the other key terms of the Series Seed Preferred Shares and Series A Preferred Shares of RNAimmune are as follows:

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

(ii) Series Seed Preferred Shares and Series A Preferred Shares issued by RNAimmune (Continued)

(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 and Series A 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 and Series A 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 and Series A Preferred Shares are convertible. Holders of Series Seed Preferred Shares and Series A Preferred Shares shall vote together with the holders of ordinary shares as a single class.

Holders of ordinary shares, voting exclusively and as a separate class, shall be entitled to elect four directors of RNAimmune. Holders of ordinary shares, Series Seed Preferred Shares and Series A 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 and Series A 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.

The dividend payable to holders of preferred shares pursuant to shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest dividend to, first, holders of Series A Preferred Shares and, second, holders of Series Seed Preferred Shares.

A dividend is payable only when funds are legally available therefore and only when, as and if declared by the board of directors of RNAimmune. RNAimmune is not obligated to pay a dividend. During the six months ended June 30, 2023, the board of directors of RNAimmune has not declared any dividends.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

(ii) Series Seed Preferred Shares and Series A Preferred Shares issued by RNAimmune (Continued)

(c) Liquidation Preference

In the event of any liquidation, dissolution or winding up of RNAimmune, or a deemed liquidation event as defined in the amended and restated certificate of incorporation of RNAimmune, outstanding Series Seed Preferred Shares and Series A Preferred Shares are entitled to be paid in full out of RNAimmune's assets available for distribution before payment on ordinary shares in the following order: (i) on Series A Preferred Shares, the sum of (I) US$3.09 and (II) any dividends accrued or declared but unpaid and (ii) on Series Seed Preferred Shares, the sum of (I) US$1.26 and (II) any dividends accrued or declared but unpaid. 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 rateably 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 and Series A 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 original issue price by the conversion price for each 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 RNAimmune 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 cancelled and may not be reissued.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

(ii) Series Seed Preferred Shares and Series A Preferred Shares issued by RNAimmune (Continued)

(e) Conversion Price/Anti-Dilution Protection

The conversion price for each Series Seed Preferred Shares and Series A 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. The initial "Series Seed conversion price" and "Series A conversion price" is US$1.26 per share and US$3.09 per share, which also represents the original issue price of Series Seed Preferred Shares and Series A Preferred Shares, respectively.

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$50,000,000 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 and Series A 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.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

(ii) Series Seed Preferred Shares and Series A Preferred Shares issued by RNAimmune (Continued)

(f) Mandatory Conversion (Continued)

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 cancelled and may not be reissued as shares of such series.

Presentation and Classification

The directors of the Company considered that the Series Seed Preferred Shares and Series A 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 Series Seed Preferred Shares and Series A Preferred Shares attributable to the change in credit risk of these financial liabilities are minimal. Changes in fair value of the Series Seed Preferred Shares and Series A 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".

The Series Seed Preferred Shares and Series A 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 Suites 2401–06, 24/F, Everbright Centre, No. 108 Gloucester Road, Wan Chai, Hong Kong.

The directors of the Company used the back-solve method to determine the underlying share value of RNAimmune and performed an equity allocation based on Black-Scholes Option Pricing Model ("**OPM**") to arrive the fair value of the Series Seed Preferred Shares and Series A Preferred Shares at June 30, 2023 and December 31, 2022.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

Presentation and Classification (Continued)

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 Series Seed Preferred Shares and Series A Preferred Shares are as follows:

	At June 30, 2023	At December 31, 2022
Time to liquidation	2.77 years	3.27 years
Risk-free interest	4.55%	4.19%
Expected volatility value	73.2%	72.4%
Dividend yield	0%	0%
Possibilities under liquidation scenario	90%	90%
Possibilities under initial public offering ("**IPO**") scenario	10%	10%

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 equal 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 scenarios and time to liquidation are estimated based on management estimation at the valuation dates.

21. SHARE CAPITAL

The details of the movement of the Company's authorized and issued ordinary shares during the reporting period are set out as below:

	Number of shares	Share capital US$
Ordinary shares of US$0.001 each		
Authorized		
As at January 1, 2022 (audited), June 30, 2022 (unaudited), January 1, 2023 (audited) and June 30, 2023 (unaudited)	230,000,000	230,000

	Number of shares	Share capital US$
Issued and fully paid		
At as January 1, 2022 (audited)	88,066,780	88,067
Exercise of the over-allotment option (Note (i))	973,450	973
At as June 30, 2022 (unaudited)	89,040,230	89,040
At as January 1, 2023 (audited)	87,967,680	87,967
Issuance of ordinary shares held on trust (Note (ii))	822,750	823
Shares repurchased and cancelled (Note (iii))	(245,600)	(245)
As at June 30, 2023 (unaudited)	88,544,830	88,545

Notes:

(i) On January 26, 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$8,239,000) pursuant to the exercise of the over-allotment option on January 21, 2022 by the Joint Representatives as described and defined in the prospectus of the Company dated December 20, 2021.

(ii) On March 16, 2023, the Company issued and allotted 822,750 ordinary shares to a trustee, held on trust for the benefit of eligible participants under the restricted share unit scheme of the Company.

21. SHARE CAPITAL (Continued)

Notes: (Continued)

(iii) During the six months ended June 30, 2023, the Company has cancelled the previously repurchased 245,600 shares, in which 172,600 shares were acquired in November and December 2022 and the total amount paid to acquire the cancelled shares of HK$13,541,000 (equivalent to approximately US$1,736,000) was deducted from equity.

