You should read the following discussion and analysis together with our audited consolidated financial information, including the notes thereto, included in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

OVERVIEW

We are an RNA therapeutics biopharmaceutical company with product candidates in preclinical and clinical stages that focuses on the discovery and development of innovative drugs for indications with medical needs and large market opportunities. We were founded in 2007 with the establishment of US Sirnaomics and currently have a presence in both China and the U.S., with research and development centers in both countries.

Our mission is to become a fully-integrated international biopharmaceutical company, leveraging our deep experience in RNA therapeutics and novel delivery platform technologies to rapidly discover, develop and, if approved, commercialize a portfolio of transformative therapeutics and vaccines for patients suffering from a wide range of both rare and large market diseases. As of the Latest Practicable Date, we had evaluated the safety and efficacy profile of STP705 in the completed Phase I/II clinical trial for isSCC and are conducting five ongoing trials covering various indications. In addition, as of the Latest Practicable Date, we were evaluating five of our innovative product candidates in IND-enabling preclinical studies and are evaluating more than nine of our product candidates in earlier stage studies.

We have not generated any revenue from product sales. In 2019, 2020 and the nine months ended September 30, 2021, we recorded a total net loss of US$17.1 million, US$46.4 million and US$50.0 million, respectively. Substantially all of our net losses resulted from research and development expenses, changes in fair value of financial liabilities at fair value through profit or loss and administrative expenses.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

Our historical financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

We have consistently applied the accounting policies which conform with the IFRSs, which are effective for the accounting period beginning on January 1, 2021, throughout the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

General Factors

Our business and operating results are affected by general factors affecting the global and China biopharmaceutical market, which include:

- relevant laws and regulations, governmental policies and initiatives affecting the global and China biopharmaceutical market;
- growth and competition environment of the global and China biopharmaceutical market; and
- political, economic and social instability of different local markets.

Company Specific Factors

While our business is affected by the foregoing general factors, our results of operations are also affected by company specific factors, including the following:

Our Ability to Successfully Develop and Commercialize our Drug Candidates

Our business and results of operations depend on the successful development and commercialization of our drug candidates. As of the Latest Practicable Date, we had evaluated the safety and efficacy profile of STP705 in the completed Phase I/II clinical trial for isSCC and are conducting five ongoing trials covering various indications. In addition, as of the Latest Practicable Date, we were evaluating five of our innovative product candidates in IND-enabling preclinical studies and are evaluating more than nine of our product candidates in earlier stage studies. See "Business – Our Drug Candidates" and "Business – Preclinical Drug Candidates." Whether our drug candidates can demonstrate favorable safety and efficacy clinical trial results, whether we can successfully complete clinical development and whether we can obtain the requisite regulatory approvals for our drug candidates, are crucial to our business and results of operations. In addition, once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and sales of our commercialized drugs, which could be affected by: (i) the level of government spending on healthcare and the coverage of our drugs under government medical insurance schemes; (ii) our potential sales channels through our partners and in-house personnel; (iii) our pricing policies; and (iv) our production capacity to meet the commercial demand.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses.

The discovery and development of drugs requires a significant investment of resources over a prolonged period of time, and we intend to continue making sustained investments in this area. We have devoted significant resources to research and development activities, and our pipeline of drug candidates has been steadily advancing and expanding. We had research and development expenses of US$10.2 million, US$14.9 million and US$22.0 million in 2019, 2020 and the nine months ended September 30, 2021, respectively, accounting for 67.6%, 73.4% and 71.9%, respectively, of our total expenses in the same periods. We had research and development expenses of US$6.0 million, US$9.2 million and US$8.1 million attributable to our core product STP705 in 2019, 2020 and the nine months ended September 30, 2021, respectively. Our research and development expenses primarily consist of: (i) directors' emolument and staff costs; (ii) chemistry, manufacturing and controls expenses; (iii) clinical trials expenses; and (iv) preclinical test expenses. See "– Description of Major Components of Our Results of Operations – Research and Development Expenses." Our research and development expenses are affected by factors such as: (i) the expansion of our product pipeline as well as potential indications; (ii) the complexity of the requirements for conducting clinical trials of the drug candidates; (iii) the number of patients required for clinical trials; (iv) the location of the clinical trials (for example, whether the clinical trials are conducted in China or in the U.S.); (v) our preclinical efforts; (vi) the number of our research and development staff; and (vii) any additional requirements imposed by competent regulatory authorities in relation to our preclinical and clinical trials. See "Risk Factors – Risks Relating to the Research and Development of Our Drug Candidates." We intend to continue to advance the development of our drug candidates, and research and development expenses are therefore expected to continue to be a major component of our operating expenses.

We had administrative expenses of US$4.7 million, US$5.2 million and US$8.4 million in 2019, 2020 and the nine months ended September 30, 2021, respectively. Our administrative expenses primarily consist of: (i) directors' emolument and staff costs; and (ii) professional and consultancy fees. See "– Description of Major Components of Our Results of Operations – Administrative Expenses."

We expect to incur significant expenses and net losses for at least the next several years as we further our preclinical and clinical research and development efforts, continue the clinical development of and seek regulatory approval for our drug candidates, launch commercialization of our pipeline products, and recruit new personnel necessary to operate our business. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, regulatory approval timelines and commercialization of our drug candidates after approval. Subsequent to the Listing, we expect to incur costs associated with operating as a public company.

Funding for Our Operation

During the Track Record Period, we primarily funded our working capital requirements through private equity financing. Going forward, we expect to fund our operations in part with revenue generated from sales of our drug products in the event of any successful commercialization, as well as royalties and milestone payments from any collaboration and licensing arrangements. With the continuing expansion of our business, we may require further funding through public or private offerings, debt financing or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our historical financial information. For details of significant accounting policies and critical accounting judgments and key sources of estimation uncertainties involved in the preparation of historical financial information of our Group, see Notes 4 and 5 of Appendix I to this prospectus.

Significant Accounting Policies

Intangible Assets Acquired Separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment on Property and Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, we review the carrying amounts of our property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amounts of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate the recoverable amount of the cash-generating unit to which the asset belongs. See Note 4 of Appendix I to this prospectus.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

For the details of the classification of financial assets and financial liabilities, see Note 4 of Appendix I to this prospectus.

