2024 INTERIM REPORT

sirnaomics

Advancing RNAi Therapeutics

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2257

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Dr. Xiaochang Dai

Dr. David Mark Evans
Head of Drug Discovery and Collaboration (retired as executive Director on June 20, 2024)

Dr. Edward Yongxiang Wang
Chief Production Officer (appointed as executive Director with effect from May 10, 2024 and retired as executive Director on June 20, 2024)

Non-Executive Directors

Mr. Mincong Huang
Mr. Jiankang Zhang

Independent Non-Executive Directors

Dr. Cheung Hoi Yu, *JP*
Ms. Monin Ung
Ms. Shing Mo Han, Yvonne (*alias* Mrs. Yvonne Law), *BBS, JP*
Mr. Fengmao Hua *(retired as independent non-executive Director on June 20, 2024)*

AUDIT COMMITTEE

Ms. Shing Mo Han, Yvonne *(Chairperson)*
Mr. Mincong Huang
Ms. Monin Ung *(appointed as a member on June 28, 2024)*
Mr. Fengmao Hua *(ceased to be a member on June 20, 2024)*

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Dr. Cheung Hoi Yu *(Chairperson) (appointed as chairperson on June 28, 2024)*
Dr. Yang Lu
Ms. Shing Mo Han, Yvonne *(appointed as a member on June 28, 2024)*
Mr. Fengmao Hua *(ceased to be a member and chairperson on June 20, 2024)*

AUTHORIZED REPRESENTATIVES

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Mr. Leung Ting Cheung

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STOCK CODE

2257

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)

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 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 interim report, 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 "Management Discussion and Analysis — Financial Review — Significant Investments" in this interim report; (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 interim report, 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 US$'000	2023 US$'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 "Management Discussion and Analysis — Financial Review — Significant Investments" in this interim report.

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

For the six months ended June 30, 2024, the Group recorded other expenses of US$7,000, as compared with US$150,000 for the six months ended June 30, 2023, representing subscription fee of financial asset at FVTPL.

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, representing 5.6% of the Group's total assets, 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 interim report, 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 interim report, 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, details of which are set out in the section headed "Corporate Governance and Other Information — Pre-IPO Equity Incentive Plan, RSU Scheme and Share Option Scheme" in this interim report.

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

Pre-IPO Equity Incentive Plan

On January 21, 2021, the Company adopted the Pre-IPO Equity Incentive Plan to, among others, attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to the Company. Each share option granted under the Pre-IPO Equity Incentive Plan represents the right to purchase the Shares of the Company at a pre-determined exercise price, subject to vesting and other conditions provided for under the Pre-IPO Equity Incentive Plan. The Company issued and allotted 12,770,000 Shares in aggregate to a professional trustee which holds the Shares on trust under the Pre-IPO Equity Incentive Plan. On April 22, 2022, the Pre-IPO Equity Incentive Plan was terminated by the Company, subject to the rights of the participants of the Pre-IPO Equity Incentive Plan with respect to the awards granted according to the Pre-IPO Equity Incentive Plan prior to its termination. As at June 30, 2024, no Shares were available for issue under the Pre-IPO Equity Incentive Plan.

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

(1) Purpose

The purpose of the Pre-IPO Equity Incentive Plan is to attract and retain outstanding individuals to serve as directors, officers, employees, consultants, and advisors to our Group.

(2) Participants

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

(3) Administration

The compensation committee of the Board (or such successor committee with the same or similar authority) has full power and authority to administer in its sole discretion the Pre-IPO Equity Incentive Plan, including the authority to: (i) interpret the provisions of the Pre-IPO Equity Incentive Plan; (ii) prescribe, amend and rescind rules and regulations relating to the Pre-IPO Equity Incentive Plan; (iii) correct any defect, supply any omission, or reconcile any inconsistency in carrying into effect the Pre-IPO Equity Incentive Plan; and (iv) make all other determinations necessary or advisable for the administration of the Pre-IPO Equity Incentive Plan.

A majority of the members of the compensation committee of the Board constitutes a quorum, and must make all determinations of the committee. The compensation committee of the Board may make any determination under the Pre-IPO Equity Incentive Plan without notice or meeting by a writing that a majority of the committee members have signed. All committee determinations are final and binding. If, at any time, the compensation committee of the Board is not in existence, the Board must administer the Pre-IPO Equity Incentive Plan and all references to the compensation committee of the Board in the Pre-IPO Equity Incentive Plan are deemed to mean the Board.

To the extent applicable law permits, the Board may delegate to another committee of the Board or to one or more officers of the Company any or all of the authority and responsibility of the compensation committee of the Board.

(4) Awards

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

(5) Discretionary grant of awards

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensation committee of the Board has full power and authority in its sole discretion to: (i) designate from time to time the participants to receive awards under the plan; (ii) determine the type or types of awards to be granted to each participant; (iii) determine the number of shares with respect to which an award relates; and (iv) determine any terms and conditions of an award. Awards under the plan may be granted either alone or in addition to, in tandem with, or in substitution for any other award (or any other award granted under another plan of the Group). The compensation committee's designation of a participant to receive an award in a given year does not require the compensation committee to designate such person to receive an award in any other year.

(6) Shares reserved

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

(7) Replenishment of Shares

If an award lapses, expires, terminates, or is canceled without the issuance of Shares or payment of cash under the award, then the Shares subject to or reserved for in respect of such award, or the Shares to which such award relates, may again be used for new awards, including issuance pursuant to incentive share options. If Shares are delivered to (or withheld by) the Company in payment of the exercise price or withholding taxes of an award, then such Shares may be used for new awards under the Pre-IPO Equity Incentive Plan, including issuance pursuant to incentive share options. If Shares are issued under an award and if the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares, then such Shares may be used for new awards under the plan but excluding issuance pursuant to incentive share options.

(8) Options

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensate committee of the Board must determine all terms and conditions of each option, including but not limited to:

(i) whether the option is an incentive stock option or a non-qualified stock option;

(ii) the number of Shares subject to the option;

(iii) the exercise price per share, which must not be less than the fair market value of a share as determined on the date of grant; provided, however, that an incentive stock option granted to a 10% owner-employee must have an exercise price that is at least 110% of the fair market value of a share on the date of grant;

(iv) the terms and conditions of exercise;

(v) unless the applicable option award or other applicable share option agreement (which has been approved by the compensation committee of the Board) expressly provides otherwise, the option, subject to the holder's continued employment or service by or for the Group, will vest 25% on the first anniversary of the date of grant and will vest in 1/36 portions for the then next 36 months thereafter on the last business day of each calendar month;

(vi) unless the applicable option award or other applicable share option agreement (which has been approved by the compensation committee of the Board) expressly provides otherwise, and notwithstanding anything else to the contrary in section (8)(v) hereof, the option may vest, in full, in the sole discretion of the compensation committee of the Board, upon a change of control of the Group;

(vii) the applicable option award or other applicable share option agreement (which has been approved by the compensation committee of the Board) expressly provides otherwise, the expiration or termination date of the option will be the fifth anniversary of the date of grant of the option, provided, however, that each incentive stock option granted to a 10% owner-employee must terminate no later than the fifth anniversary of the date of grant;

(viii) upon a participant's death, the option may be exercised by the person or persons to whom such participant's rights under the option pass by will or by applicable law or, if no such person has such rights, by his or her executor or administrator.

(9) Share appreciation rights

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensation committee of the Board must determine all terms and conditions of each share appreciation right, including but not limited to:

(i) the number of shares to which the share appreciation right relates;

(ii) the grant price, provided, however, that the grant price must not be less than the fair market value of the shares subject to the share appreciation right as determined on the date of grant;

(iii) the terms and conditions of exercise or maturity;

(iv) the termination date, provided, however, that a share appreciation right must terminate no later than the fifth anniversary of the date of grant;

(v) whether the share appreciation right will be settled in cash, shares, or a combination thereof;

(vi) upon a participant's death, the share appreciation right may be exercised by the person or persons to whom such participant's rights under the share appreciation right pass by will or by applicable law or, if no such person has such rights, by his or her executor or administrator.

(10) Restricted shares

Subject to the terms and conditions of the Pre-IPO Equity Incentive Plan, the compensation committee of the Board must determine all terms and conditions of each award of restricted shares, including but not limited to:

(i) the number of shares to which the award relates;

(ii) the period of time over which, and/or the criteria or conditions that must be satisfied so that, the risk of forfeiture and/or restrictions on transfer imposed on the restricted shares will lapse;

(iii) with respect to awards of restricted shares, the manner of registration of certificates for such shares, and whether to hold in escrow such certificates pending lapse of the risk of forfeiture and/or restrictions on transfer, or to issue such shares with an appropriate legend referring to such restrictions;

(iv) with respect to awards of restricted shares, whether dividends paid with respect to such shares are paid immediately or held in escrow or otherwise defined, and whether such dividends are subject to the same terms and conditions as the awards to which they related, all in a manner to avoid giving rise to additional taxes under US Tax Code Section 409A.

