Sirnaomics Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2257)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board of Directors of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2024, together with comparative figures for the six months ended June 30, 2023. These interim results have been reviewed by the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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, medical aesthetics, and viral infections.

Our lead drug candidates STP705, formulated for local administration for the treatment of Non-Melanoma Skin Cancer (NMSC), and STP707, formulated for intravenous administration for the treatment of solid tumors, have both achieved positive clinical readouts with the corresponding studies. These advancements of our leading drug candidates corroborate the potential of our proprietary PNP delivery platform. This development has solidified our leadership in RNAi therapeutics for cancer treatment on the global stage.

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, is currently in Phase I clinical study. 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 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 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 North America for our lead clinical drug candidates STP705 and STP707, together with STP122G, in addition to RV-1730 and RV-1770 which are mRNA vaccine programs 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	R&D / IND / Phase I / Phase II / Phase III	Rights
Oncology	STP705	TGF-β1/COX-2	isSCC	PNP-IT		Global
			BCC			Global
	STP707	TGF-β1/COX-2	Multiple Solid Tumors	PNP-IV		Global
	STP355	TGF-β1/VEGFR2	Pan Cancer	PNP-IV		Global
	STP369	BCLXL/MCL1	Head & Neck Cancer	PNP-IV/IT		Global
Medical Aesthetics	STP705	TGF-β1/COX-2	Focal Fat Reduction	PNP -Subcu		Global
Antiviral	RV-1730[1]	SARS-CoV-2	COVID-19 Vaccine	LNP-IM		Global
	RV-1770[1]	RSV	RSV Vaccine	LNP-IM		OL China
Liver metabolic diseases (GalNAc)	STP122G	Factor XI	Anticoagulation / Thrombosis	mxRNA-Subcu		Global
	STP125G	ApoC3	Hypertriglyceridemia			Global
	STP144G	Complement Factor B	Complement - diseases			Global
	STP145G	Complement Factor C5	Complement - diseases			Global
	STP146G	Complement Factor C3	Complement - diseases			Global
	STP152G	TTR	ATTR amyloidosis			Global
	STP136G	AGT	Hypertension			Global
	STP247G	CFB/C5	Complement - diseases	muRNA-Subcu		Global
	STP251G	ApoC3/TMPRSS6	Hemochromatosis & Hypertriglyceridemia			Global
	STP237G	AGT/ApoC3	Hypertension & Hypertriglyceridemia			Global

Note:

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

Abbreviations: isSCC = squamous cell carcinoma in situ; BCC = basal cell carcinoma; PNP = our polypeptide nanoparticle (PNP) RNAi delivery platform; PNP-IT = PNP platform formulated for intratumoral administration; PNP-Subcu = PNP platform formulated for subcutaneous administration; PNP-ID = PNP platform formulated for intradermal administration; PNP-IV = PNP platform formulated for intravenous administration; GalAhead™ = our GalNAc RNAi delivery platform that conjugates GalNAc moieties to RNAi triggers; LNP-IM = lipid nanoparticle (LNP) formulation for delivery of mRNA intramuscularly; RSV = Respiratory Syncytial Virus; mxRNA-Subcu = mxRNA™ (miniaturized RNAi triggers) for subcutaneous administration; muRNA-Subcu = muRNA™ (multi-unit RNAi triggers) for subcutaneous administration; ATTR = Transthyretin amyloidosis; OL China = out licensed mainland China rights under agreement (with the rights for the other regions worldwide retained)

Clinical Programs

In the first half of 2024, we continued to make significant progress with respect to our pipeline development and business development. To maintain sufficient runway in light of the uncertainty in global macro economy, the Group has prioritized resources allocation in programs that have the significant potential and has put on hold or slowed down the development of other programs. In particular, the Group has decided to allocate our financial resources on advancing the development of STP705 and STP122G while selectively advancing the development of our pre-clinical assets. The Group has also undergone restructuring to optimize its taskforce during first half of 2024, and has reshuffled the management team to reflect the latest focus in executing its development strategy. For details, please refer to the announcements of the Company dated May 17, 2024 and May 31, 2024.

STP705 for the treatment of NMSC

STP705 Powder for Injection (STP705) is a sterile, lyophilized drug product that has two small interfering RNAs (pixofisiran INN and lixadesiran INN) that target 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.

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 have had continued communications with FDA and received their written responses for further development of our novel siRNA therapeutic, STP705, for the treatment of isSCC. In response to our proposal and questions regarding the relevant non-clinical studies and clinical study design, the FDA has provided a clear path forward with specific guidance for both non-clinical and clinical studies, modifications to the proposed Phase II/III and Phase III clinical studies and further justification required for using two active components in the drug candidate STP705. As mentioned in the announcement of the Company dated April 16, 2024, we are initiating the requested studies according to the FDA's guidance.

STP705 for focal fat reduction

Surgical fat removal (liposuction) is the gold standard for removing and remodeling unwanted fat but patients are searching for minimally invasive procedures. Laser and radiofrequency (RF) also have been shown to be somewhat effective but not ideal. Injectable deoxycholic acid (DCA) has efficacy but is associated with significant long term local skin reactions (LSR) and pain. There is a need for injectable fat remodeling that is both effective and with minimal LSR. Early data indicates that injectable PNP-enhanced delivery of siRNA specifically targeting TGF-ß1 and COX-2/PTGS2 may be ideal to fill the need. STP705 was well tolerated at all concentrations and volumes studied. No material safety issues were identified based on reporting of adverse events (AE), LSRs, and changes from baseline in vital signs, safety labs, and electrocardiograms (ECGs). There were 3 Grade 2 (moderate) AEs considered by the investigator to be probably related to treatment with STP705. None were severe and none were serious. All AEs recovered/resolved and did not require dose modification. The incidence of LSRs was low throughout the entire study and there were no clinically significant changes in labs, vital signs, or ECGs.

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

We may not be able to ultimately develop and market our Core Product STP705 successfully.

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.

The multi-center, open label, dose escalation and dose expansion tumor basket study is to evaluate the safety, tolerability, and anti-tumor activity of STP707. 50 participants with advanced solid tumors, who had failed standard therapies, were included in the dose escalation analysis. The study encompasses six total cohorts who have received escalating doses of STP707 through IV administration on a 28-day cycle including 3 mg, 6 mg, 12 mg, 24 mg, 36 mg and 48 mg dosing cohorts. The participants were dosed once weekly for a total of 4 doses over a 28-day treatment cycle. These treated patients will continue in the study until they exhibit progressive disease. Additional secondary endpoints are to determine the pharmacokinetics of STP707 and to observe preliminary anti-tumor activity.