Critical Accounting Judgments and Key Sources of Estimation Uncertainties

Research and Development Expenditures

Development expenses incurred on our product pipelines are capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible assets so that they will be available for use or sale, our intention to complete and our ability to use or sell the assets, how the assets will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during development. Development expenses which do not meet these criteria are expensed when incurred. Our management assesses the progress of each of the research and development projects. During the Track Record Period, all the development costs were expensed when incurred. See Note 5 of Appendix I to this prospectus.

Fair Value of Financial Liabilities at Fair Value through Profit or Loss

We have issued a series of preferred shares, SAFE and convertible loans and Series C and Series D warrants over a subsidiary's registered capital to a group of investors prior to and during the Track Record Period as set out in Note 25 of Appendix I to this prospectus. We recognized these financial instruments as financial liabilities at fair value through profit or loss in which no quoted prices in an active market exist. The fair value of the financial instruments is established by using valuation techniques, which include the back-solve method and equity allocation based on the Black-Scholes Option Pricing Model involving various parameters and inputs. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. For details, see Note 5 of Appendix I to this prospectus.

Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, we take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value, we use market-observable data of the extent it is available. Where Level 1 inputs are not available, we determine the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model. Some of our financial assets and financial liabilities are measured at fair value at the end of each reporting period. See Note 32 of Appendix I to this prospectus for more information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). There were no transfers out of Level 3 during the Track Record Period.

In respect of the valuation of the level 3 financial liabilities at fair value, our Directors have (i) reviewed the terms of relevant agreements; (ii) engaged independent qualified professional valuer (the "Independent Valuer"), provided necessary financial and non-financial information to enable the Independent Valuer to perform valuation procedures and discussed with the Independent Valuer on relevant assumptions; (iii) carefully considered all information which may require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the Independent Valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the Independent Valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

In relation to the valuation of the level 3 financial assets at fair value through profit or loss as of December 31, 2019, our Directors have measured with reference to the amount stated in the bank statement as the management considers that the carrying amounts approximate to the fair value.

The Reporting Accountants' opinion on the historical financial information, as a whole, of the Group for the Track Record Period is set out on Appendix I to this prospectus.

In relation to the fair value assessment of the financial liabilities and assets requiring level 3 measurements under the fair value classification, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) obtaining and reviewing the terms of the relevant agreements and documents regarding the financial liabilities and assets; (ii) considering the qualification, independence and credentials of the Independent Valuer; (iii) obtaining and reviewing the valuation reports prepared by the Independent Valuer in respect of the level 3 financial liabilities; (iv) discussing with the Independent Valuer regarding the assumptions, valuation techniques and methodologies applied to determine the valuation; (v) discussing with the Company to understand its preparation of the underlying information used in the valuation of the level 3 financial liabilities and assets of the Group and the Company's views on the fairness and reasonableness of the assumptions, basis and approaches of the valuation so conducted; (vi) discussing with the reporting accountants in respect of audit procedures conducted regarding the valuation in accordance with International Standards on Auditing and discussing with the reporting accountant about the relevant accounting treatments; and (vii) reviewing the relevant notes in the Accountants' Report as contained in Appendix I to this prospectus and the reporting accountants' opinion on the historical financial information as a whole for the Track Record Period. Based upon the due diligence work conducted by the Sole Sponsor as stated above, and having considered the view of the Directors and the reporting accountants, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation performed by the Independent Valuer and the Company.

Nothing has come to our Directors' or the Sole Sponsor's attention that causes them to consider the valuation as not reasonable pursuant to the principals set out in the SFC's "Guidance note on directors' duties in the context of valuations in corporate transactions" or applicable accounting standards.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

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

Other Income

Our other income primarily consists of: (i) government grants, primarily representing cash incentives to support our research and development in the PRC, as well as the waiver of a governmental loan repayment in the U.S. as a result of the COVID-19 pandemic; (ii) interest income from restricted bank balances and bank balances; and (iii) consultancy income, which we generated mainly from providing research and development consultancy services.

The following table sets out a breakdown of our other income for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000* *(unaudited)*	*%*	*US$'000*	*%*
Government grants	194	44.1	527	68.4	30	14.6	18	8.8
Interest income from restricted bank balances and bank balances	97	22.0	80	10.3	24	11.7	137	66.8
Consultancy income	88	20.0	121	15.7	121	58.7	14	6.8
Others	61	13.9	43	5.6	31	15.0	36	17.6
Total	**440**	**100.0**	**771**	**100.0**	**206**	**100.0**	**205**	**100.0**

Other Gains and Losses

Our other gains and losses primarily consist of: (i) changes in fair value of structured deposits, see "– Discussion of Key Items of Consolidated Statements of Financial Position – Current Assets and Liabilities – Structured Deposits"; and (ii) net foreign exchange gains or losses.

The following table sets out a breakdown of our other gains and losses for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Net foreign exchange gains (losses)	6	(136)	(38)	(492)
Gain on disposal of property and equipment	–	–	–	3
Changes in fair value of structured deposits	362	391	156	312
Total	**368**	**255**	**118**	**(177)**

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

We had changes in the fair value of financial liabilities at fair value through profit or loss of US$2.6 million and US$17.6 million in 2019 and 2020, respectively, and US$19.8 million and US$13.1 million in the nine months ended September 30, 2020 and 2021, respectively. Our changes in fair value of financial liabilities at fair value through profit or loss mainly represent changes in fair value of: (i) preferred shares; (ii) Series C Warrants; (iii) convertible loans issued by Suzhou Sirnaomics to Series D Investors; (iv) SAFE that RNAimmune issued to non-controlling shareholders of RNAimmune in August and September 2020; and (v) series seed preferred shares of RNAimmune. See "– Discussion of Key Items of Consolidated Statements of Financial Position – Current Assets and Liabilities – Current Financial Liabilities at Fair Value through Profit or Loss" and "– Discussion of Key Items of Consolidated Statements of Financial Position – Non-current Assets and Liabilities – Non-current Financial Liabilities at Fair Value through Profit or Loss."