Details of the movements of the outstanding share options granted under the Pre-IPO Equity Incentive Plan during the six months ended 30 June, 2024 are as follows:

	Date of grant	Expiry date	Vesting period	Exercise price per Share (US$)	Number of share options						Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK$)
					At January 1, 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At June 30, 2024	
Directors											
Dr. Yang Lu											
Tranche 2020–1	December 15, 2020	December 28, 2029	Note 1	2.35	675,000	–	–	–	–	675,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	1,100,000	–	–	–	–	1,100,000	–
Tranche 2021–6	September 30, 2021	December 30, 2030	Note 1	3.55	150,000	–	–	–	–	150,000	–
Dr. Xiaochang Dai											
Tranche 2018–2	August 28, 2018	December 30, 2027	Note 1	1.45	200,000	–	–	–	–	200,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	250,000	–	–	–	–	250,000	–
Dr. David Mark Evans [7]											
Tranche 2017–3	September 1, 2017	December 30, 2025	Note 3	1.356	105,000	–	–	–	–	105,000	–
Tranche 2018–2	August 28, 2018	December 30, 2027	Note 1	1.45	300,000	–	–	–	–	300,000	–
Tranche 2020–2	July 30, 2020	December 28, 2029	Note 4	1.75	500,000	–	–	–	–	500,000	–
Tranche 2021–4	January 26, 2021	December 30, 2030	Note 1	2.35	10,000	–	–	–	–	10,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	50,000	–	–	–	–	50,000	–
Dr. Edward Yongxiang Wang [8]											
Tranche 2020–3	August 17, 2020	December 28, 2029	Note 1	1.75	100,000	–	–	–	–	100,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	150,000	–	–	–	–	150,000	–
Five highest paid individuals in aggregate (excluding those who are Directors)											
Tranche 2018–2	August 28, 2018	December 30, 2027	Note 1	1.45	70,000	–	–	–	–	70,000	–
Tranche 2018–3	November 8, 2018	December 30, 2027	Note 1	1.60	206,000	–	–	–	–	206,000	–
Tranche 2019–2	August 1, 2019	December 30, 2028	Note 1	1.75	100,000	–	–	–	–	100,000	–
Tranche 2020–2	July 30, 2020	December 28, 2029	Note 4	1.75	200,000	–	–	–	–	200,000	–
Tranche 2020–5	November 5 & December 15, 2020	December 28, 2029	Note 1	2.35	200,000	–	–	–	–	200,000	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	250,000	–	–	–	–	250,000	–
Other grantees											
Tranche 2016–1	October 3, 2016	December 30, 2025	Note 1	1.356	547,500	–	–	–	–	547,500	–
Tranche 2016–2	October 3, 2016	December 30, 2025	Note 3	1.356	535,000	–	–	–	–	535,000	–
Tranche 2017–2	February 28 & September 1, 2017	December 30, 2025	Note 1	1.356	421,050	–	–	–	–	421,050	–
Tranche 2017–3	September 1, 2017	December 30, 2025	Note 3	1.356	593,500	–	–	–	–	593,500	–
Tranche 2017–4	February 28, 2017	December 30, 2025	Note 2	1.356	100,000	–	–	–	–	100,000	–
Tranche 2018–2	August 28 & October 1, 2018	December 30, 2027	Note 1	1.45	910,000	–	–	–	–	910,000	–
Tranche 2018–3	November 8, 2018	December 30, 2027	Note 1	1.60	10,000	–	–	–	–	10,000	–
Tranche 2019–2	March 28 & August 1, 2019	December 30, 2028	Note 1	1.75	79,000	–	–	–	–	79,000	–
Tranche 2020–1	July 30 & August 1, 2020	December 28, 2029	Note 5	1.75	472,000	–	(1,000)	–	–	471,000	30.80
Tranche 2020–2	July 30, 2020	December 28, 2029	Note 4	1.75	750,000	–	–	–	–	750,000	–
Tranche 2020–4	December 15, 2020	December 28, 2029	Note 1	2.35	75,000	–	–	–	–	75,000	–
Tranche 2020–5	November 5, 9, 16 & December 15, 2020	December 28, 2029	Note 1	2.35	309,600	–	–	–	–	309,600	–
Tranche 2021–2	April 15, 2021	December 30, 2030	Note 4	2.35	7,500	–	–	–	–	7,500	–
Tranche 2021–3	April 15, 2021	December 30, 2030	Note 4	2.35	7,500	–	–	–	–	7,500	–
Tranche 2021–4	January 26 & April 15, 2021	December 30, 2030	Note 1	2.35	144,950	–	–	–	–	144,950	–
Tranche 2021–5	July 12, 2021	December 30, 2030	Note 1	3.50	1,134,700	–	–	–	–	1,134,700	–
Tranche 2021–6	September 30, 2021	December 30, 2030	Note 1	3.55	111,045	–	–	–	–	111,045	–
					10,824,345	–	(1,000)	–	–	10,823,345	

Notes:

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

(2) 12/36 of the share options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/36 of the share options vests on the last business day of each calendar month thereafter until the share option is vested in full. In the event of the Listing, all share options shall vest in full.

(3) 12/24 of the share options vest on the last business day of the calendar month which includes the first anniversary of the grant date, and thereafter 1/24 of the share options vests on the last business day of each calendar month thereafter until the share option is vested in full. In the event of the Listing, all share options shall vest in full.

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

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

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

(7) Dr. David Mark Evans retired as an executive Director with effect from the conclusion of the annual general meeting of the Company held on June 20, 2024.

(8) Dr. Edward Yongxiang Wang was appointed as an executive Director with effect from May 10, 2024 and retired with effect from the conclusion of the annual general meeting of the Company held on June 20, 2024.

RSU Scheme

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

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

(1) Purpose

The purposes of the RSU Scheme are to:

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

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

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

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

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

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

(2) Effective and Duration

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

(3) Administration

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

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

(4) Eligible Participants and Grant of Awards

(I) Eligible participants

Eligible participants of the RSU Scheme include the following:

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

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

(II) Grant of awards

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

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

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

(5) Maximum Number of Shares Available for Awards

(I) RSU Scheme Limit

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

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

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

(II) Maximum entitlement of each eligible participant

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

(6) Vesting of Awards

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

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

Details of the movements of the outstanding RSUs granted under the RSU Scheme during the six months ended June 30, 2024 are as follows:

	Date of grant	Vesting period	Exercise period	Purchase price per Share (HK$)	Number of RSUs: At January 1, 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	At June 30, 2024	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested (HK$)
DIRECTORS											
Senior Grantees											
Dr. Yang Lu											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	50,500	–	–	–	–	50,500	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	13,050	–	–	–	–	13,050	–
Dr. Xiaochang Dai											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	45,000	–	–	–	–	45,000	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	7,500	–	–	–	–	7,500	–
Dr. David Mark Evans [9]											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	19,400	–	–	–	–	19,400	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	3,300	–	–	–	–	3,300	–
Dr. Edward Yongxiang Wang [10]											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	5,000	–	–	–	–	5,000	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	5,775	–	–	–	–	5,775	–
OTHER EMPLOYEE PARTICIPANTS											
Five highest paid individuals in aggregate (excluding those who are Directors)											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	22,000	–	–	–	–	22,000	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	9,075	–	–	–	–	9,075	–
Other Senior Grantees											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	41,200	–	–	–	–	41,200	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	11,550	–	–	–	–	11,550	–
Junior Grantee – Connected Person											
Dr. Xianbin Yang											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	2,000	–	–	–	–	2,000	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	3,975	–	–	–	–	3,975	–
Other Junior Grantees											
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	25,150	–	–	–	(1,775)	23,375	–
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	158,009	–	–	–	(52,770)	105,239	–
					422,484	–	–	–	(54,545)	367,939	

Notes:

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

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

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

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

(5) The grant date fair value of each Tranche 2022–1 RSU was approximately US$6.82–US$7.50. The grant date fair value of each Tranche 2022–2 RSU was approximately US$6.82–US$7.50. The accounting standards and policies adopted are set out in note 3 to the condensed consolidated financial statements. The methodology and assumptions used are disclosed in note 22 to the condensed consolidated financial statements.

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

(7) On June 28, 2022, the RSU annual mandate was granted by the Shareholders to the Directors at an extraordinary general meeting of the Company, pursuant to which the maximum number of new Shares which may be issued under the RSU annual mandate is 2,671,206. As at January 1, 2024 and June 30, 2024, such RSU annual mandate has expired.