This U.S. FDA regulated clinical study involves 11 leading cancer centers in the U.S. and 50 late-stage cancer patients with colorectal, pancreatic, liver and metastatic melanoma tumors, etc. The result indicates that STP707 is very well tolerated among all six dosing cohort regimens and the drug has shown clear therapeutic benefit with stable disease (SD) activity. Therefore, the low toxicity and relatively long SD duration warrants further study with STP707 alone or in a rational combination with immune check point inhibitors, given the unique ability of this drug to recruit active T-cells into the tumor microenvironment (TME).

In June 2024, the Company has completed STP707 Phase I clinical study with strong safety profile and stable disease activity for the treatment of pancreatic cancer patients. 11 pancreatic patients (five males and six females, average age 64 years) were enrolled in the study. Patients were heavily pre-treated and received, on average, three lines of therapy (including Gemcitabine, Paclitaxel and Folfirinox) prior to enrollment in the study. The preliminary results indicated that the mean treatment cycles completed was three cycles (average 12 doses). The average days for stable disease for all 11 patients was 92 days, while 31 days for the 12mg group, 65 days for 24mg group and 112 days for 48mg group, including one patient ongoing at 281 days. No treatment related adverse events (TRAE) were reported for the 11 patients, except for one patient with a Grade 2 infusion reaction. Non-treatment related adverse events were secondary to their advanced metastatic disease including intestinal obstruction, abdominal distention, gastrointestinal obstruction, embolism, gastrointestinal hemorrhage, tumor pain, hypoxia and dyspnea.

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

STP122G

STP122G 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 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.

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

In July 2024, we announced the interim clinical result for successful completion of the second cohort of STP122G. Safety data showed there were no dose-limiting toxicities or serious adverse events, while a dose dependent silencing of the target was observed. For details, please refer to the announcement of the Company dated July 8, 2024.

RV-1770

RV-1770 is a cutting-edge mRNA-based vaccine developed by RNAimmune, our non-wholly owned subsidiary, aimed at preventing Respiratory Syncytial Virus (RSV) infection in adults. This vaccine incorporates a lipid nanoparticle formulation and features a unique AI-enhanced design, utilizing the sequence of a recent RSV clinical isolate. In preclinical studies with cotton rats, RV-1770 showed robust immunogenic responses and effectively neutralized both type A and B strains of RSV. The U.S. FDA has approved its Investigational New Drug (IND) application, and the vaccine is now being prepared for IND filing with the Center for Drug Evaluation (CDE).

RV-1730

RV-1730, another mRNA-based vaccine developed by RNAimmune, is a booster candidate for SARS-CoV-2. It contains mRNA coding for the full-length spike protein of the Delta variant and is delivered via lipid nanoparticle technology for intramuscular injection. The U.S. FDA has also cleared its IND application, and RV-1730 is currently being investigated in clinical trials. The research and development of RV-1730 have significantly advanced RNAimmune's technological platforms and regulatory capabilities, paving the way for future mRNA-based vaccines and therapeutic products.

Other Late-Stage Preclinical Candidates

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

STP369

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

Preclinical Drug Candidates Using the GalAhead™ Platform

STP125G

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

In July 2024, the Company completed IND-enabling studies for STP125G, the second drug candidate based on the proprietary GalAhead™ mxRNA technology. The safety and efficacy results from the non-human primate (NHP) studies strongly support for an IND filing with the U.S. FDA for initiating a Phase I clinical study of STP125G for cardiovascular disease indications. During an efficacy evaluation of STP125G with NHP model (N = 4), we observed a dose-dependent silencing activity among 1 mg/kg, 3 mg/kg and 10 mg/kg doses with a strong safety profile. The maximum target silencing efficacy was achieved at 10 mg/kg dosage around week 4 and was maintained for an additional 9 weeks (the total length of this 13-week study). The safety evaluation of STP125G demonstrated an excellent safety readout with a single subcutaneous administration at 50 mg/kg, 100 mg/kg or 250 mg/kg. The maximum target silencing efficacies were like the level of 10 mg/kg for all three high dosages.

STP144G

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

STP136G

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

STP237G

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

STP247G

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

Antibody-Oligonucleotide-Chemodrug Conjugate (AODC)

In June 2024, the Company has published a major advancement of its novel Oligonucleotide-Chemodrug Conjugate (ODC) agent. The ODC demonstrated potent antitumor activity in multiple tumor cell lines and a pancreatic tumor model in mice. The published results are the extension of prior work using a proprietary anticancer ODC agent comprising a double-stranded siRNA targeting CHK1 mRNA incorporating gemcitabine into its Sense Strand in place of Cytidines. Gemcitabine (a small molecule anticancer drug) is synergistic with CHK1 inhibition increasing the IC50 of the combination about 100-fold in different cell lines. In the latest work, the ODC construct contained chemically modified bases to improve stability and this construct improved potency and efficacy against CHK1 gene expression. In vitro tests have shown potent antitumor activities of gemcitabine containing CHK1 specific siRNA validated using Pancreatic, NSCLC, TNBC and Ovarian cell culture models. The construct also provides efficacy against a pancreatic tumor in a xenograft model in mice, ablating the tumor upon Intravenous administration using Sirnaomics proprietary polypeptide nanoparticle formulation. This groundbreaking work creates a solid foundation for our RNAi-based cancer therapeutic program using a proprietary AODC modality.

Delivery Platforms

Our proprietary delivery platforms for administration of RNA-based therapeutics and vaccines are the foundation of our product pipeline at the clinical study stage: (1) PNP delivery platform for both local and systemic 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 18-years' R&D effort, we are now able to advance PNP as a therapeutic delivery technology. Our PNP delivery platform is based on a naturally biodegradable polypeptide molecule, a histidine-lysine (HK) polymer. The HK polymers vary in the pattern of repeating histidine and lysine moieties and may be branched. When admixed at the appropriate ratio with RNA, the HK polymers self-assemble into nanoparticles that encapsulate the RNA. PNP serves as an excipient as part of our drug products to meet all pharmaceutical requirements for large scale manufacturing to successfully test in humans in multiple clinical studies. 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 NHP efficacy and safety studies.

Business Development

In August 2024, the Company announced a proposed partnership with Gore Range, comprising (i) formation of a joint venture, namely, Sagesse Bio, with Gore Range and the Other Sagesse Stockholders; and (ii) assigning and licensing the relevant patents to Sagesse Bio (collectively, the "**Transactions**"), to deliver innovative and life changing therapies to patients with an initial emphasis on focal fat reduction. The newly set up joint venture combines the strength of Sirnaomics' leadership in RNAi-based technology and product development for focal fat reduction and Gore Range's world leading expertise in skin health industry and financial resources, to accelerate clinical development of its innovative products for addressing a fast-growing aesthetic medicine market.