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate consideration paid
		Highest HK$	Lowest HK$	US$'000
November 2022	15,100	57.90	54.10	109
December 2022	157,500	57.95	51.15	1,096
January 2023	73,000	59.10	53.70	531
	245,600			1,736

Another 520,900 shares, which the Company paid HK$24,757,000 (equivalent to approximately US$3,174,000) to acquire during the period, had not yet been cancelled as at June 30, 2023. All these repurchased shares were subsequently cancelled on August 9, 2023.

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate consideration paid
		Highest HK$	Lowest HK$	US$'000
May 2023	42,950	48.40	46.80	262
June 2023	477,950	55.10	44.60	2,912
	520,900			3,174

22. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme

Equity-settled share option scheme of US Sirnaomics

2008 Stock Incentive Plan

Effective on March 18, 2008, US 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 non-employee individuals of US Sirnaomics. 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. All share options under the 2008 Stock Incentive Plan were all exercised, lapsed or forfeited during the year ended December 31, 2021.

2016 Stock Incentive Plan

Effective on June 10, 2016, US Sirnaomics adopted the "2016 Stock Incentive Plan" pursuant to which US Sirnaomics is authorized to grant stock options, stock appreciation rights, and restricted stock to directors, officers, employees, consultants and other non-employee individuals of US 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 US Sirnaomics' 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 US 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 US Sirnaomics to the Company's ordinary shares under the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan

As part of the group reorganization in connection with the listing of the Company's share on the Hong Kong Stock Exchange, US Sirnaomics would i) substitute 1 share of ordinary share of US Sirnaomics under the 2008 Stock Incentive Plan and the 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 the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan have no material change in fair value of the share options at the date of modification.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

Substitution of ordinary shares of US Sirnaomics to the Company's ordinary shares under the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan (Continued)

The following table discloses movements of the share options held by directors, senior management, employees and non-employee during the six months ended June 30, 2023 under the 2016 Stock Incentive Plan:

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2022	Exercised during the period	Forfeited during the period	At June 30, 2022	At January 1, 2023	Exercised during the period	Forfeited during the period	At June 30, 2023
Directors											
Tranche 2017–3	2019	2025	1.36	110	—	—	110	105	—	—	105
Tranche 2016–1	2020	2025	1.36	600	—	—	600	600	(52)	—	548
Tranche 2017–1	2019	2022	1.50	200	—	—	200	—	—	—	—
Tranche 2017–2	2021	2025	1.36	400	—	—	400	400	—	—	400
Tranche 2018–1	2022 (Note (ii))	2022	1.60	400	—	—	400	—	—	—	—
Tranche 2018–2	2022 (Note (ii))	2027	1.45	700	—	—	700	700	—	—	700
Tranche 2020–1	2024 (Note (ii))	2029	2.35	675	—	—	675	675	—	—	675
Tranche 2020–2	Milestones (Note (i))	2029	1.75	700	—	—	700	700	—	—	700
				3,785	—	—	3,785	3,180	(52)	—	3,128
Senior management											
Tranche 2017–3	2019	2025	1.36	20	—	—	20	—	—	—	—
Tranche 2018–2	2022 (Note (ii))	2027	1.45	100	—	—	100	70	—	—	70
Tranche 2018–3	2022 (Note (ii))	2027	1.60	260	—	—	260	210	(4)	—	206
Tranche 2019–2	2023 (Note (ii))	2028	1.75	100	—	—	100	100	—	—	100
Tranche 2020–2	Milestones (Note (i))	2029	1.75	200	—	—	200	200	—	—	200
Tranche 2020–3	2024 (Note (ii))	2029	1.75	100	—	—	100	100	—	—	100
Tranche 2020–5	2024 (Note (ii))	2029	2.35	320	—	—	320	295	(15)	—	280
				1,100	—	—	1,100	975	(19)	—	956

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

Substitution of ordinary shares of US Sirnaomics to the Company's ordinary shares under the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan (Continued)

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2022	Granted during the period	Forfeited during the period	At June 30, 2022	At January 1, 2023	Exercised during the period	Forfeited during the period	At June 30, 2023
Employees											
Tranche 2016–2	2018	2025	1.36	800	—	—	800	735	(100)	—	635
Tranche 2017–3	2019	2025	1.36	611	—	—	611	600	(6)	—	594
Tranche 2017–2	2021	2025	1.36	28	—	—	28	23	(2)	—	21
Tranche 2017–4	2020	2025	1.36	100	—	—	100	100	—	—	100
Tranche 2018–2	2022 (Note (ii))	2027	1.45	715	—	—	715	620	—	—	620
Tranche 2018–3	2022 (Note (ii))	2027	1.60	10	—	—	10	10	—	—	10
Tranche 2019–2	2023 (Note (ii))	2028	1.75	80	—	—	80	79	—	—	79
Tranche 2019–3	2019	2028	1.75	50	—	—	50	—	—	—	—
Tranche 2019–4	2020	2028	1.75	50	—	—	50	—	—	—	—
Tranche 2020–1	2020	2029	1.75	300	—	—	300	300	(27)	—	273
Tranche 2020–2	Milestones (Note (i))	2029	1.75	600	—	—	600	550	—	—	550
Tranche 2020–4	2021	2029	2.35	125	—	—	125	75	—	—	75
Tranche 2020–5	2024 (Note (ii))	2029	2.35	345	—	—	345	322	(93)	—	229
				3,814	—	—	3,814	3,414	(228)	—	3,186
Non-employee											
Tranche 2018–2	2022 (Note (ii))	2027	1.45	100	—	—	100	90	—	—	90
Tranche 2020–1	2020	2029	1.75	300	—	—	300	300	—	—	300
				400	—	—	400	390	—	—	390
				9,099	—	—	9,099	7,959	(299)	—	7,660
Exercisable at the end of the reporting period							9,099				7,660
Weighted average exercise price				1.66	N/A	N/A	1.66	1.67	1.75	N/A	1.66

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

Substitution of ordinary shares of US Sirnaomics to the Company's ordinary shares under the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan (Continued)

Notes:

(i) Milestone-based share options are vested conditionally upon the achievement of a specified performance target including but not limited to, the completion of the Company's IPO, Series D financing by the fourth quarter in 2020 or achievement of drug project related milestones.