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

(9) Dr. David Mark Evans retired as an executive Director with effect from the conclusion of the annual general meeting of the Company held on June 20, 2024.

(10) Dr. Edward Yongxiang Wang was appointed as an executive Director with effect from May 10, 2024 and retired with effect from the conclusion of the annual general meeting of the Company held on June 20, 2024.

Corporate Governance and Other Information

Reference is made to the annual report of the Company for the year ended December 31, 2023 published on April 29, 2024 (the "**Annual Report 2023**"). In relation to the particulars of the details of the movements of the outstanding RSUs granted under the RSU Scheme during the year ended December 31, 2023 (on pages 61 to 62 of the Annual Report 2023), the Company would like to provide the following supplemental information (revisions and supplements are shown in underline):

	Date of grant	Vesting period	Exercise period	Purchase price per Share (HK$)	Number of RSUs: At January 1, 2023	Granted during the year	Vested during the year	Redeemed during the year (Notes 9, 10)	Cancelled during the year	Lapsed during the year	At December 31, 2023	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested (HK$)
DIRECTORS												
Senior Grantees												
Dr. Yang Lu												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	101,000[4]	–	(31,310)	(19,190)	–	–	50,500	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	17,400[4]	–	(2,697)	(1,653)	–	–	13,050	47.40
Dr. Xiaochang Dai												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	90,000[4]	–	(38,250)	(6,750)	–	–	45,000	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	10,000[4]	–	(2,125)	(375)	–	–	7,500	47.40
Dr. David Mark Evans												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	38,800[4]	–	(12,125)	(7,275)	–	–	19,400	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	4,400[4]	–	(687)	(413)	–	–	3,300	47.40
Dr. Michael V. Molyneaux [12]												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	60,400[4]	–	(15,704)	(14,496)	–	–	30,200	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	7,700[4]	–	(1,001)	(924)	–	–	5,775	47.40
OTHER EMPLOYEE PARTICIPANTS												
Five highest paid individuals in aggregate (excluding those who are Directors)												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	32,000	–	(11,950)	(4,050)	–	–	16,000	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	15,400	–	(2,637)	(1,213)	–	–	11,550	47.40
Other Senior Grantees												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	22,000	–	(8,493)	(2,507)	–	–	11,000	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	7,700	–	(1,791)	(134)	–	–	5,775	47.40
Junior Grantee – Connected Person												
Dr. Xianbin Yang												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	4,000[4]	–	(1,250)	(750)	–	–	2,000	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	5,300[4]	–	(828)	(497)	–	–	3,975	47.40
Other Junior Grantees												
Tranche 2022-1	November 24, 2022	Note 1	Note 3	–	159,200	–	(23,216)	(13,034)	–[13]	(86,800)[13]	36,150	47.40
Tranche 2022-2	November 24, 2022	Note 2	Note 3	–	327,900	–	(37,872)	(16,293)	–[13]	(112,426)[13]	161,309	47.40
					903,200	–	(191,936)	(89,554)	–[13]	(199,226)[13]	422,484	

Notes:

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

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

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

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

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

(6) The grant date fair value of each Tranche 2022–1 RSU was approximately US$6.82–US$7.50. The grant date fair value of each Tranche 2022–2 RSU was approximately US$6.82–US$7.50. The accounting standards and policies adopted are set out in note 3 to the consolidated financial statements in the Annual Report 2023. The methodology and assumptions used are disclosed in note 29 to the consolidated financial statements in the Annual Report 2023.

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

(8) On June 28, 2022, the RSU annual mandate was granted by the Shareholders to the Directors at an extraordinary general meeting of the Company, pursuant to which the maximum number of new Shares which may be issued under the RSU annual mandate is 2,671,206. As at January 1, 2023, RSUs in respect of a total of 1,768,006 Shares were available for grant under the RSU annual mandate. As at December 31, 2023, such RSU annual mandate has expired.

(9) Pursuant to the terms of the RSU Scheme and the relevant grants, the administrator of the RSU Scheme (the Board (in the case of Senior Grantees) and the Chief Executives (in the case of Junior Grantees), the "**Administrator**") shall have the sole and absolute right to, among others, make such appropriate and equitable adjustments to the terms of the RSUs granted as it deems necessary. During the year ended December 31, 2023, on the vesting date of the relevant grants, upon agreement between the Administrator and the relevant grantees, the Company settled a portion of the RSUs which have vested with Shares by transferring such Shares to the relevant grantees, while settling the remaining portion of the RSUs ("**Redeemed RSUs**") in cash with reference to the market value of the underlying Shares without actual transfer of such Shares to the relevant grantees (the "**Redemption Arrangement**"). Such portion of RSUs were recognized as "redeemed".

(10) Pursuant to the RSU Scheme, Shares that actually have been issued under the RSU Scheme pursuant to the grant of RSUs shall not be returned to the RSU Scheme and shall not become available for future issuance under the RSU Scheme (unless otherwise prescribed under the RSU Scheme). As the Shares underlying the Redeemed RSUs have already been issued pursuant to the grant thereof and held by the trustee of the RSU Scheme, the Redemption Arrangement does not affect the number of Shares available for issue in terms of the RSU Scheme.

(11) As at the date of the Annual Report 2023, the total number of Shares available for issue pursuant to the grant of further RSUs under the RSU Scheme is 8,081,273, representing approximately 9.22% of the issued Shares.

(12) Dr. Michael V. Molyneaux resigned as an executive Director with effect from November 30, 2023.

(13) As inadvertent clerical errors were made in the Annual Report 2023, the Company hereby clarifies that, the 142,026 RSUs disclosed in the "Cancelled during the year" column in the Annual Report 2023 were in fact lapsed. Please refer to the relevant revisions on page 41 of this interim report for details.

Share Option Scheme

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

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

(1) Purpose

The purposes of the Share Option Scheme are to:

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

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

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

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

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

(2) Effective and Duration

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

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

(3) Administration

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

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

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

Eligible participants of the Share Option Scheme include the following:

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

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

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

(5) Maximum Number of Shares Available for Subscription

(I) Share Option Scheme Limit

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

(II) Refreshment of Share Option Scheme Limit

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

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

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

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

(IV) Maximum entitlement of each eligible participants

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

(6) Subscription Price

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

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

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

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

(7) Vesting and Exercise Period

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

Details of the movements of the outstanding share options granted under the Share Option Scheme during the six months ended June 30, 2024 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price per Share (HK$)	Number of share options: At January 1, 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At June 30, 2024	Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK$)
DIRECTORS											
Senior Grantees											
Dr. Yang Lu											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	101,000	—	—	—	—	101,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	117,600	—	—	—	—	117,600	—
Dr. Xiaochang Dai											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	90,000	—	—	—	—	90,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	55,000	—	—	—	—	55,000	—
Dr. David Mark Evans [10]											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	38,800	—	—	—	—	38,800	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	22,250	—	—	—	—	22,250	—
Dr. Edward Yongxiang Wang [11]											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	10,000	—	—	—	—	10,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	38,950	—	—	—	—	38,950	—
OTHER EMPLOYEE PARTICIPANTS											
Five highest paid individuals in aggregate (excluding those who are Directors)											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	44,000	—	—	—	—	44,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	61,200	—	—	—	—	61,200	—
Other Senior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	82,400	—	—	—	—	82,400	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	77,900	—	—	—	—	77,900	—
Tranche 2023–1	November 30, 2023	Note 2	Note 3	47.0	400,000	—	—	—	(400,000)	—	—
Junior Grantee — Connected Person											
Dr. Xianbin Yang											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	4,000	—	—	—	—	4,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	11,000	—	—	—	—	11,000	—
Other Junior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	50,400	—	—	—	(1,775)	48,625	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	450,324	—	—	—	(98,180)	352,144	—
Tranche 2023–1	November 30, 2023	Note 2	Note 3	47.0	9,400	—	—	—	(9,400)	—	—
					1,664,224	—	—	—	(509,355)	1,154,869	

Notes:

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

(2) 25% of the Tranche 2022–2 and Tranche 2023–1 share options granted shall vest on each of the first, second, third and fourth anniversary of the date of grant respectively.

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

(4) The closing price of the Shares immediately before the date on which the Tranche 2022–1 and Tranche 2022–2 share options were granted was HK$57.8 per Share. The closing price of the Shares immediately before the date on which the Tranche 2023–1 share options were granted was HK$46.0 per Share.

(5) The grant date fair value of each Tranche 2022–1 share option was approximately US$3.95-US$4.63. The grant date fair value of each Tranche 2022–2 share option was approximately US$4.26-US$4.93. The grant date fair value of each Tranche 2023–1 share option was approximately US$3.54-US$3.78. The accounting standards and policies adopted are set out in note 3 to the condensed consolidated financial statements. The methodology and assumptions used are disclosed in note 22 to the condensed consolidated financial statements.