Administrative Expenses

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

The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000* *(unaudited)*	*%*	*US$'000*	*%*
Directors' emolument and staff costs	1,257	26.9	1,931	37.5	1,354	37.0	2,999	35.7
Professional and consultancy fees	1,608	34.5	1,738	33.7	1,262	34.5	3,671	43.6
Traveling expenses	644	13.8	275	5.3	168	4.6	265	3.2
Other office expenses	272	5.8	417	8.1	240	6.5	463	5.5
Depreciation of property and equipment and right-of-use assets	194	4.2	224	4.3	198	5.4	228	2.7
Marketing and business development	212	4.5	73	1.4	35	1.0	129	1.5
Insurance	12	0.3	60	1.2	37	1.0	146	1.7
Sponsorship and charitable contributions	183	3.9	–	0.0	–	0.0	165	2.0
Others	285	6.1	439	8.5	367	10.0	346	4.1
Total	**4,667**	**100.0**	**5,157**	**100.0**	**3,661**	**100.0**	**8,412**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of: (i) directors' emolument and staff costs relating to our research and development staff; (ii) chemistry, manufacturing and controls expenses; (iii) clinical trials expenses, mainly in relation to our engagement of CROs, see "Business – Research and Development – Engagement of Third Parties in Research and Development;" and (iv) preclinical test expenses, mainly in relation to our engagement of preclinical CROs.

The following table sets out a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2019		2020		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
					(unaudited)			
Directors' emolument and staff costs	3,918	38.3	4,419	29.7	2,839	28.9	6,177	28.1
Chemistry, manufacturing and controls expenses	1,689	16.5	4,148	27.9	3,525	35.9	4,502	20.4
Materials consumed	737	7.2	933	6.3	562	5.7	2,192	9.9
Clinical trials expenses	975	9.5	1,266	8.5	785	8.0	2,947	13.4
Preclinical test expenses	949	9.3	1,962	13.2	551	5.6	3,588	16.3
Consultancy fee	862	8.4	1,115	7.5	789	8.1	1,166	5.3
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	630	6.2	819	5.4	587	6.0	790	3.6
Others	453	4.6	232	1.5	176	1.8	652	3.0
Total	**10,213**	**100.0**	**14,894**	**100.0**	**9,814**	**100.0**	**22,014**	**100.0**

Other Expenses

Our other expenses primarily consist of: (i) loss on termination of a collaboration agreement in 2020, representing our payment to Guangzhou Xiangxue in 2020 upon the termination of our collaboration agreement, see "Business – Collaboration and Licensing Arrangements – Collaboration Agreement with Guangzhou Xiangxue" for further details on the termination of the collaboration agreement with Guangzhou Xiangxue. For the basis of the calculation of the US$7.7 million loss in 2020, see Note 9 of Appendix I to this prospectus; and (ii) issuance costs of financial liabilities at fair value through profit or loss, mainly professional and consultancy fees in relation to the issuance of convertible loans to the Series D Investors, SAFE and Series E Preferred Shares. The following table sets out a breakdown of our other expenses for the periods indicated:

	Year ended December 31,		**Nine months ended September 30,**	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Loss on termination of a collaboration agreement	–	7,679	–	–
Issuance costs of financial liabilities at fair value through profit or loss	–	1,246	11	672
Others	–	18	16	–
Total	**–**	**8,943**	**27**	**672**

Finance Costs

Our finance costs were primarily interests on lease liabilities. The following table sets out a breakdown of our finance costs for the periods indicated:

	Year ended December 31,		**Nine months ended September 30,**	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Interest on bank and other borrowings	–	6	–	35
Interest on lease liabilities	229	243	184	182
Total borrowing costs	229	249	184	217
Less: amount capitalized in the cost of qualifying assets	–	(6)	–	(15)
Total	**229**	**243**	**184**	**202**

Income Tax Expense

Cayman Islands

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

Hong Kong

Hong Kong Profits Tax of Sirnaomics (Hong Kong) Limited is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. No Hong Kong profits tax were provided as we had no assessable profits during the Track Record Period.

U.S.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate was charged at a flat rate of 21% during the Track Record Period. Under the relevant rules of state taxes in Florida, Virginia, California, Massachusetts and Maryland in the U.S., the tax rates charged ranged from 4.458% to 8.84% during the Track Record Period. No U.S. corporate income tax were provided as the group entities had no assessable profits during the Track Record Period.

Mainland China

During the Track Record Period, we had no income tax expense. Generally, our subsidiaries in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except that Guangzhou Sirnaomics benefited from a preferential enterprise income tax rate of 15% in 2017, 2018 and 2019, which qualified as a High and New Technology Enterprise under relevant PRC laws and regulations. The latest approval for Guangzhou Sirnaomics enjoying this tax benefit was obtained in December 2020 for the financial years of 2020, 2021 and 2022.

Pursuant to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC effective from 2018 onwards, our PRC subsidiaries enjoy a super deduction of 175% on qualifying research and development expenditures throughout the Track Record Period. As of December 31, 2019, 2020 and September 30, 2021, we had unused tax losses of approximately US$36.1 million, US$85.2 million and US$113.6 million, respectively, for offsetting against future profits. See Note 11 of Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in the PRC and we are not aware of any outstanding or potential disputes with such tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

Other Income

Our other income remained stable from US$0.2 million in the nine months ended September 30, 2020 to US$0.2 million in the nine months ended September 30, 2021.

Other Gains and Losses

We had other losses of US$0.2 million in the nine months ended September 30, 2021, compared to other gains of US$0.1 million in the nine months ended September 30, 2020, primarily because: (i) we had net foreign exchange losses of US$0.5 million in the nine months ended September 30, 2021, compared to net foreign exchange losses of US$0.04 million in the nine months ended September 30, 2020 due to the fluctuation in the exchange rate between RMB and USD; despite (ii) a higher increase in fair value of structured deposits.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

Our changes in fair value of financial liabilities at fair value through profit or loss decreased by 33.7% from US$19.8 million in the nine months ended September 30, 2020 to US$13.1 million in the nine months ended September 30, 2021. The fair value change in the nine months ended September 30, 2021 is primarily due to the increase in the valuation of our financial liabilities, driven by the increase in the valuation of our company and the issuance of Series E Preferred Shares, during which the incremental rate of the valuation is lower compared with the nine months ended September 30, 2020. See Note 25 of Appendix I to this prospectus.

Administrative Expenses

Our administrative expenses increased significantly by 129.8% from US$3.7 million in the nine months ended September 30, 2020 to US$8.4 million in the nine months ended September 30, 2021, primarily due to increases in: (i) directors' emolument and staff costs in relation to our administrative staff to support business expansion; and (ii) professional and consultancy fee.