(ii) The unvested portion of share options having an original vesting year of 2022 or later are vested immediately upon fulfilment of milestone of completion of the Company's IPO on December 30, 2021.

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.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

2021 Stock Incentive Plan (Continued)

The following table discloses movements of the Company's share options held by directors, senior management and employees during the six months ended June 30, 2023 under the 2021 Stock Incentive Plan:

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2022	Granted during the period	Forfeited during the period	At June 30, 2022	At January 1, 2023	Exercised during the period	Lapsed/ Forfeited during the period	At June 30, 2023
Directors											
Tranche 2021–4	2025 (Note (ii))	2030	2.35	20	—	—	20	20	—	—	20
Tranche 2021–5	2025 (Note (ii))	2030	3.5	1,500	—	—	1,500	1,500	—	—	1,500
Tranche 2021–6	2025 (Note (ii))	2030	3.55	150	—	—	150	150	—	—	150
				1,670	—	—	1,670	1,670	—	—	1,670
Senior management											
Tranche 2022–5	2025 (Note (ii))	2030	3.5	800	—	—	800	800	—	—	800
Employees											
Tranche 2021–1	2021	2030	2.35	8	—	—	8	—	—	—	—
Tranche 2021–2	Milestone (Note (i))	2030	2.35	8	—	—	8	8	—	—	8
Tranche 2021–3	Milestone (Note (i))	2030	2.35	8	—	—	8	8	—	—	8
Tranche 2021–4	2025 (Note (ii))	2030	2.35	201	—	—	201	167	(27)	(10)	130
Tranche 2021–5	2025 (Note (ii))	2030	3.5	686	—	—	686	663	(30)	—	633
Tranche 2021–6	2025 (Note (ii))	2030	3.55	283	—	—	283	278	(12)	(155)	111
				1,194	—	—	1,194	1,124	(69)	(165)	890
				3,664	—	—	3,664	3,594	(69)	(165)	3,360
Exercisable at the end of the reporting period							3,664				3,360
Weighted average exercise price				3.43	N/A	N/A	3.43	3.44	3.05	3.48	3.45

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

2021 Stock Incentive Plan (Continued)

Notes:

(i) 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.

(ii) The unvested portion of share options having an original vesting year of 2022 or later are vested immediately upon fulfilment of milestone of completion of the Company's IPO on December 30, 2021.

2022 Post-IPO Scheme

The Company adopted the restricted share unit scheme (the "**RSU Scheme**") on April 22, 2022 and adopted the Post-IPO share option scheme (the "**2022 Post-IPO Scheme**") on June 28, 2022 (collective referred to as "**2022 Post-IPO Incentive Plans**"). The purposes of the 2022 Post-IPO Incentive Plans are to (i) recognize the contributions by the eligible participants ("**Participants**") with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain individuals for the continual operation and development of the Group; (iii) provide additional incentives to achieve performance goals; (iv) attract suitable personnel for further development of the Group and (v) motivate the Participants to maximize the value of the Group for the benefits of both the Participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the shareholders through ownership of the shares of the Company.

Under the 2022 Post-IPO Incentive Plans, the directors of the Company may grant options to subscribe for shares in the Company or award ordinary shares of the Company to eligible employees, executive, officer, director, consultant, advisor or agent of any member of the Group or holding companies and fellow subsidiaries of the Company.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

2022 Post-IPO Scheme (Continued)

Pursuant to the 2022 Post-IPO Scheme, the directors of the Company may invite Participants to take up the options at a price determined by the board of directors or the Chief Executives (the chairman of the board of directors of the Company and the chief executive officer of the Company) provided that it shall be not less than the highest of (a) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date on which an offer is made by the Company to the grantee (which date much be a business day, "**Grant Date**"); (b) a price being the average closing price of a share of the Company as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the Grant Date; and (c) the nominal value per share of the Company on the Grant Date.

At June 30, 2023, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,403,600, representing approximately 1.6% of the shares of the Company in issue at that date. The total number of shares which may be issued upon exercise of all options that may be granted under the 2022 Post-IPO Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the issued shares as at June 28, 2022 (i.e. the Share Option Scheme Adoption Date) unless the Company obtains the approval from the shareholders to refresh the limit.

The maximum entitlement for any one Participant is that the total number of shares issued and to be issued to each Participant (excluding any options lapsed) in any 12-month period shall not exceed 1% of the issued shares unless otherwise separately approved by the shareholders of the Company in a general meeting. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

2022 Post-IPO Scheme (Continued)

A letter comprising acceptance of the share option duly signed by the grantee together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within the period specified in the letter containing the offer of the grant of the share option.

The option may be exercised in accordance with the terms of the 2022 Post-IPO Scheme of up to 10 years with vesting periods which were determined and notified by the board of directors to the grantee at the time of making an offer.

The 2022 Post-IPO Scheme is valid and effective for a period of 10 years commencing on June 28, 2022.