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

(7) As at January 1, 2024 and June 30, 2024, share options to subscribe for a total of 7,239,799 and 7,749,154 Shares, respectively, were available for grant under the Share Option Scheme Limit.

(8) As at the date of this interim report, the total number of Shares available for issue upon exercise of all outstanding share options granted under the Share Option Scheme is 1,154,156, representing approximately 1.32% of the issued Shares.

(9) As at the date of this interim report, the total number of Shares available for issue pursuant to the grant of further share options under the Share Option Scheme is 7,749,867, representing approximately 8.84% of the issued Shares.

(10) Dr. David Mark Evans retired as an executive Director with effect from the conclusion of the annual general meeting of the Company held on June 20, 2024.

(11) Dr. Edward Yongxiang Wang was appointed as an executive Director with effect from May 10, 2024 and retired with effect from the conclusion of the annual general meeting of the Company held on June 20, 2024.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended June 30, 2024 divided by the weighted average number of Shares of the Company for the six months ended June 30, 2024 is 0% as no option or award was granted under all schemes of the Company during the six months ended June 30, 2024.

Corporate Governance and Other Information

Reference is made to the Annual Report 2023. In relation to the particulars of the details of the movements of the outstanding share options granted under the Share Option Scheme during the year ended December 31, 2023 (on pages 67 to 68 of the Annual Report 2023), the Company would like to provide the following clarification (revisions are shown in underline):

	Date of grant	Vesting period	Exercise period	Exercise price per Share (HK$)	Number of share options						Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK$)
					At January 1, 2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At December 31, 2023	
DIRECTORS											
Senior Grantees											
Dr. Yang Lu											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	101,000[4]	—	—	—	—	101,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	117,600[4]	—	—	—	—	117,600	—
Dr. Xiaochang Dai											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	90,000	—	—	—	—	90,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	55,000	—	—	—	—	55,000	—
Dr. David Mark Evans											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	38,800	—	—	—	—	38,800	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	22,250	—	—	—	—	22,250	—
Dr. Michael V. Molyneaux [11]											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	60,400	—	—	—	—	60,400	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	38,950	—	—	—	—	38,950	—
OTHER EMPLOYEE PARTICIPANTS											
Five highest paid individuals in aggregate (excluding those who are Directors)											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	32,000	—	—	—	—	32,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	77,900	—	—	—	—	77,900	—
Other Senior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	22,000	—	—	—	—	22,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	38,950	—	—	—	—	38,950	—
Tranche 2023–1	November 30, 2023	Note 2	Note 3	47.0	—	400,000	—	—	—	400,000	—
Junior Grantee — Connected Person											
Dr. Xianbin Yang											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	4,000	—	—	—	—	4,000	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	11,000	—	—	—	—	11,000	—
Other Junior Grantees											
Tranche 2022–1	November 24, 2022	Note 1	Note 3	58.9	159,200	—	—	—[12]	(86,800)[12]	72,400	—
Tranche 2022–2	November 24, 2022	Note 2	Note 3	58.9	642,600	—	—	—[12]	(170,026)[12]	472,574	—
Tranche 2023–1	November 30, 2023	Note 2	Note 3	47.0	—	9,400	—	—	—	9,400	—
					1,511,650	409,400	—	—[12]	(256,826)[12]	1,664,224	

Notes:

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

(2) 25% of the Tranche 2022–2 and Tranche 2023–1 share options granted shall vest on each of the first, second, third and fourth anniversary of the date of grant respectively.

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

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

(5) The closing price of the Shares immediately before the date on which the Tranche 2022–1 and Tranche 2022–2 share options were granted was HK$57.8 per Share. The closing price of the Shares immediately before the date on which the Tranche 2023–1 share options were granted was HK$46.0 per Share.

(6) The grant date fair value of each Tranche 2022–1 share option was approximately US$3.95-US$4.63. The grant date fair value of each Tranche 2022–2 share option was approximately US$4.26-US$4.93. The grant date fair value of each Tranche 2023–1 share option was approximately US$3.54-US$3.78. The accounting standards and policies adopted are set out in note 3 to the consolidated financial statements in the Annual Report 2023. The methodology and assumptions used are disclosed in note 29 to the consolidated financial statements in the Annual Report 2023.

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

(8) As at January 1, 2023 and December 31, 2023, share options to subscribe for a total of 7,392,373 and 7,239,799 Shares, respectively, were available for grant under the Share Option Scheme Limit.

(9) As at the date of the Annual Report 2023, the total number of Shares available for issue upon exercise of all outstanding share options granted under the Share Option Scheme is 1,664,224, representing approximately 1.90% of the issued Shares.

(10) As at the date of the Annual Report 2023, the total number of Shares available for issue pursuant to the grant of further share options under the Share Option Scheme is 7,239,799, representing approximately 8.26% of the issued Shares.

(11) Dr. Michael V. Molyneaux resigned as an executive Director with effect from November 30, 2023.

(12) As inadvertent clerical errors were made in the Annual Report 2023, the Company hereby clarifies that, the 189,776 share options disclosed in the "Cancelled during the year" column in the Annual Report 2023 were in fact lapsed. Please refer to the relevant revisions on page 49 of this interim report for details.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended December 31, 2023 divided by the weighted average number of Shares of the Company for the year ended December 31, 2023 is 0.54%.

The supplemental information contained on pages 41 to 42 and pages 49 to 50 of this interim report do not affect the other information contained in the Annual Report 2023. Save as disclosed above, all the other information and contents in the Annual Report 2023 remain unchanged.

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

The changes in the information of Directors or chief executive of the Company since December 31, 2023 and up to the date of this interim report are set out below:

1. With effect from February 16, 2024, the emoluments of Dr. Yang Lu, Dr. Xiaochang Dai and Dr. David Mark Evans have been adjusted. Each of Dr. Yang Lu, Dr. Xiaochang Dai and Dr. David Mark Evans was entitled to an annual cash compensation of US$256,000, US$175,000 and US$139,000, respectively, which has been determined with reference to the Group's restructuring initiatives;

2. Dr. Edward Yongxiang Wang was appointed as an executive Director with effect from May 10, 2024;

3. Dr. Xiaochang Dai resigned from the position as the Chief Strategy Officer of the Group with effect from May 17, 2024. He ceased to receive cash compensation with effect from June 30, 2024;

4. With effect from the conclusion of the annual general meeting of the Company held on June 20, 2024, Dr. David Mark Evans and Dr. Edward Yongxiang Wang retired as executive Directors, and Mr. Fengmao Hua retired as independent non-executive Director and ceased to be a member of the Audit Committee, and the chairperson and a member of the Nomination Committee;

5. On June 28, 2024, Ms. Monin Ung was appointed as a member of the Audit Committee, Dr. Cheung Hoi Yu was appointed as the chairperson of the Nomination Committee, and Ms. Shing Mo Han, Yvonne was appointed as a member of the Nomination Committee;

6. Mr. Jiankang Zhang resigned as vice president and director of Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300142), with effect from July 8, 2024; and

7. With effect from July 16, 2024, the emoluments of Dr. Yang Lu have been further adjusted. Dr. Yang Lu is entitled to an annual cash compensation of US$170,000, which has been determined with reference to the Group's further restructuring initiatives.

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

Non-Compliance with Rule 3.21 of the Listing Rules

Following the retirement of Mr. Fengmao Hua as an independent non-executive Director and his ceasing to be a member of the Audit Committee on June 20, 2024, the number of members of the Audit Committee reduced to two, which did not comply with the minimum number requirement prescribed under Rule 3.21 of the Listing Rules. The above non-compliance arose only due to the retirement of Mr. Fengmao Hua.

Following the appointment of Ms. Monin Ung, an independent non-executive Director, as a member of the Audit Committee on June 28, 2024, the Audit Committee comprises three members in total and therefore fully complies with the requirements prescribed under Rule 3.21 of the Listing Rules. For further details, please refer to the announcements of the Company dated June 20, 2024 and June 28, 2024.

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

As at June 30, 2024, the interests and short positions of the Directors and the chief executive of the Company in any of the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares

Name of Director or chief executive	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of interest in the Company [1]
Dr. Yang Lu	Beneficial interest; Settlor of a discretional trust [2]	11,496,232 (L)	13.12%
Dr. Xiaochang Dai	Beneficial interest; Interests in controlled corporations [3]	2,356,632 (L)	2.69%
Mr. Mincong Huang	Beneficial interest; Beneficiary of a trust [4]	956,501 (L)	1.09%

Notes:

(L) denotes long position.