Research and Development Expenses

Our research and development expenses increased by 124.3% from US$9.8 million in the nine months ended September 30, 2020 to US$22.0 million in the nine months ended September 30, 2021, mainly due to increases in: (i) directors' emolument and staff costs in relation to our research and development staff; and (ii) clinical trials expenses and preclinical test expenses. Such increases were in line with our continuous research and development efforts to support our steadily advancing and expanding pipeline of drug candidates.

Finance Costs

Our finance costs remained stable in the nine months ended September 30, 2020 and 2021, being US$0.2 million and US$0.2 million, respectively.

Loss for the Period

As a result of the foregoing, our loss for the period increased by 50.9% from US$33.1 million in the nine months ended September 30, 2020 to US$50.0 million in the nine months ended September 30, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Other Income

Our other income increased by 75.2% from US$0.4 million in 2019 to US$0.8 million in 2020, primarily due to an increase in the government grants.

Other Gains and Losses

Our other gains decreased by 30.7% from US$0.4 million in 2019 to US$0.3 million in 2020, primarily because we had net foreign exchange gains in 2019, compared to net foreign exchange losses of US$0.1 million in 2020 as a result of the fluctuation in the exchange rate between RMB and USD.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

Our changes in fair value of financial liabilities at fair value through profit or loss increased significantly from US$2.6 million in 2019 to US$17.6 million in 2020, primarily due to the higher increase in the valuation of our financial liabilities at fair value through profit or loss, mainly in relation to our preferred shares and Series C Warrants, as a result of a higher increase in the valuation of our Company. See Note 25 of Appendix I to this prospectus.

Administrative Expenses

Our administrative expenses increased by 10.5% from US$4.7 million in 2019 to US$5.2 million in 2020, primarily due to increases in directors' emolument and staff costs in relation to our administrative staff to support business expansion.

Research and Development Expenses

Our research and development expenses increased by 45.8% from US$10.2 million in 2019 to US$14.9 million in 2020, mainly due to increases in: (i) chemistry, manufacturing and controls expenses relating to the continuous development of drug candidates; (ii) preclinical test expenses; and (iii) directors' emolument and staff costs relating to our research and development staff. Such increases were in line with our continuous research and development efforts to support our steadily advancing and expanding pipeline of drug candidates.

Other Expenses

We did not have other expenses in 2019. In 2020, we incurred other expenses of US$8.9 million, primarily due to our loss on the termination of a collaboration agreement.

Finance Costs

Our finance costs remained stable in 2019 and 2020, being US$0.2 million and US$0.2 million, respectively.

Loss for the Year

As a result of the foregoing, our loss for the year increased significantly from US$17.1 million in 2019 to US$46.4 million in 2020.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		As of September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Total current assets	21,413	105,137	180,385
Total non-current assets	3,410	5,047	10,491
Total assets	**24,823**	**110,184**	**190,876**
Total current liabilities	2,797	94,099	6,245
Total non-current liabilities	70,978	110,265	324,907
Total liabilities	**73,775**	**204,364**	**331,152**
Net Liabilities	**(48,952)**	**(94,180)**	**(140,276)**

Current Assets and Liabilities

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

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

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

Our net current assets increased significantly from US$11.0 million as of December 31, 2020 to US$174.1 million as of September 30, 2021. Such increase was primarily due to: (i) our increase in current assets mainly in relation to the increase in our prepayments, deposits and other receivables from US$2.0 million as of December 31, 2020 to US$5.9 million as of September 30, 2021; and (ii) our decrease in current liabilities, primarily because we had current financial liabilities at fair value through profit or loss of US$89.0 million as of December 31, 2020 and we did not have such financial liabilities as of September 30, 2021, as the convertible loans issued to Series D Investors were converted into the preferred shares of our Company in the nine months ended September 30, 2021.

Current Prepayments, Deposits and Other Receivables

Our current prepayments, deposits and other receivables primarily represent prepayments to suppliers for research and development services, and such suppliers were mainly CROs. See "Business – Research and Development – Engagement of Third Parties in Research and Development."

The following table sets out a breakdown of our current prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Prepayments to suppliers for research and development services	1,358	1,562	4,520
Deferred issuance costs	–	262	832
Staff advance	20	8	5
Prepayments for legal and other professional services	–	35	137
Other receivables, net of allowance of credit losses	80	87	451
Total	1,458	1,954	5,945

Our current prepayments, deposits and other receivables increased from US$1.5 million as of December 31, 2019 to US$2.0 million as of December 31, 2020 and further increased to US$5.9 million as of September 30, 2021, primarily due to: (i) an increase in prepayments to suppliers for research and development services, which was in line with our continuous research and development efforts; and (ii) an increase in deferred issuance costs, representing deferred costs relating to the Listing.

Structured Deposits

We had structured deposits of US$9.9 million as of December 31, 2019. We did not have structured deposits as of December 31, 2020 and September 30, 2021. We entered into contracts with certain reputable commercial banks for structured deposits with unguaranteed rates of return in 2020. We managed and evaluated the performance of such investments on a fair value basis. See Note 21 of Appendix I to this Prospectus. We did not have any structured deposits as of December 31, 2020 and September 30, 2021, because the structured deposits were fully redeemed in 2020.

We have implemented strict policies of financial product selection, which include the decision-making process and restrictions on the selection and fair value measurement basis. Preservation of capital is the primary objective of our financial product selection policy. Other objectives include fulfillment of our liquidity needs, maximization of our investment performance and fiduciary control of cash and investments. Under the selection policy, we prohibited borrowing for investment purposes or investment in securities with underlying leverage risk or esoteric structures.

Trade and Other Payables

Our trade and other payables primarily consist of: (i) trade payables, relating to our purchase of raw materials, consumables, and services from suppliers; (ii) payables for issuance costs of other financial liabilities at fair value through profit or loss; (iii) accruals for listing expenses and issuance costs; and (iv) advances from our collaboration partner, representing the advances of RMB4.83 million (equivalent to approximately US$0.7 million) from Guangzhou Xiangxue in 2013 under our supplement agreement with them. See "– Discussion of Major Components of Our Results of Operation – Other Expenses."