Under the arrangement of the Transactions, Sagesse Bio will initiate a clinical evaluation immediately after the Transactions take effect, with scientific and technical support from Sirnaomics, receiving assignment of the Assigned Patents, and licensing of certain relevant intellectual property rights for the licensed product with utility only in focal fat reduction generally. In return, Sirnaomics will receive milestone payments of up to US$33 million in cash and a majority equity position (60%) of Sagesse Bio (without voting right). Gore Range is responsible for initial funding and building the executive management team and advisory board. In addition, with its well-built domain expertise and extensive networks in the skin health industry, Gore Range is able to provide a hands-on approach for Sagesse Bio's fundraising and business development challenges.

For details of the Transactions, please refer to the announcements of the Company dated August 1, 2024 and August 22, 2024, respectively. As at the date of this announcement, the proposed Transactions will be reviewed and, if thought appropriate, approved by an upcoming extraordinary general meeting of the Company, and a circular containing further information about the Transactions will be dispatched in due course.

Sirnaomics has also entered into a material transferring agreement with a multinational corporation (MNC) for the evaluation of PNP delivery technology for protein administration. Sirnaomics has provided the MNC with a defined amount of histidine-lysine polypeptide (HKP) and histidine-lysine-histidine polypeptide (HKP+H) agents for such evaluation.

Multiple business development discussions and negotiations are ongoing between Sirnaomics and other MNCs or domestic biopharma companies.

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 next generation PNP formulation and manufacturing processes to meet our expanded pipeline, which will be capable of supporting multiple clinical indications and commercial applications. 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 lower cost. 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. In the past two years, the Guangzhou Facility has supported our preclinical tox studies and early stage of clinical studies. With STP122G, our GalAhead™ product, moving into clinical stage, we expanded the capabilities in our Guangzhou Facility to include capabilities supporting future GalAhead™ based products. The successful operation of the Guangzhou Facility enables our in-house manufacturing capabilities and marks a transition from a biotech company to a biopharma corporation.

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:

Restructuring to reprioritize development goals and extend runway

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

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

A key focus of our restructuring efforts is cost reduction. We recognize the importance of prudent financial management in times of economic uncertainty, and as such, we are implementing targeted cost-saving measures across our operations. During 2023 and first half of 2024, the Group has launched multiple rounds of work force rationalization by reducing selected senior and middle management's compensation and streamlining various functions across various offices. Moreover, the Group has negotiated and will continue to negotiate actively with suppliers in extending payment cycles and terminating certain non-core product contracts.

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

Additionally, we aim to extend our cash runway through various initiatives, including but not limited to, (1) striving to recover the potential loss in relation to the Fund subscriptions (as disclosed in the announcement of the Company dated July 8, 2024). For further details about the Fund subscriptions, please refer to the section headed "Financial Review — Significant Investments" in this announcement; (2) pursuing external funding through equity and debt financing, including but not limited to placement of Shares; and (3) exploring business development opportunities on our pipeline assets. The Company will comply with the requirements under the applicable Listing Rules to facilitate such schemes and initiatives.

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

Advance development of our lead product candidates STP705, STP707 and STP122G through clinical trials toward market approvals 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 STP122G, opening up more opportunities to treat other indications which could not be addressed by STP705.

Our top priority is STP705 for the treatment of isSCC towards commercialization. We have had continued communications with the FDA and received their written responses for further development of our novel siRNA therapeutic, STP705, for the treatment of isSCC. In response to our proposal and questions regarding the relevant non-clinical studies and clinical study design, the FDA has provided a clear path forward with specific guidance for both non-clinical and clinical studies, modifications to the proposed Phase II/III and Phase III clinical studies and further justification required for using two active components in the drug candidate STP705. As disclosed in the announcement of the Company dated April 16, 2024, the Company is already initiating the requested studies according to the FDA's guidance. We expect to fund our STP705 trial with existing financial resources, fresh capital raised in the market and partnership.

While we advance the late-stage development of STP705, 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 the positive Phase I clinical data for STP707 as disclosed in the announcements of the Company dated June 27, 2024 and June 28, 2024, 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 treatment for 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 fresh capital raised in the market and partnership.

We will also continue R&D effort on the existing Phase I clinical study on STP122G for anticoagulant. The Group has already completed 2 out of 5 cohorts for the Phase I study. In the next 12 months, the Group will continue such Phase I study and expect to complete another 2 cohorts. We expect to complete the Phase I study for STP122G by the end of 2025.

Selectively pursue synergistic collaboration opportunities to maximize our potential

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. As mentioned above, during the first half of 2024, (i) the Group, through our non-wholly owned subsidiary RNAimmune, has successfully entered into the out-licensing agreement of RV-1770; and (ii) the Board has approved and announced the Transactions between Sirnaomics and Gore Range. We aim to gain market coverage by leveraging our current and future business partners' expertise and business network. Meanwhile, various pharmaceutical companies have expressed strong interest in our extensive pipeline. As at the date of this announcement, we have received a number of term sheets, including from a sizable domestic pharmaceutical company in

mainland China, for future collaboration. The potential collaboration areas include, but not limited to, our unique delivery platforms, prioritized pipelines already in the clinical stage, and preclinical products with huge market potential.

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. Having consulted with industry consultants and key opinion leaders, and taking into account the latest developments on STP705, we currently expect that, the NDA filing will be made as soon as 2027, subject to the regulatory review by the U.S. FDA and the funding available. Nevertheless, the estimated timeline of the commercialization remains highly uncertain given various factors that are beyond the control of the Group, including but not limited to the results of the clinical trials, discussion with the U.S. FDA on the design and protocol of subsequent trials, the possibility of conducting additional trials as may be requested by the U.S. FDA, and the approval and directions to be made by the U.S. FDA.

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

FINANCIAL REVIEW

	For the six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
Other income	**984**	1,102
Other gains and losses	**(23)**	210
Changes in fair value of financial asset at FVTPL	**(18,108)**	155
Changes in fair value of financial liabilities at FVTPL	**(1,389)**	(441)
Administrative expenses	**(10,160)**	(10,815)
Research and development expenses	**(14,251)**	(30,709)
Other expenses	**(7)**	(150)
Finance costs	**(539)**	(458)
Loss for the period	**(43,493)**	(41,106)

Overview

For the six months ended June 30, 2024, the Group did not generate any revenue from product sales. The Group recorded a loss of US$43.5 million for the six months ended June 30, 2024, as compared with US$41.1 million for the six months ended June 30, 2023.

Substantially all of the Group's net losses resulted from loss on fair value of financial asset at FVTPL, research and development expenses and administrative expenses.

Revenue

For the six months ended June 30, 2024, the Group did not generate any revenue from product sales.