(1) The calculation is based on the total number of 87,638,480 issued Shares as at June 30, 2024.

(2) Dr. Yang Lu ("**Dr. Lu**") is the settlor of The Yang Lu Family Trust and the beneficiaries of The Yang Lu Family Trust are Zheng Joan Wang and Laura Yao Lu, being Dr. Lu's spouse and daughter, respectively. Zheng Joan Wang and Laura Yao Lu are co-trustees of The Yang Lu Family Trust. Therefore, Dr. Lu is deemed to be interested in the 2,500,000 Shares held by The Yang Lu Family Trust. Under the SFO, the deemed interest of Dr. Lu consists of: (i) 2,500,000 Shares held by The Yang Lu Family Trust; (ii) 6,789,082 Shares beneficially owned by Dr. Lu; (iii) options granted to him to subscribe for 1,925,000 Shares under the Pre-IPO Equity Incentive Plan; (iv) 218,600 share options granted to him to subscribe for 218,600 Shares under the Share Option Scheme, subject to vesting conditions; and (v) 63,550 Shares underlying the 63,550 RSUs granted to him under the RSU Scheme, subject to vesting conditions.

(3) Value Measure Investments Limited and Trinity Power Limited are wholly owned by Dr. Xiaochang Dai ("**Dr. Dai**"). Under the SFO, the deemed interest of Dr. Dai consists of: (i) 1,668,757 Shares beneficially owned by Value Measure Investments Limited and Trinity Power Limited; (ii) 40,375 Shares beneficially owned by Dr. Dai; (iii) options granted to him to subscribe for 450,000 Shares under the Pre-IPO Equity Incentive Plan; (iv) 145,000 share options granted to him to subscribe for 145,000 Shares under the Share Option Scheme, subject to vesting conditions; and (v) 52,500 Shares underlying the 52,500 RSUs granted to him under the RSU Scheme, subject to vesting conditions.

(4) Huang Family Capital Ltd owns 198,950 Shares and Soaring Star Ventures Limited owns 600,601 Shares. Huang Family Capital Ltd is wholly-owned by Soaring Star Ventures Limited and the Huang Family Trust is the beneficiary of Soaring Star Ventures Limited. Mr. Mincong Huang ("**Mr. Huang**") is the beneficiary of the Huang Family Trust. Mr. Huang also owns 156,950 Shares. Accordingly, Mr. Huang is deemed to be interested in 956,501 Shares.

Interests in associated corporations

Name of Director or chief executive	Nature of interest	Associated corporations	Number of shares	Approximate percentage of shareholding in the associated corporation [1]
Mr. Huang	Beneficiary of a trust [2]	RNAimmune, Inc.	1,851,851	8.92%

Notes:

(1) The calculation is based on the total number of 20,759,256 common shares issued by RNAimmune, Inc. as at June 30, 2024.

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

Save as disclosed above, as at June 30, 2024, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors and chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of substantial shareholders	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of interest in the shareholding [1]
Yu ZENG	Interest in a controlled corporation [2]	4,564,495 (L)	5.21%
Xialing YAN	Interest of spouse [3]	4,564,495 (L)	5.21%
Jie LI	Interest in a controlled corporation [2]	4,564,495 (L)	5.21%
Lele LI	Interest of spouse [4]	4,564,495 (L)	5.21%
Shenzhen Qianhai Rotating Boulder Fund Management Co., Ltd. ("**Rotating Boulder Fund**")	Interest in controlled corporations [2]	4,564,495 (L)	5.21%
Shanghai Chongshi Enterprise Management Partnership (LP) ("**Shanghai Chongshi**")	Beneficial Interest [2]	4,564,495 (L)	5.21%

Notes:

(L) denotes long position.

(1) The calculation is based on the total number of 87,638,480 issued Shares as at June 30, 2024.

(2) Each of Rotating Boulder Fund (as general partner of Shanghai Chongshi), and Yu ZENG and Jie LI (each as a controlling shareholder of Rotating Boulder Fund) is deemed to be interested in the Shares held by Shanghai Chongshi under the SFO.

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

(4) Lele LI is the spouse of Jie LI, and was therefore deemed to be interested in the Shares in which Jie LI was interested under the SFO.

Save as disclosed above, as at June 30, 2024, the Company has not been notified of any other relevant interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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

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 six months ended June 30, 2024. As of June 30, 2024, the Company did not hold any treasury Shares.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2024.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

USE OF PROCEEDS FROM THE LISTING

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

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

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 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.

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. The interim results have not been reviewed by the external auditor of the Company.

INTERIM DIVIDEND

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

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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

On behalf of the Board

Dr. Yang Lu
Chairman

Hong Kong, August 30, 2024

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 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Other income	5	**984**	1,102
Other gains and losses	6	**(23)**	210
Changes in fair value of financial asset at fair value through profit or loss ("**FVTPL**")	15	**(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)
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	13	**10,284**	13,528
Right-of-use assets	14	**1,324**	1,956
Intangible assets		**777**	823
Deposits	16	**525**	762
		12,910	17,069
CURRENT ASSETS			
Financial asset at FVTPL	15	**1,935**	20,043
Prepayments, deposits and other receivables	16	**11,986**	14,791
Cash and cash equivalents	17	**7,736**	23,884
		21,657	58,718
CURRENT LIABILITIES			
Trade and other payables	18	**10,635**	10,866
Bank borrowing		**38**	—
Contract liability	19	**702**	706
Deferred income		**383**	262
Financial liabilities at FVTPL	20	**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
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	21	**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 Changes in Equity

For the six months ended June 30, 2024

	Attributable to owners of the Company												
	Share capital US$'000	Shares held for share option scheme US$'000	Shares held for share award scheme US$'000	Share premium US$'000	Other reserves US$'000 (Note i)	Treasury share reserve US$'000	Translation reserve US$'000	Share option reserve US$'000	Share award reserve US$'000	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2023 (audited)	88	(12)	–	518,808	(11,650)	(1,205)	(3,030)	13,135	197	(394,325)	122,006	(10,446)	111,560
Loss for the period	–	–	–	–	–	–	–	–	–	(37,959)	(37,959)	(3,147)	(41,106)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(449)	–	–	–	(449)	(19)	(468)
Total comprehensive expense for the period	–	–	–	–	–	–	(449)	–	–	(37,959)	(38,408)	(3,166)	(41,574)
Share repurchases (Note 21)	–	–	–	–	–	(3,705)	–	–	–	–	(3,705)	–	(3,705)
Cancellation of treasury shares (Note 21)	–	–	–	(1,736)	–	1,736	–	–	–	–	–	–	–
Recognition of share-based payment	–	–	–	–	–	–	–	886	930	–	1,816	5	1,821
Exercise of share options	–	1	–	1,043	–	–	–	(305)	–	–	739	–	739
Lapse/forfeiture of share options	–	–	–	–	–	–	–	(375)	–	375	–	–	–
Issue of shares held on trust	1	–	(1)	–	–	–	–	–	–	–	–	–	–
At June 30, 2023 (unaudited)	89	(11)	(1)	518,115	(11,650)	(3,174)	(3,479)	13,341	1,127	(431,909)	82,448	(13,607)	68,841
At January 1, 2024 (audited)	88	(11)	(1)	513,962	(12,561)	–	(3,229)	14,444	143	(472,639)	40,196	(15,739)	24,457
Loss for the period	–	–	–	–	–	–	–	–	–	(41,065)	(41,065)	(2,428)	(43,493)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(390)	–	–	–	(390)	(4)	(394)
Total comprehensive expense for the period	–	–	–	–	–	–	(390)	–	–	(41,065)	(41,455)	(2,432)	(43,887)
Recognition of share-based payment	–	–	–	–	–	–	–	960	541	–	1,501	98	1,599
Exercise of share options	–	–	–	3	–	–	–	(1)	–	–	2	–	2
At June 30, 2024 (unaudited)	88	(11)	(1)	513,965	(12,561)	–	(3,619)	15,403	684	(513,704)	244	(18,073)	(17,829)

Note:

i Other reserves included 1) effect of series C warrants granted to non-controlling shareholders to convert their registered capital in a subsidiary, Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd.* 聖諾生物醫藥技術(蘇州)有限公司 ("**Suzhou Sirnaomics**") to preferred shares of its holding company, namely, Sirnaomics, Inc. ("**US Sirnaomics**"), 2) differences between the carrying amounts of net assets attributable to the additional non-controlling interests at the date of issuance of subsidiary's equity and the relevant proceeds received, 3) differences between the carrying amounts of net assets attributable to the additional non-controlling interests at the date of conversion of Simple Agreements for Future Equity shares to ordinary shares of a subsidiary, RNAimmune, Inc. ("**RNAimmune**"), 4) differences between the decrease in the carrying amounts of net assets attributable to the non-controlling shareholders and the relevant consideration paid in the acquisition, 5) effect of the group reorganization in connection with the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") which was completed on January 21, 2021, and 6) differences between the decrease in the carrying amounts of net assets attributable to the non-controlling shareholders and the relevant consideration paid in the acquisition of additional interest in a subsidiary, EDIRNA Inc. ("**EDIRNA**"), during the year ended December 31, 2023.