The following table sets out our trade and other payables as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Trade payables	732	782	1,088
Other payables			
Accruals for other operating expenses	326	563	750
Payables for issuance costs of financial liabilities at fair value through profit or loss	–	1,107	100
Accruals for listing expenses and issuance costs	–	1,025	1,286
Accruals for staff costs	340	386	242
Accruals for research and development expenses	328	764	799
Advances from collaboration partner	691	–	–
Payables for acquisition of property and equipment	12	40	17
Total other payables	1,697	3,885	3,194
Total trade and other payables	**2,429**	**4,667**	**4,282**

Our trade and other payables increased from US$2.4 million as of December 31, 2019 to US$4.7 million as of December 31, 2020, primarily due to: (i) we had payables for issuance costs of financial liabilities at fair value through profit or loss of US$1.1 million in relation to the issuance of convertible loans to the Series D Investors and SAFE as of December 31, 2020, compared to nil as of December 31, 2019; and (ii) we had accruals for listing expenses and issuance costs of US$1.0 million as of December 31, 2020, compared to nil as of December 31, 2019; despite that (iii) we had advances from collaboration partner that was one-off in nature, see "– Descriptions of Major Components of Our Results of Operations –

Other Expenses." Our trade and other payables decreased from US$4.7 million as of December 31, 2020 to US$4.3 million as of September 30, 2021, mainly because the payables for issuance costs of financial liabilities at fair value through profit or loss decreased from US$1.1 million as of December 31, 2020 to US$0.1 million as of September 30, 2021 due to the settlement of such payables.

The following is an aging analysis of trade payables presented based on the invoice date as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
0 to 30 days	427	644	997
31 to 60 days	86	3	2
Over 60 days	219	135	89
Total	**732**	**782**	**1,088**

Current Financial Liabilities at Fair Value through Profit or Loss

We had current financial liabilities at fair value through profit or loss of nil, US$89.0 million and nil as of December 31, 2019 and 2020 and September 30, 2021, respectively. The current financial liabilities at fair value through profit or loss of US$89.0 million as of December 31, 2020 were all convertible loans issued by Suzhou Sirnaomics to the Series D Investors, which were classified as current liabilities as of December 31, 2020 as the holders have the option to convert their convertible loans into the preferred shares of the Company within 12 months from December 31, 2020. Such convertible loans were converted into the Series D Preferred Shares of our Company in the nine months ended September 30, 2021, and all outstanding Series D Preferred Shares would be automatically converted into ordinary shares of the Company upon the Listing. See Note 25(iii) of Appendix I to this prospectus.

The following table sets out the carrying amount of our current financial liabilities at fair value through profit or loss in absolute amounts as of the dates indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Financial liabilities at fair value through profit or loss – Convertible Loans	–	88,989	–

Non-current Assets and Liabilities

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

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

Property and Equipment

Our property and equipment primarily consists of: (i) laboratory equipment; and (ii) assets under construction, relating to Guangzhou's Sirnaomics facility construction. See "Business – Manufacturing and Quality Control – Our Manufacturing Facilities."

The following table sets out the carrying amount of property and equipment in absolute amounts and as percentages as of the dates indicated:

	As of December 31,				As of September 30,	
	2019		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Laboratory equipment	1,074	80.0	1,045	35.7	2,142	43.4
Assets under construction	–	0.0	1,675	57.1	2,337	47.4
Leasehold improvement	90	6.7	42	1.4	71	1.4
Furniture and fixtures	96	7.2	89	3.0	96	2.0
Equipment and computers	53	3.9	56	1.9	165	3.3
Vehicles	29	2.2	24	0.9	123	2.5
Total	**1,342**	**100.0**	**2,931**	**100.0**	**4,934**	**100.0**

The carrying amount of property and equipment increased from US$1.3 million as of December 31, 2019 to US$2.9 million as of December 31, 2020 and further increased to US$4.9 million as of September 30, 2021, primarily due to: (i) an increase in laboratory equipment; and (ii) an increase in assets under construction mainly due to Guangzhou Sirnaomics's facility construction, see "Business – Manufacturing and Quality Control – Our Manufacturing Facilities." These increases were in line with our continuous expansion of business and research and development efforts to support our steadily advancing and expanding pipeline of drug candidates.

Right-of-use Assets

During the Track Record Period, our right-of-use assets included equipment and leased properties. Our right-of-use assets decreased from US$1.8 million as of December 31, 2019 to US$1.5 million as of December 31, 2020, primarily due to depreciation charge relating to our right-of-use assets, and increased to US$3.1 million as of September 30, 2021 primarily due to the new leases entered for equipment and premises.

	As of December 31,				As of September 30,	
	2019		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Leased properties	1,824	100.0	1,520	100.0	3,047	97.8
Equipment	–	–	–	–	69	2.2
Total	**1,824**	**100.0**	**1,520**	**100.0**	**3,116**	**100.0**

Intangible Assets

Our intangible assets represented patent rights relating to our licensing arrangement with Mixson, see "Business – Collaboration and Licensing Arrangements — Licensing Arrangement with Mixson." Our patent rights increased from US$ 0.1 million as of December 31, 2019 to US$0.3 million as of December 31, 2020, due to the cost incurred in relation to such collaboration arrangement, and further increased to US$1.1 million as of September 30, 2021, primarily due to patent rights acquired.

The following table sets forth the breakdown of our intangible assets as of the dates indicated:

	As of December 31,				As of September 30,	
	2019		2020		2021	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Patent rights	125	100.0	349	100.0	1,080	100.0

Non-current Deposits

We had non-current deposits of US$0.1 million, US$0.2 million and US$1.4 million as of December 31, 2019 and 2020 and September 30, 2021, respectively, which included: (i) deposits paid for purchase of property and equipment; and (ii) rental deposits.

Non-current Financial Liabilities at Fair Value through Profit or Loss

We had non-current financial liabilities at fair value through profit or loss of US$69.4 million, US$107.8 million and US$321.3 million as of December 31, 2019 and 2020 and September 30, 2021, respectively. During the Track Record Period, our non-current financial liabilities measured at fair value through profit or loss included:

(i) ***Preferred Shares***. Each series of preferred shares is convertible, at holder's option, without payment of additional consideration, into ordinary shares as determined by dividing the conversion price for such series in effect at the time of conversion. Also, all outstanding preferred shares of respective series would be automatically converted into ordinary shares of the Company upon the Listing. See Note 25(i) of Appendix I to this prospectus.