Other Income

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

For the six months ended June 30, 2024, the other income of the Group decreased to US$1.0 million, representing a reduction of US$0.1 million, or 11%, from US$1.1 million for the six months ended June 30, 2023. The decrease was primarily due to decrease in interest income from bank balances from US$0.8 million for the six months ended June 30, 2023 to US$36,000 for the six months ended June 30, 2024, partly compensated by the service income of US$0.7 million for the six months ended June 30, 2024.

Other Gains and Losses

The Group's other gains and losses primarily consist of: (i) gain on termination of leases; (ii) net foreign exchange gains or losses; and (iii) loss on disposal of property, plant and equipment.

The other gains and losses of the Group changed from a gain of US$0.2 million for the six months ended June 30, 2023 to a loss of US$23,000 for the six months ended June 30, 2024. The change was primarily due to: (i) decrease in gain on termination of leases from US$0.2 million for the six months ended June 30, 2023 to US$41,000 for the six months ended June 30, 2024; and (ii) increase in loss on disposal of property, plant and equipment.

Changes in Fair Value of Financial Asset at FVTPL

The Group's changes in fair value of financial asset at FVTPL mainly represent changes in fair value of an investment in a segregated portfolio of the Fund.

The changes in fair value of financial asset at FVTPL of the Group changed from a gain on fair value of financial asset at FVTPL of US$0.2 million for the six months ended June 30, 2023 to a loss on fair value of financial asset at FVTPL of US$18.1 million for the six months ended June 30, 2024. The change was primarily due to the loss on net asset value of the Fund which the Group subscribed for, as a result of the potential default by the issuer of a private debt in which the Fund invested. For further details, please refer to the section headed "Financial Review — Significant Investments" in this announcement.

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, 2024, the loss on changes in fair value of financial liabilities at FVTPL of the Group increased to US$1.4 million, representing a growth of US$1.0 million, or 215%, from US$0.4 million for the six months ended June 30, 2023, primarily due to a higher 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,		
	2024	2023	Changes
	US$000	*US$000*	*%*
Directors' emolument and staff costs	**3,083**	4,607	(33%)
Professional and consultancy fees	**5,440**	3,522	54%
Depreciation of property, plant and equipment and right-of-use assets	**873**	1,109	(21%)
Office expenses	**275**	619	(56%)
Traveling expenses	**124**	267	(54%)
Others	**365**	691	(47%)
Total	**10,160**	10,815	(6%)

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

For the six months ended June 30, 2024, the administrative expenses of the Group decreased to US$10.2 million, representing a reduction of US$0.6 million, or 6%, from US$10.8 million for the six months ended June 30, 2023. The decrease was primarily attributable to the decrease in directors' emolument and staff costs in relation to the Group's administrative staff, depreciation of property, plant and equipment and right-of-use assets, office expenses, traveling expenses and others, partly offset by the increase in professional and consultancy fees.

Research and Development Expenses

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

	For the six months ended June 30,		
	2024	2023	Changes
	US$'000	*US$'000*	*%*
Directors' emolument and staff costs	**5,376**	7,297	(26%)
Clinical trials expenses	**1,449**	4,190	(65%)
Toxicology study expenses	**1,191**	4,956	(76%)
Chemistry, manufacturing and controls expenses	**803**	6,111	(87%)
Materials consumed	**324**	2,274	(86%)
Preclinical test expenses	**122**	2,015	(94%)
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	**2,963**	1,410	110%
Consultancy fee	**1,147**	1,012	13%
Others	**876**	1,444	(39%)
Total	**14,251**	30,709	(54%)

The Group's research and development expenses primarily consist of: (i) directors' emolument and staff costs relating to the research and development staff; (ii) clinical trials expenses, mainly in relation to the engagement of CROs; (iii) toxicology study expenses; (iv) chemistry, manufacturing and controls 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, 2024, the research and development expenses of the Group decreased to US$14.3 million, representing a reduction of US$16.4 million, or 54%, from US$30.7 million for the six months ended June 30, 2023. The decrease was primarily attributable to decrease in the Group's chemistry, manufacturing and controls expenses, clinical trials expenses, toxicology study expenses, materials consumed and preclinical test expenses. Such decreases were in line with the Group's resource allocation strategy. Directors' emolument and staff costs in relation to the Group's research and development activities also decreased due to decrease in salaries and other allowances resulting from the Group's restructuring efforts to optimize its taskforce and salary adjustments for middle to senior-level employees during the six months ended June 30, 2024.

Other Expenses

The Group's other expenses primarily consist of subscription fee of financial asset at FVTPL. Other expenses of the Group 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 represent interest on lease liabilities.

For the six months ended June 30, 2024, interest on lease liabilities of the Group increased by US$0.1 million, or 18%, to US$0.5 million from US$0.4 million for the six months ended June 30, 2023.

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, 2024.

Loss for the Period

The Group's loss for the period increased from US$41.1 million for the six months ended June 30, 2023 to US$43.5 million for the six months ended June 30, 2024. Such increase in loss is primarily attributable to loss on fair value of financial asset at FVTPL for the six months ended June 30, 2024, partly compensated by the decrease in research and development expenses.

Cash flows

	For the six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
Net cash used in operating activities	**(15,365)**	(38,313)
Net cash from/(used in) investing activities	**201**	(5,634)
Net cash used in financing activities	**(696)**	(3,829)
Net decrease in cash and cash equivalents	**(15,860)**	(47,776)
Cash and cash equivalents at January 1	**23,884**	105,229
Effect of foreign exchange rate changes	**(288)**	(154)
Cash and cash equivalents at June 30	**7,736**	57,299

Net cash used in operating activities for the six months ended June 30, 2024 decreased to US$15.4 million, representing a reduction of US$22.9 million, or 60%, from US$38.3 million for the six months ended June 30, 2023. The decrease was primarily due to the Group slowed down its research and development activities on certain insignificant programs.

Cash flows from/used in investing activities changed from net cash used in investing activities of US$5.6 million for the six months ended June 30, 2023 to net cash from investing activities of US$0.2 million for the six months ended June 30, 2024. The change was primarily due to: (i) decrease in purchase of financial asset at FVTPL; and (ii) decrease in purchase and deposits paid for property, plant and equipment.

Net cash used in financing activities for the six months ended June 30, 2024 decreased to US$0.7 million, representing a reduction of US$3.1 million, or 82%, from US$3.8 million for the six months ended June 30, 2023. The decrease was primarily due to decrease in payment for share repurchases, partly offset by the proceeds from bank borrowing.

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, 2024, 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 bank borrowing of US$0.4 million as at June 30, 2024.

As at June 30, 2024, the Group had no unutilized banking facilities.

As at June 30, 2024, the Group's cash and cash equivalents decreased to US$7.7 million from US$23.9 million as at December 31, 2023. The decrease was primarily resulted from the Group's research and development activities, general corporate and administrative activities.