On November 24, 2022, the Company granted 1,293,050 share options to certain selected directors and employees of the Company and conditionally granted 218,600 share options to Chief Executive, which entitle them to subscribe for a total of 1,511,650 shares at an exercise price of HK$58.9 per share (equivalent to approximately US$7.55 per share). The closing price of the shares of the Company immediately before the date on which the options were granted was HK$58.5 per share. The 218,600 share options conditionally granted to the Chief Executive have been approved in the shareholder's meeting held on February 3, 2023.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of US Sirnaomics (Continued)

2022 Post-IPO Scheme (Continued)

The following table discloses movements of the Company's share options held by directors, senior management and employees during the six months ended June 30, 2023 under the 2022 Post-IPO Scheme:

					Number of share options ('000)							
Options	Date of grant/ approval	Vesting year	Expiry year	Exercise price US$	At January 1, 2022	Granted during the period	Forfeited during the period	At June 30, 2022	At January 1, 2023	Granted during the period	Forfeited during the period	At June 30, 2023
Directors												
Tranche 2022–1	November 24, 2022	2024 (note i)	2032	7.55	–	–	–	–	189	–	–	189
Tranche 2022–2	November 24, 2022	2026 (note ii)	2032	7.55	–	–	–	–	116	–	–	116
Tranche 2022–1	February 3, 2023	2024 (note i)	2032	7.55	–	–	–	–	–	101	–	101
Tranche 2022–2	February 3, 2023	2026 (note ii)	2032	7.55	–	–	–	–	–	118	–	118
					–	–	–	–	305	219	–	524
Senior management												
Tranche 2022–1	November 24, 2022	2024 (note i)	2032	7.55	–	–	–	–	76	–	–	76
Tranche 2022–2	November 24, 2022	2026 (note ii)	2032	7.55	–	–	–	–	139	–	–	139
					–	–	–	–	215	–	–	215
Employees												
Tranche 2022–1	November 24, 2022	2024 (note i)	2032	7.55	–	–	–	–	141	–	(40)	101
Tranche 2022–2	November 24, 2022	2026 (note ii)	2032	7.55	–	–	–	–	632	–	(68)	564
					–	–	–	–	773	–	(108)	665
					–	–	–	–	1,293	219	(108)	1,404
Exercisable at the end of the reporting period								–				–
Weighted average exercise price					N/A	N/A	N/A	N/A	7.55	7.55	7.55	7.55

Notes:

(i) 50% of the share options granted are vested on each of the first and second anniversary of the grant date respectively.

(ii) 25% of the share options granted are vested on each of the first, second, third and fourth anniversary of the grant date respectively.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

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.

During the six months ended June 30, 2022, 150,000 options were granted with an exercise price of US$0.51 per share.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of RNAimmune (Continued)

2020 Stock Incentive Plan (Continued)

The following table discloses movements of RNAimmune's share options held by senior management and employees during the six months ended June 30, 2023 under the 2020 Stock Incentive Plan:

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2022	Granted during the period	Forfeited during the period	At June 30, 2022	At January 1, 2023	Granted during the period	Lapsed/ Forfeited during the period	At June 30, 2023
Senior management											
Tranche 2020–2	Milestones (note i))	2029	0.10	192	—	—	192	192	—	—	192
Tranche 2022–1	Milestones (note i))	2030	0.51 (note ii))	600	—	(400)	200	200	—	—	200
				792	—	(400)	392	392	—	—	392
Employees											
Tranche 2020–1	Milestones (note i))	2029	0.11	2,100	—	—	2,100	2,100	—	—	2,100
Tranche 2020–2	Milestones (note i))	2029	0.10	770	—	—	770	770	—	—	770
Tranche 2022–2	Milestones (note i))	2031	0.51	—	25	—	25	25	—	—	25
Tranche 2021–2	2024	2030	0.51 (note ii))	25	—	—	25	25	—	—	25
Tranche 2021–3	2025	2030	0.51 (note ii))	75	—	—	75	75	—	—	75
Tranche 2022–2	2026	2031	0.51	—	125	—	125	125	—	(69)	56
				2,970	150	—	3,120	3,120	—	(69)	3,051
				3,762	150	(400)	3,512	3,512	—	(69)	3,443
Exercisable at the end of the reporting period							3,294				3,377
Weighted average exercise price				0.32	0.51	0.51	0.16	0.16	N/A	0.51	0.15

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of RNAimmune (Continued)

2020 Stock Incentive Plan (Continued)

Notes:

(i) Milestone-based share options are vested conditionally upon the achievement of a specified performance target including but not limited to, closing a seed round financing, obtaining an approval of non-dilutive government or foundation funding, execution of a collaboration, development, joint venture, or partnership agreement or completion of achievement of drug project related milestones.

(ii) During the six months ended June 30, 2022, RNAimmune has repriced the exercise price of these share options from US$1.26 per share to US$0.51 per share. The incremental fair value of approximately US$23,000 will be expensed over the remaining vesting period.

Equity-settled share option scheme of EDIRNA

On February 18, 2022, EDIRNA was incorporated in the U.S. by Dr. Yang Lu being the sole director and the president. On May 18, 2022, EDIRNA issued 250,000 shares with par value of US$0.00001 each to the Company for US$5,000 and issued 750,000 shares in total with par value of US$0.00001 each for US$15,000 to the shareholders of EDIRNA. The three shareholders and the Group each held 25% of the equity interests in EDIRNA as at June 30, 2023.