(ii) ***Series C Warrants***. US Sirnaomics issued Series C Warrants in 2018 to certain Series C investors located in the PRC ("Series C Chinese investors") for their investment in Suzhou Sirnaomics. The Series C Chinese investors are not allowed to hold direct investments in foreign entities before obtaining regulatory approval for overseas direct investment ("ODI"). The holders of the Series C Warrants shall convert the Series C Warrants into Series C Preferred Shares upon the holders receiving the ODI approval for direct investment into foreign entities. During the nine months ended September 30, 2021, the Series C Chinese Investors have obtained the ODI approval, exercised the Series C Warrants and converted the Series C Warrants into Series C Preferred Shares. See Note 25(ii) of Appendix I to this prospectus.

(iii) ***SAFE that RNAimmune issued to non-controlling shareholders of RNAimmune***. In February 2021, the non-controlling shareholders of RNAimmune converted their SAFE into ordinary shares of RNAimmune. See Note 25(iv) of Appendix I to this prospectus.

(iv) ***Series Seed Preferred Shares***. On March 29, 2021, RNAimmune was authorized to issue 50,000,000 preferred shares, 15,000,000 of which were designated as series seed preferred shares and the remaining 35,000,000 shares had not been designated by RNAimmune as of September 30, 2021. Series seed preferred shares are convertible at holder's option, without payment of additional consideration, into number of fully paid ordinary shares of RNAimmune. Also, all outstanding shares of series seed preferred shares of RNAimmune shall be converted automatically into ordinary shares of RNAimmune upon the listing of RNAimmune subject to requirements as described in Note 25(v)(f) of Appendix I to this prospectus. See Note 25(v) of Appendix I to this prospectus.

The following table sets out the carrying amount of our non-current financial liabilities at fair value through profit or loss in absolute amounts as of the dates indicated:

	As of December 31,		As of September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Preferred Shares	43,220	73,180	314,018
Series C Warrants	26,141	31,902	–
SAFE issued by RNAimmune	–	2,745	–
Series Seed Preferred Shares issued by RNAimmune	–	–	7,260
Total	**69,361**	**107,827**	**321,278**

Our non-current financial liabilities at fair value through profit or loss increased from US$69.4 million as of December 31, 2019 to US$107.8 million as of December 31, 2020, primarily due to: (i) the issuance of Series D Preferred Shares; and (ii) an increase in the valuation of our Company. Our non-current financial liabilities at fair value through profit or loss increased from US$107.8 million as of December 31, 2020 to US$321.3 million as of September 30, 2021, primarily due to: (i) the issuance of Series E Preferred Shares; (ii) the conversion of convertible loans into preferred shares of the Company; (iii) the issuance of series seed preferred shares by RNAimmune; and (iv) the increase in the valuation of our Company.

KEY FINANCIAL RATIO

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

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

Note:

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

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

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Our principal uses of liquidity during the Track Record Period were to fund our research and development of our drug candidates, our clinical trials and the construction of our manufacturing facilities. During the Track Record Period, we primarily funded our working capital requirements through private equity financing. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimal liquidity that can meet our working capital needs.

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

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

Cash Flow

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

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

Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprises our loss for the year/period adjusted by: (i) non-operating items and non-cash items; and (ii) changes in working capital.

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

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

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

Net Cash from/(Used in) Investing Activities

In the nine months ended September 30, 2021, our net cash used in investing activities was US$3.4 million, which was primarily attributable to our placement of structured deposits of US$170.6 million and purchase and deposits paid for property and equipment of US$3.1 million, partially offset by our proceeds from redemption of structured deposits of US$171.0 million.

In 2020, our net cash from investing activities was US$8.4 million, which was primarily attributable to our proceeds from redemption of structured deposits of US$88.8 million, partially offset by our placement of structured deposits of US$78.4 million.

In 2019, our net cash from investing activities was US$1.1 million, which was primarily attributable to our proceeds from redemption of structured deposits of US$3.8 million, partially offset by placement of structured deposits of US$1.5 million and purchase and deposits paid for property and equipment of US$1.1 million.

Net Cash from Financing Activities

In the nine months ended September 30, 2021, our net cash from financing activities was US$110.4 million, which was primarily attributable to our proceeds from issuance of financial liabilities at fair value through profit or loss of US$231.1 million, partially offset by: (i) repayment to holders of convertible loans upon exercise of Series D Warrants of US$93.2 million and (ii) consideration paid for acquiring the non-controlling interests of Suzhou Sirnaomics upon exercise of the Series C Warrants of US$24.7 million.

In 2020, our net cash generated from financing activities was US$100.4 million, which was primarily attributable to: (i) our proceeds from issuance of financial liabilities at fair value through profit or loss of US$99.5 million; and (ii) our proceeds from bank and other borrowings of US$1.6 million, partially offset by repayments of lease liabilities of US$0.4 million.

In 2019, our net cash generated from financing activities was US$11.5 million, which was primarily attributable to our proceeds from issuance of financial liabilities at fair value through profit or loss of US$12.0 million, partially offset by repayment of lease liabilities of US$0.4 million.

CASH OPERATING COSTS

The following table sets out our cash operating costs* for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2019	2020	2021
	US$'000	*US$'000*	*US$'000*
Research and development costs for core product			
Preclinical test expenses	679	583	284
Chemistry, manufacturing and controls expenses	1,909	2,795	708
Clinical trials expenses	1,264	1,572	3,388
Materials consumed	509	611	701
Directors' emolument and staff costs	1,520	1,538	2,143
Consultancy fee	702	721	696
Others	536	412	250
Research and development costs for other products			
Preclinical test expenses	90	1,026	3,537
Chemistry, manufacturing and controls expenses	995	631	4,796
Clinical trials expenses	–	–	–
Materials consumed	271	371	2,301
Directors' emolument and staff costs	2,057	2,054	3,154
Consultancy fee	212	264	483
Others	582	328	1,348
Total	**11,326**	**12,906**	**23,789**
Workforce employment cost(1)	1,112	1,732	2,653
Direct production costs(2)	–	–	–
Non-income taxes, royalties and other governmental charges	–	–	–
Contingency allowances	–	–	–
Product marketing(3)	–	–	–

Notes:

* Our cash operating costs set out in the table include our cash operating expenses paid in cash and bank acceptance bills.

(1) Workforce employment cost represents non-research and development directors' emolument and staff costs mainly including salaries and benefits.

(2) We had not commenced commercial manufacturing as of the Latest Practicable Date.