As at June 30, 2024, the current assets of the Group were US$21.6 million, including cash and cash equivalents of US$7.7 million, financial asset at FVTPL of US$1.9 million and prepayments, deposits and other receivables of US$12.0 million. As at June 30, 2024, the current liabilities of the Group were US$44.6 million, including trade and other payables of US$10.7 million, current portion of bank borrowing of US$38,000, contract liability of US$0.7 million, deferred income of US$0.4 million, financial liabilities at FVTPL of US$32.0 million and lease liabilities of US$0.8 million.

As at June 30, 2024, the Group's financial position changed from net assets of US$24.5 million as at December 31, 2023 to net liabilities of US$17.8 million. The change was primarily due to: (i) decrease in financial asset at FVTPL from US$20.0 million as of December 31, 2023 to US$1.9 million as of June 30, 2024; and (ii) decrease in cash and cash equivalents from US$23.9 million as of December 31, 2023 to US$7.7 million as of June 30, 2024.

Key Financial Ratios

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

	As at June 30, 2024	As at December 31, 2023
	%	%
		(Restated)
Current ratio	**48.5**	134.5
Gearing ratio	**(2.4)**	—

Notes:

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

2. Gearing ratio represents bank borrowing divided by total equity as of the same date.

Significant Investments

During the years ended December 31, 2022 and 2023, the Group subscribed for the Segregated Portfolio, a segregated portfolio of the Fund and classified as financial asset at FVTPL, at subscription amounts of US$15 million and US$5 million (exclusive of transaction costs), respectively.

The subscriptions were made for investment purpose to provide the Group with an opportunity to enhance return by utilizing idle cash of the Group, and enabled the Group to participate in the Hong Kong, U.S. and Mainland China securities markets and debt instruments while reducing direct investment risks by leveraging on the professional management of the investment fund and the Investment Manager. For further details, please refer to the announcements of the Company dated December 29, 2022 and January 12, 2023.

As at December 31, 2023, the Group had financial asset at FVTPL of US$20.0 million.

As disclosed in the announcement of the Company dated July 8, 2024, the Directors were informed by the Investment Manager that, due to the potential default by the issuer of a private debt in which the Fund invested, the net asset value of the Fund was expected to incur a substantial adverse change (the "**Matter**"). On July 5, 2024, the Board established an investigation committee (the "**Investigation Committee**") to investigate the Matter.

On July 29, 2024, the Investigation Committee, on behalf of the Company, engaged (i) BF & Co. to act as Hong Kong legal advisor to, including but not limited to, provide legal advice and explore possible causes of actions; and (ii) Alvarez & Marsal Disputes and Investigations Limited to act as an independent investigation consultant to, including but not limited to, conduct an investigation (the "**Investigation**") on the Matter, and report their findings on the Investigation to the Investigation Committee.

On August 15, 2024, the Investment Manager provided the Company with a statement of capital account of the Segregated Portfolio for the quarter ended June 30, 2024 (the "**Statement**"). According to the Statement, the capital account balance as at June 30, 2024 amounted to US$1,935,000. Based on the discussions between the Company and the Investment Manager, the balance represents the cash remaining in the bank account of the Segregated Portfolio.

According to the Group's accounting policy, financial asset at FVTPL is measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. Accordingly, the financial asset at FVTPL as at June 30, 2024 was stated at its net asset value of US$1,935,000 as reported by the Investment Manager, and the Group recorded a loss on fair value of financial asset at FVTPL of US$18,108,000 for the six months ended June 30, 2024.

As at the date of this announcement, the Investigation is on-going. Based on information currently available, it is expected that the first report on the Investigation findings shall be available in September 2024. Such timeframe is indicative only and may or may not be updated depending on the progress and development of the Investigation.

The Company will keep the Shareholders and potential investors informed of any further material developments in connection with the Matter and the Investigation by way of further announcement(s) as and when appropriate and in accordance with the Listing Rules.

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, 2024.

Pledge of Assets

As at June 30, 2024, the Group did not have any pledge of assets.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at June 30, 2024.

Contingent Liabilities

As at June 30, 2024, 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, 2024, the Group had a total of 90 employees. The following table sets forth the total number of employees by function as of June 30, 2024:

	Number of Employees
Management	9
Research	34
Manufacturing	14
Clinical and Regulation	4
General and Administration	29
Total	90

The total remuneration cost incurred by the Group for the six months ended June 30, 2024 was US$8.5 million (including share-based payment expense of US$1.6 million), as compared to US$11.9 million (including share-based payment expense of US$1.8 million) for the six months ended June 30, 2023. The remuneration of the employees of the Group comprises salaries and other allowances, retirement benefit scheme contributions, share-based payment expense as well as performance and discretionary bonus.

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

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

CORPORATE GOVERNANCE

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

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

Code provision C.1.6 stipulates that generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. During the Reporting Period, one independent non-executive Director was unable to attend the annual general meeting of the Company held on June 20, 2024 due to other business commitments. Please refer to the announcement of the Company dated June 20, 2024 for details.

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.

Reference is made to the announcements of the Company dated March 7, 2024 and March 17, 2024 in relation to the incidents of forced sale of the Shares beneficially owned by Dr. Yang Lu and Dr. Xiaochang Dai, respectively. For the Reporting Period, all Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code.

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, 2024:

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, 2023** *(US$ million)*	**Net proceeds utilized during the Reporting Period** *(US$ million)*	**Unutilized net proceeds up to June 30, 2024** *(US$ million)*	**Estimated timeline for utilizing the net proceeds from Global Offering**
To fund the development and commercialization of STP705	57.9%	31.7	24.2	4.9	2.6	By mid of 2025
To fund the development of STP707	15.6%	8.6	8.6	—	—	—
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**	**47.3**	**4.9**	**2.6**	

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 Ms. Monin Ung. 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, 2024 and the accounting principles and policies adopted by the Group. These interim results have not been reviewed by the external auditor of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the Reporting Period. As of June 30, 2024, the Company did not hold any treasury Shares.