* The English names are for identification purpose only.

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)
INVESTING ACTIVITIES		
Purchase and deposits paid for property, plant and equipment	**(49)**	(1,498)
Proceeds from disposal of property, plant and equipment	**90**	—
Placement of structured deposits	**—**	(5,850)
Proceeds from redemption of structured deposits	**—**	5,865
Purchase of financial asset at FVTPL	**—**	(5,000)
Refund of rental deposit	**124**	39
Interest received	**36**	810
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**201**	(5,634)
FINANCING ACTIVITIES		
Proceeds from bank borrowing	**416**	—
Proceeds from exercise of share options	**2**	739
Repayment of lease liabilities	**(575)**	(405)
Interest paid on lease liabilities	**(539)**	(458)
Payment for share repurchases	**—**	(3,705)
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 to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

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 Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") effective from December 30, 2021. The respective address of the registered office and the principal place of business of the Company are disclosed in the corporate information section to the interim report.

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

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 the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

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 its 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 15.

(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.

2. BASIS OF PREPARATION (Continued)

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs

In the current reporting period, the Group has applied the following amendments to IFRSs, International Accounting Standards ("**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.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs (Continued)

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") (Continued)

3.1.2 Transition and summary of effects (Continued)

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	—	—	—

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs (Continued)

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") (Continued)

3.1.2 Transition and summary of effects (Continued)

	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 US$'000	Reclassification US$'000	Restated 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 United States of America (the "**U.S.**") and the mainland of the People's Republic of China (the "**PRC**"). Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets excluding financial instruments	
	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (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 Sirnaomics (Hong Kong) Limited ("**HK Sirnaomics**") is calculated at 8.25% on the first Hong Kong Dollar ("**HK$**") 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate has charged at flat rate of 21% during both periods presented. In addition, under the relevant rules of state taxes in Florida, Virginia, California, Massachusetts and Maryland of the U.S., the state tax rates are charged at ranging from 5.5% to 8.84% during the period (six months ended June 30, 2023: 5.5% to 8.84%).

9. INCOME TAX EXPENSE (Continued)

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

Sirnaomics Biopharmaceuticals (Guangzhou) Co., Ltd.* 聖諾生物醫藥技術(廣州)有限公司 ("**Guangzhou Sirnaomics**") 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 EIT 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.

* The English names are for identification purpose only.

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. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement US$'000	Furniture and fixtures US$'000	Laboratory equipment US$'000	Vehicles US$'000	Equipment and computers US$'000	Assets under construction US$'000	Total US$'000
COST							
At December 31, 2023 (audited)	14,795	988	12,056	276	547	72	28,734
Additions	—	—	131	—	1	—	132
Disposals/written off	(316)	(92)	(99)	—	(34)	—	(541)
Exchange adjustments	(55)	(3)	(38)	(1)	(1)	—	(98)
At June 30, 2024 (unaudited)	14,424	893	12,050	275	513	72	28,227
DEPRECIATION AND IMPAIRMENT LOSS							
At December 31, 2023 (audited)	8,801	314	5,683	151	257	—	15,206
Provided for the period	1,315	55	1,722	23	58	—	3,173
Eliminated on disposals/written off	(221)	(33)	(100)	—	(34)	—	(388)
Exchange adjustments	(46)	(1)	(1)	—	—	—	(48)
At June 30, 2024 (unaudited)	9,849	335	7,304	174	281	—	17,943
CARRYING VALUES							
At June 30, 2024 (unaudited)	4,575	558	4,746	101	232	72	10,284
At December 31, 2023 (audited)	5,994	674	6,373	125	290	72	13,528

For the six months ended June 30, 2024, the Group acquired property, plant and equipment of approximately US$132,000 which mainly consisted of laboratory equipment.

14. RIGHT-OF-USE ASSETS

	Leased properties US$'000
As at January 1, 2024 (audited)	
Carrying amount	1,956
As at June 30, 2024 (unaudited)	
Carrying amount	1,324

During the six months ended June 30, 2024, the Group leases various offices and equipment for its operations. Lease contracts are entered into for fixed term of one to ten years (six months ended June 30, 2023: one to ten years). The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

15. FINANCIAL ASSET AT FVTPL

During the year ended December 31, 2022, HK Sirnaomics, a wholly owned subsidiary of the Company, subscribed for non-voting, participating, non-redeemable shares (the "**Segregated Portfolio Shares**") of a segregated portfolio (the "**Segregated Portfolio**") of TradArt Flagship Investment SPC (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 "**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.

15. FINANCIAL ASSET AT FVTPL (Continued)

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 approval of the condensed consolidated financial statements, 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.

15. FINANCIAL ASSET AT FVTPL (Continued)

	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

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Prepayments to outsourced service providers	7,649	7,961
Prepayments for legal and other professional services	3,207	2,107
Refundable deposit for potential investment	—	3,730
Deposits paid for purchase of property, plant and equipment	—	37
Rental deposits	861	880
Other receivables, net of allowance of credit losses	794	818
Deposit paid for purchase of intangible assets	—	20
	12,511	15,553
Analyzed as:		
Current	11,986	14,791
Non-current	525	762
	12,511	15,553

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates ranging from 0.001% to 4.25% (December 31, 2023: 0.001% to 4.86%).

18. 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

19. CONTRACT LIABILITY

In 2021, the Group entered into a license agreement (the "**Agreement**") with Walvax Biotechnology Co., Ltd. ("**Walvax**"), the parent company of Shanghai Walga Biotechnology Limited, to co-develop small interfering RNA drugs targeting the influenza virus. Pursuant to the Agreement, the Group will grant the exclusive rights of license in the target drug in the territory covering Mainland China, Hong Kong, Macau and Taiwan plus research and development services to Walvax. The license and the research and development service are not distinct and they are accounted for as a performance obligation that is satisfied over time using input method.

As at June 30, 2024 and December 31, 2023, the Group had received an upfront fee of RMB5,000,000 (approximately US$702,000 (December 31, 2023: US$706,000)) which was recognized as a contract liability until the services have been delivered to the customer.

The directors of the Company expected the contract liability to be settled within normal operating cycles. Therefore, the amount is classified under current liabilities.

20. FINANCIAL LIABILITIES AT FVTPL

(i) Preferred Shares

RNAimmune was authorized to issue 50,000,000 preferred shares of US$0.00001 par value per share, of which 7,936,509 and 15,000,000 authorized preferred shares were designated as series seed preferred shares ("**Series Seed Preferred Shares**") and series A preferred shares ("**Series A Preferred Shares**"), respectively. The remaining 27,063,491 authorized preferred shares had not been designated as at June 30, 2024.

Preferred shares	Year of issue	Number of investor(s)	Total number of preferred shares issued	Subscription price per preferred share US$	Total consideration US$'000
Series Seed Preferred Shares	2021	7	7,936,509	1.26	10,000
Series A Preferred Shares	2022	8	7,553,390	3.09	23,340
			15,489,899		33,340

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

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

On March 29, 2021, RNAimmune entered into share purchase agreements of Series Seed Preferred Shares with US Sirnaomics and independent investors to issue 1,587,302 and 6,349,207 Series Seed Preferred Shares at a consideration of US$2,000,000 and US$8,000,000, respectively. As at June 30, 2024 and December 31, 2023, 7,936,509 Series Seed Preferred Shares were issued and outstanding.

On March 10, 2022, RNAimmune entered into share purchase agreements of Series A Preferred Shares with US Sirnaomics and independent investors to issue 2,588,997 and 6,258,891 Series A Preferred Shares at a consideration of US$8,000,000 and US$19,340,000, respectively. As at December 31, 2022, out of the 6,258,891 Series A Preferred Shares which the independent investors agreed to purchase, 4,964,393 Series A Preferred Shares with a total consideration of US$15,340,000 were issued and outstanding. During the year ended December 31, 2023, the Company entered into a termination agreement with an investor for the remaining 1,294,498 non-issued Series A Preferred Shares. As at December 31, 2023 and June 30, 2024, 4,964,393 Series A Preferred Shares were issued to independent investors and outstanding.