(3) We had not commenced product sales as of the Latest Practicable Date.

INDEBTEDNESS

The following table sets forth the breakdown of our financial indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of October 31,
	2019	2020	2021	2021
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*
Financial liabilities at fair value through profit or loss	66,015	188,591	306,068	305,874
Lease liabilities	1,985	1,747	3,379	3,358
Bank borrowings	–	1,134	1,443	1,464
Total	68,000	191,472	310,890	310,696

Financial Liabilities at Fair Value through Profit or Loss

We had a series of preferred shares, SAFE, convertible loans and Series C and Series D Warrants that were recognized as financial liabilities at fair value through profit or loss, see "– Discussion of Key Items of Consolidated Statements of Financial Position – Non-current Assets and Liabilities – Non-current Financial Liabilities at Fair Value through Profit or Loss." As of December 31, 2019 and 2020, September 30, 2021 and October 31, 2021, the carrying amounts of our financial liabilities at fair value through profit or loss (excluding the Series A Preferred Shares, SAFE and series seed preferred shares which were without redemption rights) were US$66.0 million, US$188.6 million, US$306.1 million and US$305.9 million, respectively, which were unsecured and unguaranteed. See Note 25 of Appendix I to this prospectus.

Bank Borrowings

Our bank borrowings were nil, US$1.1 million, US$1.4 million and US$1.5 million as of December 31, 2019 and 2020, September 30, 2021 and October 31, 2021, respectively.

We had no bank borrowings as of December 31, 2019. As of December 31, 2020, September 30, 2021 and October 31, 2021, our bank borrowings amounting to US$1.1 million, US$1.4 million and US$1.5 million, respectively, were unsecured, guaranteed by a subsidiary of the Company, carried at variable interest rate of 4.15% and repayable within a period of more than two years but not exceeding five years and shown under non-current liabilities. As of October 31, 2021, we had unutilized banking facilities of US$8.6 million.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The following table sets out our lease liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of October 31,
	2019	**2020**	**2021**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*
Non-current lease liabilities	1,617	1,304	2,186	2,098
Current lease liabilities	368	443	1,193	1,260
Total	1,985	1,747	3,379	3,358

The lease liabilities with an carrying amount of nil, nil, US$57,000 and US$53,000 (unaudited) which are unsecured and unguaranteed and the remaining carrying amounts of US$1,985,000, US$1,747,000, US$3,322,000 and US$3,305,000 (unaudited) which are secured by the Group's rental deposits and unguaranteed as at December 31, 2019, December 31, 2020, September 30, 2021 and October 31, 2021, respectively.

Our lease liabilities decreased by 12.0% from US$2.0 million as of December 31, 2019 to US$1.7 million as of December 31, 2020, primarily due to our rental payment in 2020, and then increased by 93.4% to US$3.4 million and 92.2% to US$3.4 million as of September 30, 2021 and October 31, 2021, respectively primarily due to the new leases entered in such period.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the covenants under our loan agreements. Except as disclosed above, or any intra-group liabilities, as at October 31, 2021 and up to the Latest Practicable Date, we did not have any material mortgages, debt securities issued and outstanding, and authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in nature of borrowing, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

CONTINGENT LIABILITIES

We did not have any contingent liabilities as at December 31, 2019, December 31, 2020, September 30, 2021, October 31, 2021 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

The following table sets out the details of our capital expenditures for the periods indicated:

	Years ended December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Additions to property and equipment	1,047	1,996	2,532
Additions to intangible assets	125	261	772
Total	**1,172**	**2,257**	**3,304**

We funded our capital expenditure during the Track Record Period via equity financing and bank borrowings.

We plan to fund our planned capital expenditures in part with revenue generated from sales of our drug products in the event of any successful commercialization, as well as royalties and milestone payments from any collaboration and licensing arrangements. See "Future Plans and Use of Proceeds." We may reallocate the funds to be utilized on capital expenditure based on our ongoing business needs. We expect that our capital expenditures for the years ending December 31, 2021 and 2022 will primarily be related to property and equipment.

CAPITAL COMMITMENTS

The following table sets out the details of our capital commitments for the periods indicated:

	As of December 31,		As of September 30,
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the historical financial information	—	499	815

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

FINANCIAL RISK DISCLOSURE

Financial Risk Factors

We are exposed to a variety of financial risks, including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial position and financial performance. See Note 32 of Appendix I to this prospectus.

Market Risk

Currency Risk

Certain bank balances, deposits and other receivables, trade and other payables denominated in foreign currency of respective group entities expose us to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Directors of our Company consider that as HK$ is pegged to US$, we are not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$ and RMB exposure in foreign currency risk is insignificant. See Note 32(i) of Appendix I to this prospectus.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to lease liabilities and cash flow risk in relation to variable-rate restricted bank balances, bank balances and bank and other borrowings. Our cash flow interest rate risk is mainly concentrated on the fluctuation of The People's Bank of China benchmark rates, and we regularly monitor and evaluate the risk by reference to anticipated changes in market interest rate. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise. See Note 32(ii) of Appendix I to this prospectus.

Other Price Risk

We are exposed to other price risk arising from preferred shares, Series C and Series D Warrants and SAFE, and convertible loans which were classified as financial liabilities at fair value through profit or loss. See Note 32(iii) of Appendix I to this prospectus.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to restricted bank balances, bank balances and deposits and other receivables. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets. See Note 32 of Appendix I to this prospectus.

Other Receivables and Deposits

For other receivables and deposits, our Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Except for the credit-impaired other receivables with gross carrying amount amounting to US$0.2 million as of December 31, 2019, our Directors believe that there is no significant increase in credit risk of the remaining other receivables and deposits since initial recognition and we provided impairment based on 12-month Expected Credit Losses ("12m ECL") for the year ended December 31, 2019. See Note 32 of Appendix I to this prospectus.

Restricted Bank Balances and Bank Balances

Credit risk on restricted bank balances and bank balances is limited because our counterparties are reputable banks with high credit ratings assigned by credit agencies. We assessed 12m ECL for restricted bank balances and bank balances by reference to information relating to probability of default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank balances and bank balances is considered to be insignificant. See Note 32 of Appendix I to this prospectus.