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no important events affecting the Company have occurred since June 30, 2024 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT 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 of the Company for the six months ended June 30, 2024 containing all the information in accordance with the requirements under the Listing Rules will be dispatched (if necessary) to the Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	NOTES	For the six months ended June 30,	
		2024	2023
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
Other income	*5*	**984**	1,102
Other gains and losses	*6*	**(23)**	210
Changes in fair value of financial asset at FVTPL		**(18,108)**	155
Changes in fair value of financial liabilities at FVTPL		**(1,389)**	(441)
Administrative expenses		**(10,160)**	(10,815)
Research and development expenses		**(14,251)**	(30,709)
Other expenses	*7*	**(7)**	(150)
Finance costs	*8*	**(539)**	(458)
Loss before tax		**(43,493)**	(41,106)
Income tax expense	*9*	**—**	—
Loss for the period	*10*	**(43,493)**	(41,106)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(394)**	(468)
Other comprehensive expense for the period		**(394)**	(468)
Total comprehensive expense for the period		**(43,887)**	(41,574)
Loss for the period attributable to:			
Owners of the Company		**(41,065)**	(37,959)
Non-controlling interests		**(2,428)**	(3,147)
		(43,493)	(41,106)

	NOTES	For the six months ended June 30,	
		2024	2023
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(41,455)**	(38,408)
Non-controlling interests		**(2,432)**	(3,166)
		(43,887)	(41,574)
Loss per share	*12*		
— Basic and diluted *(US$)*		**(0.54)**	(0.50)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2024

	NOTES	**As at June 30, 2024** ***US$'000*** **(Unaudited)**	As at December 31, 2023 *US$'000* (Audited) (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**10,284**	13,528
Right-of-use assets		**1,324**	1,956
Intangible assets		**777**	823
Deposits		**525**	762
		12,910	17,069
CURRENT ASSETS			
Financial asset at FVTPL	*13*	**1,935**	20,043
Prepayments, deposits and other receivables		**11,986**	14,791
Cash and cash equivalents		**7,736**	23,884
		21,657	58,718
CURRENT LIABILITIES			
Trade and other payables	*14*	**10,635**	10,866
Bank borrowing		**38**	—
Contract liability		**702**	706
Deferred income		**383**	262
Financial liabilities at FVTPL		**32,040**	30,651
Lease liabilities		**831**	1,179
		44,629	43,664
NET CURRENT (LIABILITIES)/ASSETS		**(22,972)**	15,054
TOTAL ASSETS LESS CURRENT LIABILITIES		**(10,062)**	32,123

	NOTES	**As at June 30, 2024** ***US$'000*** **(Unaudited)**	As at December 31, 2023 *US$'000* (Audited) (Restated)
NON-CURRENT LIABILITIES			
Bank borrowing		**383**	—
Lease liabilities		**7,384**	7,666
		7,767	7,666
NET (LIABILITIES)/ASSETS		**(17,829)**	24,457
CAPITAL AND RESERVES			
Share capital	*15*	**88**	88
Reserves		**156**	40,108
Equity attributable to owners of the Company		**244**	40,196
Non-controlling interests		**(18,073)**	(15,739)
TOTAL (DEFICIT)/EQUITY		**(17,829)**	24,457

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	For the six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(15,365)**	(38,313)
Net cash from/(used in) investing activities	**201**	(5,634)
Net cash used in financing activities	**(696)**	(3,829)
Net decrease in cash and cash equivalents	**(15,860)**	(47,776)
Cash and cash equivalents at January 1	**23,884**	105,229
Effect of foreign exchange rate changes	**(288)**	(154)
Cash and cash equivalents at June 30, represented by bank balances and cash	**7,736**	57,299

NOTES

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 address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") *Interim Financial Reporting* issued by IASB as well as the applicable disclosure requirements of Appendix D2 to the Listing Rules.

The Group engages in developing and commercializing of RNAi technology and multiple therapeutics with certain drug candidates in different preclinical and clinical stages. The Group incurred a net loss of US$43,493,000 and a net operating cash outflow of US$15,365,000 for the six months ended June 30, 2024, and as of that date, the Group had cash and cash equivalents of US$7,736,000, net current liabilities of US$22,972,000 and net liabilities of US$17,829,000. The Group's ability to continue as a going concern is highly dependent on its ability to maintain minimal cash outflows from operations and sufficient financing resources to meet its financial obligations as and when they fall due. The Group is actively improving the liquidity and cashflow by implementing different plans and measures, including, but not limited to, the followings:

(i) The Group is pursuing external funding through equity and debt financing to replenish the cash balance.

(ii) The Group is exploring business development opportunities on our pipeline assets.

(iii) The Group has implemented restructuring initiatives to streamline the organizational structure, enhance operational efficiency, and align its resources more effectively with the Group's strategic objectives. For the coming period, the Group will continue its efforts on cost saving from the operating activities.

(iv) The Group strives to recover the potential loss in relation to the Fund (as disclosed in the announcement of the Company dated July 8, 2024). For further details about the Fund, please refer to note 13.

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

The directors of the Company performed an assessment of the Group's future liquidity and cash flows, which included preparing a cashflow projection for the Group covering a period of 18 months till December 31, 2025 and a review of assumptions about the likelihood of success of the plans and measures being implemented to meet the Group's financing needs. When preparing the condensed consolidated financial statements for the six months ended June 30, 2024, the directors, based on their assessment, are of the opinion that the above plans and measures are able to be implemented successfully, so that the Group has sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due at least twelve months from the date of approval of the condensed consolidated financial statements. Accordingly, the condensed consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

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

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

3. 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 IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2023.

Application of amendments to IFRSs

In the current reporting period, the Group has applied the following amendments to IFRSs, IASs, and interpretations issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the 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.

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

3.1.1 Accounting policies

When determining the classification of preferred shares as current or non-current, the Group considers both the redemption through cash settlement and the transfer of equity instruments as a result of exercise of conversion options by the holders of preferred shares.

3.1.2 Transition and summary of effects

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 amendments retrospectively;

(ii) the Group's outstanding preferred shares which include counterparty conversion options that do not meet equity instruments classification by applying IAS 32. In addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitutes settlement of the convertible instruments. Given that the conversion options are exercisable anytime at the holders' discretions, the preferred shares designated as financial liabilities at FVTPL as at January 1, 2023 and December 31, 2023 are reclassified to current liabilities as the holders have the option to convert within twelve months after the reporting period.

Except as described above, the application of the 2020 Amendments and 2022 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or loss per share for the six months ended June 30, 2024 and 2023. The details of the impacts on each financial statement line item on the condensed consolidated statement of financial position arising from the application of the amendments are set out below. Comparative figures have been restated.