2023 Stock Incentive Plan

Effective on January 15, 2023, EDIRNA adopted the "2023 Stock Incentive Plan" pursuant to which EDIRNA is authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants, advisors and individuals who provide services to EDIRNA and its affiliates. Under the 2023 Stock Incentive Plan, a total of 170,000 ordinary shares of EDIRNA 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 EDIRNA's ordinary shares at the date of grant, and have exercise terms of up to 10 years with the vesting periods determined at the discretion of the board of directors of EDIRNA, and are subject generally to a continued service relationship.

During the six months ended June 30, 2023, 85,000 options were granted with an exercise of US$4.50 per share.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of EDIRNA (Continued)

2023 Stock Incentive Plan (Continued)

The following table discloses movements of EDIRNA's share options held by employees during the six months ended June 30, 2023 under the 2023 Stock Incentive Plan:

Options	Date of grant	Vesting year	Expiry year	Exercise price US$	Number of share options ('000) At January 1, 2023	Granted during the period	Forfeited during the period	At June 30, 2023
Employees								
Tranche 2023–1	April 10, 2023	2027 (Note)	2032	4.50	—	85	—	85
					—	85	—	85
Exercisable at the end of the reporting period					—			—
Weighted average exercise price					N/A	4.50	N/A	4.50

Note:

12/48 of the share options granted vest on the last business day of the month which includes the first anniversary of the grant date and thereafter 1/48 of the share options vests on the last business day of each month until the share options are vested in full.

The fair value of services received in return for share options under the 2020 Stock Incentive Plan of RNAimmune, the 2022 Post IPO Scheme of the Company and the 2023 Stock Incentive Plan of EDIRNA is measured by reference to the fair value of share options granted. Back-solve method was used to determine the equity fair value of RNAimmune and EDIRNA at grant date for options granted under the 2020 Stock Incentive Plan and the 2023 Stock Incentive Plan. The estimated fair value of the share options granted is measured based on the binomial option pricing model. 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.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of EDIRNA (Continued)

2023 Stock Incentive Plan (Continued)

The key inputs of the model as at the grant date and modification date were as follows:

	2020 Stock Incentive Plan of RNAimmune	2022 Post-IPO Scheme of the Company	2023 Stock Incentive Plan of EDIRNA
Share price	US$0.03–US$0.51	US$6.81–US$7.50	US$1.49
Exercise price	US$0.1–US$0.51	US$7.55	US$4.50
Expected volatility	74%–75%	76%–77%	76%
Risk-free rate	0.48%–2.07%	3.11%–3.56%	3.55%
Expected dividend yield	0%	0%	0%
Time-to-maturity	4.8–8.8 years	10 years	9.7 years

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Government Bond and Hong Kong Monetary Authority with a maturity life equal to the option life of the share option granted under the 2020 Stock Incentive Plan of RNAimmune, the 2022 Post-IPO Scheme of the Company and the 2023 Stock Incentive Plan of EDIRNA, respectively. 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. For the six months ended June 30, 2023, the Group recognized a total expense of US$891,000 (six months ended June 30, 2022: US$28,000) in relation to share options granted by the Company, RNAimmune and EDIRNA.

(b) RSU Scheme of the Company

The RSU Scheme is valid and effective for a period of 10 years commencing from April 22, 2022. Pursuant to the rules of the RSU Scheme, the Company may appoint a trustee to assist with the administration and vesting of the restricted share units (the "**RSUs**") granted and hold the awarded shares before they are vested.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) RSU Scheme of the Company (Continued)

The number of RSUs awarded under the RSU Scheme shall not exceed 10% of the issued shares as at April 22, 2022 (i.e. the RSU Scheme Adoption Date). The granting of restricted share unit awards is also subject to an annual limit of 3% of the total issued shares as at the RSU Scheme Adoption Date, unless otherwise approved by the shareholders of the Company. The maximum number of shares which may be awarded to any one Participant under the RSU Scheme may not exceed 1% of the issued shares as at the RSU Scheme Adoption Date.

On November 24, 2022, the Company awarded 564,200 RSUs to certain selected employees of the Company and conditionally awarded 339,000 RSUs to certain directors of the Company and an officer of a subsidiary of the Company (the "**Connected Persons**") under the RSU Scheme. The closing price of the shares of the Company immediately before the grant of awarded shares was HK$58.5 per share. The 339,000 RSUs conditionally granted to the Connected Persons have been approved in the shareholder's meeting held on February 3, 2023.

The estimated fair values of the awarded shares underlying the RSUs are HK$58.9 per share based on the market trading price of the share at the grant date. The Group recognized a total expense of US$930,000 for the six months ended June 30, 2023 (six months ended June 30, 2022: nil) in relation to RSUs granted by the Company.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) RSU Scheme of the Company (Continued)

The following tables disclose movements of the Company's RSUs held by directors, senior management and employees during the six months ended June 30, 2023:

Categories of grantees	Date of grant/ approval	Vesting year	Number of RSUs ('000) At January 1, 2022	Awarded during the period	Forfeited during the period	At June 30, 2022	At January 1, 2023	Awarded during the period	Forfeited during the period	At June 30, 2023
Directors										
Tranche 2022–1	February 3, 2023	2024 (note i)	—	—	—	—	—	290	—	290
Tranche 2022–2	February 3, 2023	2026 (note ii)	—	—	—	—	—	40	—	40
			—	—	—	—	—	330	—	330
Senior management										
Tranche 2022–1	November 24, 2022	2024 (note i)	—	—	—	—	76	—	—	76
Tranche 2022–2	November 24, 2022	2026 (note ii)	—	—	—	—	27	—	—	27
			—	—	—	—	103	—	—	103
Employees										
Tranche 2022–1	November 24, 2022	2024 (note i)	—	—	—	—	137	—	(40)	97
Tranche 2022–2	November 24, 2022	2026 (note ii)	—	—	—	—	324	—	(52)	272
Tranche 2022–1	February 3, 2023	2024 (note i)	—	—	—	—	—	4	—	4
Tranche 2022–2	February 3, 2023	2026 (note ii)	—	—	—	—	—	5	—	5
			—	—	—	—	461	9	(92)	378
			—	—	—	—	564	339	(92)	811

Notes:

(i) 50% of the RSUs granted are vested on each of the first and second anniversary of the grant date respectively.