Liquidity Risk

In management of liquidity risk, we monitor and maintain levels of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on shareholders' investment and issuance of preferred shares, SAFE, series seed preferred shares and convertible loans as a significant source of liquidity. See Note 32 of Appendix I to this prospectus.

MATERIAL RELATED PARTY TRANSACTIONS

We entered into a related party transaction with Jiangsu Better Time Biotechnology Co., Ltd. ("BTM") in the nine months ended September 30, 2021 in the amount of US$168,000. For details, see Note 34 of Appendix I to this prospectus. Our Directors believe that our transaction with related party during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDEND

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

Any amount of dividend we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividend will be subject to our constitutional documents and the Cayman Companies Act. Subject to the Cayman Companies Act and the Articles of Association, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

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

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

DISTRIBUTABLE RESERVES

As of September 30, 2021, our Company had US$10.5 million distributable reserves.

LISTING EXPENSES

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

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS LESS LIABILITIES OF OUR GROUP ATTRIBUTABLE TO OWNERS OF OUR COMPANY

The following is an illustrative and unaudited pro forma statement of our adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company which has been prepared in accordance with Rule 4.29(7) of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on our consolidated net tangible assets less liabilities of the Group attributable to owners of our Company as of September 30, 2021 if the Global Offering had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of September 30, 2021 or at any future date following the Global Offering.

	Audited assets less liabilities of our Group attributable to owners of our Company as of September 30, 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company as of September 30, 2021	Unaudited pro forma adjusted consolidated net tangible assets less liabilities of our Group attributable to the owners of Company as of September 30, 2021 per Share	
	US$'000	US$'000	US$'000	US$	HK$
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
Based on an offer price of HK$72.70 (equivalent to US$9.33) per share	(140,959)	63,557	(77,402)	(3.45)	(26.91)
Based on an offer price of HK$65.90 (equivalent to US$8.45) per share	(140,959)	57,275	(83,684)	(3.73)	(29.09)

Notes:

1. The audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 is arrived at after deducting intangible assets of US$1,080,000 from the audited consolidated net liabilities attributable to owners of the Company of US$139,879,000 from the consolidated statement of financial position set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 7,540,000 shares at the Global Offering of HK$65.90 (equivalent to US$8.45) and HK$72.70 (equivalent to US$9.33) per offer share, being the low-end and high-end of the stated offer price range, respectively, after deduction of the estimated underwriting fees and commissions and other related expenses paid/payable by the Group (excluding listing expenses charged to profit or loss prior to September 30, 2021) and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under Pre-IPO Equity Incentive Plan or (iii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or (iv) the conversion of all preferred shares existing on September 30, 2021 into ordinary shares of the Company.

   For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into US$ at the rate of HK$1 to US$0.1283, which was the exchange rate prevailing on December 10, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Bank of the U.S. No representation is made that the HK$ amounts have been, could have been or may be converted to US$, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company per share is arrived at on the basis that a total of 22,419,638 shares were in issue assuming that the Global Offering had been completed on September 30, 2021 and without taking into account any shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under Pre-IPO Equity Incentive Plan or (iii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company or (iv) the conversion of all preferred shares existing on September 30, 2021 into ordinary shares of the Company.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company per share, the amount denominated in US$ has been converted into HK$ at the rate of US$1 to HK$7.7943, which was the exchange rate prevailing on December 8, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Bank of the U.S. No representation is made that the US$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2021. In particular, the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as shown on II-1 have not been adjusted to illustrate the effect of the following:

   Upon completion of the Global Offering, the conversion of all preferred shares existing on September 30, 2021 would have reclassified the carrying amount of all preferred shares existing on September 30, 2021 of US$314,018,000 (which has not included in the fair value series seed preferred shares by RNAimmune, one of our subsidiary, of US$7,260,000), assuming no further changes in fair values of all preferred shares existing on September 30, 2021 upon Global Offering, to ordinary shares under equity. All outstanding shares of series seed preferred shares of RNAimmune shall be converted automatically into ordinary shares of RNAimmune upon the future listing of shares in RNAimmune. The conversion of all preferred shares existing on September 30, 2021 would have increased the total number of shares in issue assumption stated in Note 3 by 52,877,142 Shares and would have adjusted the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 by US$314,018,000.

   The effect of the conversion of preferred shares excluding the series seed preferred shares issued by RNAimmune into ordinary shares of the Company (collectively referred to as the "Subsequent Transactions") would have adjusted the unaudited pro forma adjusted consolidated net tangible assets less liabilities of the Group attributable to owners of the Company as of September 30, 2021 by US$314,018,000 to unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$230,334,000 based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company of US$236,616,000 based on an Offer Price of HK72.70 (equivalent to US$9.33) per Share and would have increased the total Shares in issue by 52,877,142 Shares to a total of 75,296,780 Shares in issue (which represents the number of issued share capital of 88,066,780 less the 12,770,000 ordinary shares to be issued to a professional trustee which will hold such shares, upon issue before the Listing, on trust under the Pre-IPO Equity Incentive Plan for employees). Had the Subsequent Transactions been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2021 per Share would be US$3.06 (equivalent to HK$23.84) based on an Offer Price of HK$65.90 (equivalent to US$8.45) per Share and US$3.14 (equivalent to HK$24.49) based on an Offer Price of HK$72.70 (equivalent to US$9.33) per Share, respectively.

   For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in US$ is converted into HK$ at the rate of US$1 to HK$7.7943, which was the exchange rate prevailing on December 10, 2021 with reference to the rate as set forth in the H10 Weekly Statistical release of the Federal Reserve Bank of the U.S. No representation is made that the US$ amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

NO MATERIAL ADVERSE CHANGE

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

Our Directors confirmed that the COVID-19 pandemic did not have any material adverse impact on our business operations and financial performance as of the Latest Practicable Date, primarily because: (i) there had been no material disruption of our ongoing clinical or preclinical trials; and (ii) we had not encountered any material supply chain disruption. We cannot foresee when the COVID-19 pandemic will become completely under control or whether COVID-19 will have a material and adverse impact on our business going forward. See "Risk Factors – Risks Relating to Our Operations – We may be subject to disasters, health epidemics such as COVID-19, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations." We are continually monitoring the COVID-19 situation as well as various regulatory and administrative measures adopted by local governments to prevent and control the pandemic. We will continue to monitor and evaluate any impact of the COVID-19 pandemic on us and adjust our precautionary measures according to the latest developments of the pandemic.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.