The effects of the changes in accounting policy as a result of application of the 2020 Amendments and 2022 Amendments on the condensed consolidated statement of financial position as at the end of the reporting period (i.e. June 30, 2024), immediately preceding year (i.e. December 31, 2023) and beginning of the comparative period (i.e. January 1, 2023), are as follows:

	As at June 30, 2024		
	As reported *US$'000*	**Reclassification** *US$'000*	**Without the application of the 2020 Amendments and 2022 Amendments** *US$'000*
Current liabilities			
Financial liabilities at FVTPL	**32,040**	**(32,040)**	**—**
Non-current liabilities			
Financial liabilities at FVTPL	**—**	**32,040**	**32,040**
Total effect on net liabilities	**—**	**—**	**—**

	As at December 31, 2023		
	Originally stated *US$'000*	Reclassification *US$'000*	Restated *US$'000*
Current liabilities			
Financial liabilities at FVTPL	—	30,651	30,651
Non-current liabilities			
Financial liabilities at FVTPL	30,651	(30,651)	—
Total effect on net assets	—	—	—

	As at January 1, 2023		
	Originally stated	Reclassification	Restated
	US$'000	*US$'000*	*US$'000*
Current liabilities			
Financial liabilities at FVTPL	—	29,139	29,139
Non-current liabilities			
Financial liabilities at FVTPL	29,139	(29,139)	—
Total effect on net assets	—	—	—

4. 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 U.S. and the mainland of the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets excluding financial instruments	
	As at June 30, 2024	As at December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	(Audited)
The U.S.	**8,044**	10,018
The PRC	**4,239**	6,202
Hong Kong	**102**	144
	12,385	16,364

5. OTHER INCOME

	For the six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**227**	229
Interest income from bank balances	**36**	810
Service income	**683**	—
Others	**38**	63
	984	1,102

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.

6. OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net foreign exchange (losses) gains	**(1)**	47
Loss on disposal of property, plant and equipment	**(63)**	(13)
Gain on termination of leases	**41**	161
Changes in fair value of structured deposits	**—**	15
	(23)	210

7. OTHER EXPENSES

	For the six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Subscription fee of financial asset at FVTPL	**—**	150
Others	**7**	—
	7	150

8. FINANCE COSTS

	For the six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**539**	458

9. INCOME TAX EXPENSE

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

Hong Kong Profits Tax of HK Sirnaomics is calculated at 8.25% on the first 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, 2023: 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.

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

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

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

10. LOSS FOR THE PERIOD

	For the six months ended June 30,	
	2024	2023
	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	**3,565**	17,272
Amortization of intangible assets	**42**	43
Depreciation of property, plant and equipment	**3,173**	1,780
Depreciation of right-of-use assets	**621**	696
	3,836	2,519
Analyzed as:		
— charged in administrative expenses	**873**	1,109
— charged in research and development expenses	**2,963**	1,410
	3,836	2,519
Staff costs (including directors' remuneration)		
— Salaries and other allowances	**6,402**	9,343
— Retirement benefit scheme contributions	**458**	735
— Share-based payment expense	**1,599**	1,821
— Performance and discretionary bonus *(Note)*	**—**	5
	8,459	11,904
Analyzed as:		
— charged in administrative expenses	**3,083**	4,607
— charged in research and development expenses	**5,376**	7,297
	8,459	11,904

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

11. DIVIDEND

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

12. LOSS PER SHARE

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

	For the six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted per share *(US$'000)*	**(41,065)**	(37,959)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**76,018,628**	76,268,032

The weighted average number of ordinary shares for the purpose of basic loss per share shown above for the periods ended June 30, 2024 and 2023 has been arrived at after deducting the shares held by the trustee of the shares held for share option scheme and share award scheme of the Company and treasury shares held by the Company. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2024 and 2023, the different series of preferred shares issued by RNAimmune and the share options issued by the Company, RNAimmune and EDIRNA outstanding were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive.

13. FINANCIAL ASSET AT FVTPL

During the year ended December 31, 2022, HK Sirnaomics, a wholly owned subsidiary of the Company, subscribed for Class B Segregated Portfolio Shares of the Fund at a total subscription amount of US$15,000,000. During the year ended December 31, 2023, HK Sirnaomics further subscribed for the Segregated Portfolio Shares of the Fund at a subscription amount of US$5,000,000. 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, secondary market stocks and debt instruments in countries including but not limited to, Hong Kong, the U.S. and the PRC.

The fair value of this investment fund was determined by adopting the 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.

As disclosed in the announcement of the Company dated July 8, 2024, the directors of the Company were informed by the Investment Manager that, due to the potential default by the issuer of a private debt in which the Fund invested, the net asset value of the Fund was expected to incur a substantial adverse change (the "**Matter**"). On July 8, 2024, the Board established an investigation committee (the "**Investigation Committee**") to investigate the Matter..

On July 29, 2024, the Investigation Committee, on behalf of the Company, engaged (i) BF & Co. to act as Hong Kong legal advisor to, including but not limited to, provide legal advice and explore possible causes of actions; and (ii) Alvarez & Marsal Disputes and Investigations Limited to act as an independent investigation consultant to, including but not limited to, conduct an investigation (the "**Investigation**") on the Matter, and report their findings on the Investigation to the Investigation Committee.

On August 15, 2024, the Investment Manager provided HK Sirnaomics with a statement of capital account of the Segregated Portfolio for the quarter ended June 30, 2024 (the "**Statement**"). According to the Statement, the capital account balance as at June 30, 2024 amounted to US$1,935,000. Based on the discussions between HK Sirnaomics and the Investment Manager, the balance represents the cash remaining in the bank account of the Segregated Portfolio.

According to the Group's accounting policy, financial asset at FVTPL is measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. Accordingly, the financial asset at FVTPL as at June 30, 2024 was stated at its net asset value of US$1,935,000 as reported by the Investment Manager, and the Group recorded a loss on fair value of financial asset at FVTPL of US$18,108,000 for the six months ended June 30, 2024.

As at the date of this announcement, the Investigation is on-going. Based on information currently available, it is expected that the first report on the Investigation findings shall be available in September 2024. Such timeframe is indicative only and may or may not be updated depending on the progress and development of the Investigation.

	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
At January 1, 2024 (audited)	20,043
Unrealized changes in fair value	(18,108)
At June 30, 2024 (unaudited)	1,935

14. TRADE AND OTHER PAYABLES

	As at June 30, 2024 *US$'000* (Unaudited)	As at December 31, 2023 *US$'000* (Audited)
Trade payables	**3,520**	3,868
Accruals for outsourcing research and development fees	**4,017**	3,611
Accruals for other operating expenses	**2,324**	2,459
Accruals for staff costs	**683**	864
Payables for acquisition of property, plant and equipment	**91**	64
	7,115	6,998
	10,635	10,866

The credit period on purchase of materials or receiving services for research and development activities is usually within 90 days (2023: 90 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, 2024 *US$'000* (Unaudited)	As at December 31, 2023 *US$'000* (Audited)
0 to 30 days	**59**	1,655
31 to 60 days	**57**	470
61 to 90 days	**633**	675
Over 90 days	**2,771**	1,068
	3,520	3,868

15. 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		
At January 1, 2023 (audited), June 30, 2023 (unaudited), January 1, 2024 (audited) and June 30, 2024 (unaudited)	230,000,000	230,000

	Number of shares	Share capital *US$*
Issued and fully paid		
At January 1, 2023 (audited)	87,967,680	87,967
Issuance of ordinary shares held on trust *(Note (i))*	822,750	823
Shares repurchased and cancelled *(Note (ii))*	(245,600)	(245)
At June 30, 2023 (unaudited)	88,544,830	88,545
At January 1, 2024 (audited) and June 30, 2024 (unaudited)	87,638,480	87,638

Notes:

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

(ii) 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	Lowest	
		HK$	*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 cancelled on August 9, 2023.