(ii) 25% of the RSUs granted are vested on each of the first, second, third and fourth anniversary of the grant date respectively.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value measurements and valuation processes

Some of the Group'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 uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial asset and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial asset 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 asset and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). There were no transfers in or out of Level 3 during the six months ended June 30, 2023.

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
	June 30, 2023 US$'000 (unaudited)	December 31, 2022 US$'000 (audited)				
Financial asset/ financial liabilities						
Financial asset at FVTPL — Investment fund	20,159	15,004	Level 3	The fair value of the investment fund is determined with reference to the adjusted net assets value approach	Net asset value	A significant increase in net asset value would result in a significant increase in fair value, and vice versa
Financial liabilities at FVTPL — Preferred Shares	29,580	29,139	Level 3	Back-solve method and the OPM Time to liquidation, risk-free interest, expected volatility value, dividend yield and possibilities under liquidation scenario 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).

Note:

A 5% increases (decreases) in the expected volatility value, while all other variables keep constant, would increase (decrease) the carrying amount of Series Seed Preferred Shares and Series A Preferred Shares issued by the Group as at June 30, 2023 by US$353,000 and US$104,000, respectively and US$(339,000) and US$(108,000), respectively.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial asset and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial asset and financial liabilities

	Financial asset at FVTPL US$'000	Preferred shares issued by RNAimmune US$'000
At January 1, 2022 (audited)	—	8,437
Issuance of Series A Preferred Shares	—	6,100
Unrealized changes in fair value	—	2,877
At June 30, 2022 (unaudited)	—	17,414
At January 1, 2023 (audited)	**15,004**	**29,139**
Purchase of investment fund	**5,000**	**—**
Unrealized changes in fair value	**155**	**441**
At June 30, 2023 (unaudited)	**20,159**	**29,580**

Fair value of the Group'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 condensed consolidated financial statements approximate their fair values.

24. RELATED PARTY TRANSACTIONS

Saved for disclosed elsewhere in the condensed consolidated financial statements, the Group also entered the following significant transactions with its related parties during the six months ended June 30, 2023.

Compensation of key management personnel

The remuneration of the directors of the Company and key management personnel of the Group during the six months ended June 30, 2023 were as follows:

	For the six months ended June 30,	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Salaries and other allowances	**1,362**	1,403
Retirement benefits schemes contributions	**48**	68
Share-based payment expense	**1,032**	16
	2,442	1,487

25. CAPITAL COMMITMENTS

	As at June 30, 2023	As at December 31, 2022
	US$'000	US$'000
	(Unaudited)	(Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**38**	140

26. MAJOR NON-CASH TRANSACTION

Saved for disclosed elsewhere in the condensed consolidated financial statements, the Group has the following major non-cash transactions during the period:

Lease arrangement

During the six months ended June 30, 2023, the Group entered into new lease agreements for the use of leased properties for two to three years (six months ended June 30, 2022: three years). On the lease commencement during the six months ended June 30, 2023, the Group recognized US$426,000 (six months ended June 30, 2022: US$1,544,000) of right-of-use assets and US$426,000 (six months ended June 30, 2022: US$1,544,000) of lease liabilities.

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) In July 2023, the Company repurchased 385,450 of its own ordinary shares through the Hong Kong Stock Exchange at a consideration of HK$21,665,000 (equivalents to approximately US$2,778,000). The repurchased shares were cancelled on August 9, 2023.

(ii) On July 5, 2023, the Company and EDIRNA entered into a stock purchase agreement, pursuant to which (i) EDIRNA agreed to allot and issue, and the Company agreed to subscribe for 111,111 shares of common stock of EDIRNA at US$4.50 per share, amounting to a total consideration of US$500,000; and (ii) EDIRNA agreed to issue to the Company a stock purchase warrant which the Company has the right to purchase, at its sole discretion, up to 157,232 shares of series seed preferred stock of EDIRNA at US$6.36 per share, amounting to a total consideration of up to US$1,000,000 assuming that the stock purchase warrant is exercised in full by the Company.

On the same date, US Sirnaomics and EDIRNA entered into a license & option agreement, pursuant to which, in return for 220,000 shares of common stock of EDIRNA, US Sirnaomics granted to EDIRNA (i) an irrevocable, perpetual, exclusive, fully paid, worldwide, non-sublicensable, and non-transferable license, under the licensed patents, solely to conduct research and development in the field as defined in the license & option agreement; and (ii) an option to enter into a patent license agreement with US Sirnaomics pursuant to which US Sirnaomics would grant to EDIRNA an exclusive license under the licensed patents for the licensed products.

Details of the above are set out in the Company's announcement dated July 5, 2023.