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

(a) Voting Right

The voting, dividend and liquidation rights of ordinary shares are subject to and qualified by the rights, powers and preferences of Series Seed Preferred Shares and Series A Preferred Shares. Ordinary shares are entitled to one vote per share at all meetings of stockholders and there is no cumulative voting. On any matter presented to stockholders of RNAimmune for their action or consideration at any meeting of stockholders, each holder of outstanding Series Seed Preferred Shares and Series A Preferred Shares is entitled to the number of votes equal to the number of whole shares of ordinary shares into which Series Seed Preferred Shares and Series A Preferred Shares are convertible. Holders of Series Seed Preferred Shares and Series A Preferred Shares shall vote together with the holders of ordinary shares as a single class.

Holders of ordinary shares, voting exclusively and as a separate class, shall be entitled to elect four directors of RNAimmune. Holders of ordinary shares, Series Seed Preferred Shares and Series A Preferred Shares vote together as a single class shall be entitled to elect the balance of the total number of directors of RNAimmune.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

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

(b) Dividends

RNAimmune shall not declare, pay, or set aside any dividends on shares of any other class or series of capital stock, unless holders of Series Seed Preferred Shares and Series A Preferred Shares shall first receive a dividend in an amount at least equal to the product of (A) the dividend payable as if all shares had been converted into ordinary shares and (B) the number of shares of ordinary shares issuable upon conversion of a share of preferred shares calculated on the record date for determination of holders entitled to receive such dividend.

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

A dividend is payable only when funds are legally available therefore and only when, as and if declared by the board of directors of RNAimmune. RNAimmune is not obligated to pay a dividend. During the six months ended June 30, 2024 and 2023, the board of directors of RNAimmune has not declared any dividends.

(c) Liquidation Preference

In the event of any liquidation, dissolution or winding up of RNAimmune, or a deemed liquidation event as defined in the amended and restated certificate of incorporation of RNAimmune, outstanding Series Seed Preferred Shares and Series A Preferred Shares are entitled to be paid in full out of RNAimmune's assets available for distribution before payment on ordinary shares in the following order: (i) on Series A Preferred Shares, the sum of (I) US$3.09 and (II) any dividends accrued or declared but unpaid and (ii) on Series Seed Preferred Shares, the sum of (I) US$1.26 and (II) any dividends accrued or declared but unpaid. If RNAimmune's assets available for distribution are insufficient to pay the full amount on a series of outstanding preferred shares, such series of preferred shares shall share rateably in any distribution of the assets available for distribution.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

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

(c) Liquidation Preference (Continued)

After payment of all preferential amounts on outstanding preferred shares, the remaining RNAimmune's assets are distributed among preferred shares and ordinary shares, pro rata based on the number of share held by each holder as if they had been converted to ordinary share immediately prior to such liquidation, dissolution or winding up of RNAimmune or deemed liquidation event.

(d) Optional Conversion

Holders of Series Seed Preferred Shares and Series A Preferred Shares have conversion rights. Each series of preferred shares is convertible, at holder's option, without payment of additional consideration, into number of fully paid ordinary shares of RNAimmune as determined by dividing original issue price by the conversion price for each series (as disclosed in below) in effect at the time of conversion.

In order for a holder of preferred shares to convert preferred shares into ordinary shares, such holder provides written notice to RNAimmune that such holder elects to convert all or any portion of preferred shares. In general, preferred shares which have been surrendered for conversion are no longer deemed to be outstanding, and all rights with respect to such preferred shares cease and terminate at the conversion time. Any preferred shares so converted are retired and cancelled and may not be reissued.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

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

(e) Conversion Price/Anti-Dilution Protection

The conversion price for each Series Seed Preferred Shares and Series A Preferred Shares is adjusted on a weighted-average basis if RNAimmune issues additional shares of ordinary shares or ordinary shares equivalents (other than for stock option grants and other customary exclusions) at a purchase price less than the applicable conversion price, subject to appropriate adjustments in the certificate of incorporation. The initial "Series Seed conversion price" and "Series A conversion price" is US$1.26 per share and US$3.09 per share, which also represents the original issue price of Series Seed Preferred Shares and Series A Preferred Shares, respectively.

If RNAimmune, after the original issue date for a series of preferred shares, issues additional shares of ordinary shares or ordinary shares equivalents, without consideration or for a consideration per share less than the conversion price for such series in effect immediately prior to such issue, then the conversion price for such series is reduced, concurrently with such issue, to a price determined in accordance with the formula set forth in the restated certificate of incorporation.

No adjustment in the conversion price for a series of preferred shares is made if RNAimmune receives written notice from holders of a majority of such series of preferred shares then outstanding agreeing that no such adjustment should be made as the result of the issuance or deemed issuance of additional shares of ordinary shares or ordinary shares equivalents.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

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

(f) Mandatory Conversion

Upon (i) the closing of the sale of ordinary shares of RNAimmune to the public in a firm-commitment underwritten public offering resulting in at least US$50,000,000 of aggregate proceeds, net of the underwriting discount and commissions, the ordinary shares of RNAimmune is listed for trading on Nasdaq Stock Market's National Market, Hong Kong Stock Exchange, or another stock exchange approved by the board of directors of RNAimmune or (ii) the date and time, or the occurrence specified by vote or written consent of requisite holders, then all outstanding shares of Series Seed Preferred Shares and Series A Preferred Shares of RNAimmune shall be converted automatically into ordinary shares of RNAimmune, at the effective conversion price and such shares may not be reissued by RNAimmune.

With respect to each series of preferred shares of RNAimmune, all holders of such series of preferred shares are sent written notice of the mandatory conversion time and the place designated for mandatory conversion of all such series. In general, all rights with respect to a series of preferred shares of RNAimmune converted, including the rights, if any, to receive notices and vote (other than as a holder of ordinary shares of RNAimmune), terminate at the mandatory conversion time for such series. Such converted shares of such series of preferred shares shall be retired and cancelled and may not be reissued as shares of such series.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

Presentation and Classification

The directors of the Company considered that the Series Seed Preferred Shares and Series A Preferred Shares issued by RNAimmune are accounted for as financial liabilities measured at FVTPL.

The directors of the Company also considered that the changes in the fair value of the Series Seed Preferred Shares and Series A Preferred Shares attributable to the change in credit risk of these financial liabilities are minimal. Changes in fair value of the Series Seed Preferred Shares and Series A Preferred Shares not attributable to the change in credit risk of the financial liabilities are charged to profit or loss and presented as "changes in fair value of financial liabilities at FVTPL".

The Series Seed Preferred Shares and Series A Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, AVISTA Valuation Advisory Limited ("**AVISTA Valuation**"), which has appropriate qualifications and experiences in valuation of similar instruments. The address of AVISTA Valuation is Suites 2401–06, 24/F, Everbright Centre, No. 108 Gloucester Road, Wan Chai, Hong Kong.

The directors of the Company used the back-solve method to determine the underlying share value of RNAimmune and performed an equity allocation based on Black-Scholes Option Pricing Model ("**OPM**") to arrive the fair value of the Series Seed Preferred Shares and Series A Preferred Shares at June 30, 2024 and December 31, 2023.

20. FINANCIAL LIABILITIES AT FVTPL (Continued)

Presentation and Classification (Continued)

In addition to the underlying share value of RNAimmune determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value of Series Seed Preferred Shares and Series A Preferred Shares are as follows:

	At June 30, 2024	At December 31, 2023
Time to liquidation	1.77 years	2.27 years
Risk-free interest	4.84%	4.33%
Expected volatility value	69.8%	72.6%
Dividend yield	0%	0%
Possibilities under liquidation scenario	90%	90%
Possibilities under initial public offering ("**IPO**") scenario	10%	10%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Government Bond with a maturity life equal to period from the respective valuation dates to the expected liquidation dates. Expected volatility value was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates. Dividend yield, possibilities under different scenarios and time to liquidation are estimated based on management estimation at the valuation dates.

21. SHARE CAPITAL

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

	Number of shares	Share capital US$
Ordinary shares of US$0.001 each		
Authorized		
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 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.

21. SHARE CAPITAL (Continued)

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

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

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

22. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme

Equity-settled share option scheme of US Sirnaomics

2008 Stock Incentive Plan

Effective on March 18, 2008, US Sirnaomics adopted the "2008 Stock Incentive Plan" pursuant to which the Group was authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants and other nonemployee individuals of US Sirnaomics. Under the 2008 Stock Incentive Plan, a total of 10 million shares of ordinary shares was reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options were granted with an exercise price not less than the fair market value of US Sirnaomics' ordinary shares at the date of grant, and have exercise terms of up to 10 years with vesting periods determined at the discretion of the board of directors of US Sirnaomics, and are subject generally to a continued service relationship.

Effective on June 10, 2016, the Group terminated the 2008 Stock Incentive Plan, meaning that, while no additional awards of stock options, stock appreciation rights, or restricted stock were permitted thereunder, all outstanding awards continued to be governed by their existing terms.