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	*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

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

On August 1, 2024, the Board approved, and US Sirnaomics, a wholly owned subsidiary of the Company, signed, the Patent Assignment and License Agreement with Sagesse Bio in relation to, among others, (i) assigning US Sirnaomics' interest in the Assigned Patents to Sagesse Bio; (ii) granting to Sagesse Bio an exclusive, worldwide right and license under the Licensed Patents of US Sirnaomics in the Field of Use; and (iii) disclosing the Know-How of US Sirnaomics to Sagesse Bio. In consideration of the aforementioned assignments and licenses, (i) Sagesse Bio and US Sirnaomics shall enter into the Subscription Arrangements; and (ii) Sagesse Bio shall pay to US Sirnaomics milestone payments of up to US$33 million upon fulfilment of certain conditions.

On August 1, 2024, as part of the consideration under the Patent Assignment and License Agreement, the Board approved, and US Sirnaomics signed the Subscription Arrangements, comprising (i) the Subscription Agreement with Sagesse Bio, and (ii) the Stockholder Agreement with Sagesse Bio and Other Sagesse Stockholders, pursuant to which Sagesse Bio shall issue to US Sirnaomics 2,400,000 Non-voting Shares of Sagesse Bio, constituting a 60% majority of the issued and outstanding share capital of Sagesse Bio after subscription of shares in Sagesse Bio by the relevant parties, which shall be 4,000,000 shares of US$0.00001 par value per share and beneficially owned as to 60%, 20% and 20% by US Sirnaomics, Gore Range (through Gore Range Fund) and Other Sagesse Stockholders, respectively.

The signature pages to the Patent Assignment and License Agreement, Subscription Agreement and the Stockholder Agreement, undated and signed by all the parties thereto, shall be held in escrow by US Sirnaomics and Sagesse Bio and their respective legal counsels, and shall be dated, released and effective upon delivery by US Sirnaomics to Sagesse Bio of evidence reasonably satisfactory to Sagesse Bio of the approval, by an extraordinary general meeting of the Company, of the Patent Assignment and License Agreement, the Subscription Arrangements and the Transactions. If evidence of such approval is not delivered to Sagesse Bio on or before the Outside Date, the Patent Assignment and License Agreement shall be void *ab initio* and has no force or effect.

For details, please refer to the announcement of the Company dated August 1, 2024.

DEFINITIONS

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

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

"Gore Range"	Gore Range Capital LLC, a limited liability company formed under the laws of Delaware, U.S. on July 16, 2015, an Independent Third Party and one of the co-founders of Sagesse Bio (through Gore Range Capital Fund II LLC as a direct shareholder thereof)
"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
"HK Sirnaomics"	Sirnaomics (Hong Kong) Limited (聖諾(香港)有限公司) a company incorporated under the laws of Hong Kong on March 8, 2019 with limited liability, an indirect wholly-owned subsidiary of the Company
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IASB"	International Accounting Standards Board
"IASs"	International Accounting Standards
"IFRSs"	International Financial Reporting Standards
"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

"Investment Manager"	TradArt Asset Management Co., Limited, a company incorporated under the laws of Hong Kong on July 14, 2021 with limited liability, licensed for Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"IP"	intellectual property
"Listing"	the listing of the Shares on the Main Board by way of the Global Offering
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Pre-IPO Equity Incentive Plan"	the pre-IPO equity incentive plan adopted by the Company on January 21, 2021
"Prospectus"	the prospectus of the Company dated December 20, 2021, issued in connection with the Hong Kong Public Offering
"R&D"	research and development
"Reporting Period"	for the six months ended June 30, 2024
"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(s)"	the restricted share unit(s) granted and/or conditionally granted (as the case may be) under the RSU Scheme

"Sagesse Bio"	Sagesse Bio, Inc., a corporation incorporated under the laws of Delaware, U.S. on July 17, 2024
"Segregated Portfolio"	SP1 of TradArt Flagship Investment SPC, a segregated portfolio of the Fund
"Segregated Portfolio Shares"	non-voting, participating, non-redeemable shares of par value US$0.001 each in the capital of the Fund issued through the account of the Segregated Portfolio
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.001 each
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on June 28, 2022
"Suzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd. (聖諾生物醫藥技術(蘇州)有限公司), a company established under the laws of the PRC on March 10, 2008 with limited liability, an indirect wholly owned subsidiary of the Company
"United States", "U.S." or "US"	the United States of America
"US$"	U.S. dollars, the lawful currency of the United States of America
"US Sirnaomics"	Sirnaomics, Inc. a company incorporated under the laws of Delaware, U.S. on February 12, 2007, a wholly-owned subsidiary of the Company
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

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

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

"COX-2"	cyclooxygenase-2, a membrane-bound, short-living, and rate-limiting enzyme
"CRO"	contract research organization, a pharmaceutical company that conducts research for other pharmaceutical companies on a contractual basis
"delivery platform"	the platform used for the delivery of drugs to target sites of pharmacological actions
"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
"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
"in vitro"	Latin for "within the glass", studies using components of an organism that has been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules

"in vivo"	Latin for "within the living", studies in vivo are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done in vitro
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application
"isSCC"	squamous cell carcinoma in situ
"LNP"	lipid nanoparticles are spherical vesicles made of ionizable lipids, which are positively charged at low pH (enabling RNA complexation) and neutral at physiological pH (reducing potential toxic effects, as compared with positively charged lipids, such as liposomes)
"mRNA"	messenger RNA, a large family of RNA molecules that are complimentary to DNA molecules and convey genetic information from the DNA to be translated by ribosomes into proteins
"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
"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
"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
"RNA"	Ribonucleic acid, a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes
"RNAi"	RNA interference, a biological process in which RNA molecules are involved in sequence-specific suppression of gene expression by double-stranded RNA, through translation or transcriptional repression
"SAE"	serious AE, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"SCC"	squamous cell carcinoma, an uncontrolled growth of abnormal cells arising from the squamous cells in the epidermis, the skins outermost layer
"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

"T-cell"	A type of white blood cell that is of key importance to the immune system and is at the core of adaptive immunity, the system that tailors the body's immune response to specific pathogens
"TGF-ß1"	transforming growth factor beta 1 or TGF-ß1, a polypeptide member of the transforming growth factor beta superfamily of cytokines, which activates Smad and non-Smad signaling pathways

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

Hong Kong, August 30, 2024

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