Definitions

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

"Administrative Committee"	the committee comprising of any one executive Director and any other two officers of the Company as designated by the Board from time to time
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"Business Day(s)"	a day on which banks in Hong Kong are generally open for business and the Hong Kong Stock Exchange is open for business of dealing securities
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Chief Executives"	(i) the Chairman of the Board, and (ii) the Chief Executive Officer of the Company, or, for the purpose of the Share Option Scheme and the RSU Scheme only, any person as designated by him/her from time to time. For the avoidance of doubt, any decision prescribed to be made by the Chief Executives under the Share Option Scheme or the RSU Scheme (as the case may be) shall be made jointly by both persons of (i) and (ii) above
"China", "mainland China" or the "PRC"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only, except where the context requires, references in this interim report to "China", "mainland China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Company", "our Company" or "the Company"	Sirnaomics Ltd., an exempted company incorporated in the Cayman Islands with limited liability on October 15, 2020
"Core Product"	STP705, the designated "core product" as defined under Chapter 18A of Listing Rules
"Director(s)"	the director(s) of the Company
"EDIRNA"	EDIRNA Inc., a company incorporated under the laws of Delaware, U.S. on February 18, 2022, a non-wholly owned subsidiary of the Company

Definitions

"FDA"	U.S. Food and Drug Administration
"FVTPL"	Fair value through profit or loss
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "the Group", "we", "us" or "our"	the Company, its subsidiaries or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Guangzhou Facility"	our manufacturing facility in Guangzhou
"Guangzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Guangzhou) Co., Ltd. (聖諾生物醫藥技術(廣州)有限公司), a company established under the laws of the PRC on May 8, 2012 with limited liability, an indirect wholly owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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
"IP"	intellectual property
"Junior Grantee(s)"	any grantee(s) other than a Senior Grantee

Definitions

"Listing"	the listing of the Shares on the Main Board by way of the Global Offering
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Pre-IPO Equity Incentive Plan"	the pre-IPO equity incentive plan adopted by the Company on January 21, 2021
"Prospectus"	the prospectus of the Company dated December 20, 2021, issued in connection with the Hong Kong Public Offering
"R&D"	research and development
"Related Entity"	the holding companies, fellow subsidiaries or associated companies of the Company
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	for the six months ended June 30, 2023

Definitions

"RNAimmune"	RNAimmune, Inc., a company incorporated under the laws of Delaware, U.S. on May 5, 2016, a controlled subsidiary of the Company
"RSU Scheme"	the restricted share unit scheme adopted by the Company on April 22, 2022
"RSU Scheme Adoption Date"	April 22, 2022, being the date on which the RSU Scheme was adopted by the Board
"RSU Scheme Limit"	has the meaning described in the sub-paragraph headed "(I) RSU Scheme Limit" under the paragraph headed "Report of the Directors — Pre-IPO Equity Incentive Plan, RSU Scheme and Share Option Scheme — RSU Scheme — (5) Maximum Number of Shares Available for Awards" in this interim report
"RSU(s)"	the restricted share unit(s) granted and/or conditionally granted (as the case may be) under the RSU Scheme
"Senior Grantee(s)"	the grantee(s) under the Share Option Scheme or the RSU Scheme (as the case may be) who is either (i) a Director, or (ii) a member of the senior management of the Company as included in the latest annual report of the Company published on the website of the Hong Kong Stock Exchange immediately before the grant date
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.001 each
"Shareholder(s)"	holder(s) of our Shares
"Share Option Scheme"	the share option scheme adopted by the Company on June 28, 2022
"Share Option Scheme Adoption Date"	June 28, 2022, being the date on which the Share Option Scheme was approved and adopted by the Shareholders

"Share Option Scheme Limit"	has the meaning described in the sub-paragraph headed "(I) Share Option Scheme Limit" under the paragraph headed "Report of the Directors — Pre-IPO Equity Incentive Plan, RSU Scheme and Share Option Scheme — Share Option Scheme — (5) Maximum Number of Shares Available for Subscription" in this interim report
"Suzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd. (聖諾生物醫藥技術(蘇州)有限公司), a company established under the laws of the PRC on March 10, 2008 with limited liability, an indirect wholly owned subsidiary of the Company
"United States", "U.S." or "US"	the United States of America
"US$"	U.S. dollars, the lawful currency of the United States of America
"%"	per cent

Glossary of Technical Terms

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

"AE"	adverse event, which may be mild, moderate, or severe, any untoward medical occurrences in a patient administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"ApoC3"	apolipoprotein C3
"ASGPR"	asialoglycoprotein receptor
"BCC"	basal cell carcinoma, a type of non-melanoma skin cancer
"CCA"	cholangiocarcinoma, tumor that is occurring with increasing frequency and develops from bile duct epithelium found within the intrahepatic and extrahepatic biliary tree, excluding the ampulla or gallbladder
"CDMO"	contract development and manufacturing organization, a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"cohort"	a group of patients as part of a clinical trial who share a common characteristic or experience within a defined period and who are monitored over time
"combination therapy"	a treatment modality that combines two or more therapeutic agents administered separately in two or more different pharmaceutical products or in a fixed-dose combination product comprising the two or more therapeutic agents
"COVID-19"	coronavirus disease 2019, an infectious disease
"COX-2"	cyclooxygenase-2, a membrane-bound, short-living, and rate-limiting enzyme

Glossary of Technical Terms

"CRO"	contract research organization, a pharmaceutical company that conducts research for other pharmaceutical companies on a contractual basis
"cSCC"	cutaneous squamous-cell skin cancer, a common form of skin cancer that develops in the squamous cells that make up the middle and outer layers of the skin
"delivery platform"	the platform used for the delivery of drugs to target sites of pharmacological actions
"endosomal escape"	escaping from being hindered by entrapment and subsequent degradation in acidic compartments of the endo/lysosomal pathway
"ESC"	Early Selected Compound
"Factor XI"	a plasma glycoprotein that is primarily synthesized in the liver and is part of the coagulation cascade, playing a role in clot stabilization and expansion
"GalAhead"	our GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers
"GalNAc"	N-Acetylgalactosamine, a sugar molecule that can recognize and bind to a cell surface protein, the asialoglycoprotein receptor
"global rights"	rights of a commercial nature to develop or commercialize a product, which may include rights in know-how and rights in patents and patent applications, in each case, directed to the drug product, drug composition and/or methods of use thereof or in the drug delivery platform
"GLP"	Good Laboratory Practice, a set of principles intended to assure the quality and integrity of non-clinical laboratory studies that are intended to support research or marketing permits for products regulated by government agencies

Glossary of Technical Terms

"GMP"	Good Manufacturing Practice, a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"HBV"	hepatitis B virus
"HCC"	hepatocellular carcinoma, a type of primary liver cancer
"HKP"	histidine-lysine polypeptide
"HKP+H"	histidine-lysine-histidine polypeptide
"HPV"	human papillomavirus
"HSV"	herpes simplex virus
"HTS"	hypertrophic scar is a thickened, wide, often raised scar that develops where skin is injured
"in vitro"	Latin for "within the glass", studies using components of an organism that has been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
"in vivo"	Latin for "within the living", studies in vivo are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done in vitro
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application
"isSCC"	squamous cell carcinoma in situ

Glossary of Technical Terms

"LNP"	lipid nanoparticles are spherical vesicles made of ionizable lipids, which are positively charged at low pH (enabling RNA complexation) and neutral at physiological pH (reducing potential toxic effects, as compared with positively charged lipids, such as liposomes)
"mRNA"	messenger RNA, a large family of RNA molecules that are complimentary to DNA molecules and convey genetic information from the DNA to be translated by ribosomes into proteins
"metastasis"	the spread of cancer from the primary site (place where it started) to other places in the body
"microfluidic"	microfluidics is the science of manipulating and controlling fluids, usually in the range of microliters (10–6) to picoliters (10–12), in networks of channels with dimensions from tens to hundreds of micrometers
"muRNA"	multi-unit RNAi trigger, RNAi trigger composed of multiple oligonucleotides (2 or more) to simultaneously downregulate two or more gene targets
"mxRNA"	miniaturized RNAi trigger, RNAi trigger composed of single ~30 nucleotide long oligonucleotides designed to downregulate individual gene target
"NMSC"	non-melanoma skin cancer
"NSCLC"	non-small cell lung cancer is any type of epithelial lung cancer other than small cell lung cancer
"OL China"	out-licensed mainland China, Hong Kong, Macau and Taiwan rights under agreement with Walvax but we retain the rights for rest of the world
"PCSK9"	proprotein convertase subtilisin/kexin type 9, an enzyme encoded by the PCSK9 gene in humans on chromosome 1

Glossary of Technical Terms

"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
"PDoV"	Peptide Docking Vehicle, a linker which contains a therapeutic compound, such as an siRNA molecule, and a targeting ligand
"PDoV-GalNAc"	our GalNAc RNAi delivery platform that conjugates GalNAc moieties to PDoV peptide linkers and up to two siRNAs to the peptide
"Phase I clinical trials" or "Phase I"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase I/II clinical trials" or "Phase I/II"	Phase I/II clinical trials combine Phase I and Phase II into one trial. The clinical trial design may adaptively use data from all previous patients to make decisions and select the best dose for each new cohort
"Phase II clinical trials" or "Phase II"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase IIa clinical trials" or "Phase IIa"	Phase IIa clinical trials are usually pilot studies designed to demonstrate clinical efficacy or biological activity
"Phase IIb clinical trials" or "Phase IIb"	Phase IIb clinical trials determine the optimal dose at which the drug shows biological activity with minimal side-effects

Glossary of Technical Terms

"Phase III clinical trials" or "Phase III"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"PLNP"	polypeptide-lipid nanoparticle, a proprietary polypeptide nanoparticle combined with LNP
"PNP"	polypeptide nanoparticle is composed of a branched histidine lysine polymer
"PNP-ID"	PNP platform formulated for intradermal administration
"PNP-IT"	PNP platform formulated for intratumoral administration
"PNP-IV"	PNP platform formulated for intravenous administration
"preclinical studies"	studies or programs testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"PSC"	Primary Sclerosing Cholangitis, a chronic, or long-term, disease that slowly damages the bile ducts
"RNA"	Ribonucleic acid, a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes
"RNAi"	RNA interference, a biological process in which RNA molecules are involved in sequence-specific suppression of gene expression by double-stranded RNA, through translation or transcriptional repression

Glossary of Technical Terms

"SAE"	serious AE, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"siRNA"	small interference RNA, double-stranded RNA molecules comprised of two oligonucleotides of about 20nt-long guide (antisense) and passenger (sense) strands; the RNA-Induced Silencing Complex (RISC) incorporates the guide strand and binds mRNA target molecules to generate its cleavage or inhibit protein translation from it
"solid tumors"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them
"SCC"	squamous cell carcinoma, an uncontrolled growth of abnormal cells arising from the squamous cells in the epidermis, the skins outermost layer
"TGF-ß1"	transforming growth factor beta 1 or TGF-ß1, a polypeptide member of the transforming growth factor beta superfamily of cytokines, which activates Smad and non-Smad signaling pathways