2016 Stock Incentive Plan

Effective on June 10, 2016, US Sirnaomics adopted the "2016 Stock Incentive Plan" pursuant to which US Sirnaomics is authorized to grant stock options, stock appreciation rights, and restricted stock to directors, officers, employees, consultants and other nonemployee individuals of US Sirnaomics. Under the 2016 Stock Incentive Plan, a total of 12.7 million shares of ordinary shares was reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options are to be granted with an exercise price not less than the fair market value of US Sirnaomics' ordinary shares at the date of grant, and have exercise terms of up to 10 years with vesting periods determined at the discretion of the board of directors of US Sirnaomics, and are subject generally to a continued service relationship.

Effective on January 21, 2021, the Group terminated the 2016 Stock Incentive Plan, meaning that, while no additional awards of stock options, stock appreciation rights, or restricted stock were permitted thereunder, all outstanding awards continued to be governed by their existing terms.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

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

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

As part of the group reorganization in connection with the listing of the Company's share on the Hong Kong Stock Exchange, US Sirnaomics would i) substitute 1 share of ordinary share of US Sirnaomics under the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan to 1 share of ordinary share of the Company and ii) assume on the same terms and conditions as the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan for issuance of stock options, stock appreciation rights, and restricted stock under the 2021 Stock Incentive Plan as defined and detailed below. The directors of the Company considered that the modification of terms of the 2008 Stock Incentive Plan and the 2016 Stock Incentive Plan have no material change in fair value of the share options at the date of modification.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

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

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

The following table discloses movements of the share options during the six months ended June 30, 2024 under the 2016 Stock Incentive Plan:

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2023	Exercised during the period	Lapsed/ Forfeited during the period	At June 30, 2023	At January 1, 2024	Exercised during the period	Lapsed/ Forfeited during the period	At June 30, 2024
Tranche 2016–1	2020	2025	1.36	600	(52)	—	548	547	—	—	547
Tranche 2016–2	2018	2025	1.36	735	(100)	—	635	535	—	—	535
Tranche 2017–2	2021	2025	1.36	423	(2)	—	421	421	—	—	421
Tranche 2017–3	2019	2025	1.36	705	(6)	—	699	698	—	—	698
Tranche 2017–4	2020	2025	1.36	100	—	—	100	100	—	—	100
Tranche 2018–2	2022 (Note (ii))	2027	1.45	1,480	—	—	1,480	1,480	—	—	1,480
Tranche 2018–3	2022 (Note (ii))	2027	1.60	220	(4)	—	216	216	—	—	216
Tranche 2019–2	2023 (Note (ii))	2028	1.75	179	—	—	179	179	—	—	179
Tranche 2020–1	2020	2029	1.75	600	(27)	—	573	472	(1)	—	471
Tranche 2020–1	2024 (Note (ii))	2029	2.35	675	—	—	675	675	—	—	675
Tranche 2020–2	Milestones (Note (i))	2029	1.75	1,450	—	—	1,450	1,450	—	—	1,450
Tranche 2020–3	2024 (Note (ii))	2029	1.75	100	—	—	100	100	—	—	100
Tranche 2020–4	2021	2029	2.35	75	—	—	75	75	—	—	75
Tranche 2020–5	2024 (Note (ii))	2029	2.35	617	(108)	—	509	510	—	—	510
				7,959	(299)	—	7,660	7,458	(1)	—	7,457
Exercisable at the end of the reporting period							7,660				7,457
Weighted average exercise price				1.67	1.75	N/A	1.66	1.67	1.75	N/A	1.67

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

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

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

Notes:

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

(ii) The unvested portion of share options having an original vesting year of 2023 or later are vested immediately upon fulfilment of milestone of completion of the Company's IPO on December 30, 2021.

Equity-settled share option schemes of the Company

2021 Stock Incentive Plan

Effective on January 21, 2021, the Company adopted the "2021 Stock Incentive Plan" pursuant to which the Company is authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants, advisers and individuals who provide services to the Company and its affiliates. Under the 2021 Stock Incentive Plan, a total of 13.3 million ordinary shares of the Company were reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options are to be granted with an exercise price not less than the fair market value of the Company's ordinary shares at the date of grant, and have exercise terms of up to 10 years with vesting periods determined at the discretion of the board of directors of the Company, and are subject generally to a continued service relationship.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option schemes of the Company (Continued)

2021 Stock Incentive Plan (Continued)

The following table discloses movements of the Company's share options during the six months ended June 30, 2024 under the 2021 Stock Incentive Plan:

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2023	Exercised during the period	Lapsed/ Forfeited during the period	At June 30, 2023	At January 1, 2024	Exercised during the period	Lapsed/ Forfeited during the period	At June 30, 2024
Tranche 2021–2	Milestone (Note (i))	2030	2.35	8	—	—	8	8	—	—	8
Tranche 2021–3	Milestone (Note (i))	2030	2.35	8	—	—	8	8	—	—	8
Tranche 2021–4	2025 (Note (ii))	2030	2.35	187	(27)	(10)	150	155	—	—	155
Tranche 2021–5	2025 (Note (ii))	2030	3.5	2,963	(30)	—	2,933	2,933	—	—	2,933
Tranche 2021–6	2025 (Note (ii))	2030	3.55	428	(12)	(155)	261	262	—	—	262
				3,594	(69)	(165)	3,360	3,366	—	—	3,366
Exercisable at the end of the reporting period							3,360				3,366
Weighted average exercise price				3.44	3.05	3.48	3.45	3.45	N/A	N/A	3.45

Notes:

(i) Milestone-based share options are vested conditionally upon the achievement of a specified performance target including but not limited to, the execution of a collaboration, development, joint venture, or partnership agreement or completion of achievement of drug project related milestones.

(ii) The unvested portion of share options having an original vesting year of 2023 or later are vested immediately upon fulfilment of milestone of completion of the Company's IPO on December 30, 2021.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option schemes of the Company (Continued)

2022 Post-IPO Scheme

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

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

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

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option schemes of the Company (Continued)

2022 Post-IPO Scheme (Continued)

At June 30, 2024, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,155,000, representing approximately 1.3% of the shares of the Company in issue at that date. The total number of shares which may be issued upon exercise of all options that may be granted under the 2022 Post-IPO Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the issued shares as at June 28, 2022 (i.e. the Share Option Scheme Adoption Date) unless the Company obtains the approval from the shareholders to refresh the limit.

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

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

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

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

On November 24, 2022, the Company granted 1,293,050 share options to certain selected directors and employees of the Company and the Group and conditionally granted 218,600 share options to Chief Executive, which entitle them to subscribe for a total of 1,511,650 shares at an exercise price of HK$58.9 per share (equivalent to approximately US$7.55 per share). The closing price of the shares of the Company immediately before the date on which the options were granted was HK$57.8 per share. The 218,600 share options conditionally granted to the Chief Executive were approved in the shareholder's meeting held on February 3, 2023.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option schemes of the Company (Continued)

2022 Post-IPO Scheme (Continued)

The following table discloses movements of the Company's share options during the six months ended June 30, 2024 under 2022 Post-IPO Scheme:

					Number of share options ('000)							
Options	Date of grant/ approval	Vesting year	Expiry year	Exercise price US$	At January 1, 2023	Granted during the period	Lapsed/ Forfeited during the period	At June 30, 2023	At January 1, 2024	Granted during the period	Lapsed/ Forfeited during the period	At June 30, 2024
Tranche 2022–1	November 24, 2022	2024 (note i)	2032	7.55	406	–	(40)	366	319	–	(2)	317
Tranche 2022–2	November 24, 2022	2026 (note ii)	2032	7.55	887	–	(68)	819	717	–	(98)	619
Tranche 2022–1	February 3, 2023	2024 (note i)	2032	7.55	–	101	–	101	101	–	–	101
Tranche 2022–2	February 3, 2023	2026 (note ii)	2032	7.55	–	118	–	118	118	–	–	118
Tranche 2023–1	November 30, 2023	2027 (note ii)	2033	6.03	–	–	–	–	409	–	(409)	–
					1,293	219	(108)	1,404	1,664	–	(509)	1,155
Exercisable at the end of the reporting period								–				419
Weighted average exercise price					7.55	7.55	7.55	7.55	7.18	N/A	6.33	7.55

Notes:

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

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

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of RNAimmune

2020 Stock Incentive Plan

Effective on March 8, 2020, RNAimmune adopted the "2020 Stock Incentive Plan" pursuant to which RNAimmune is authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants, advisers and individuals who provide services to RNAimmune and its affiliates. Under the 2020 Stock Incentive Plan, a total of seven million ordinary shares of RNAimmune were reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options are to be granted with an exercise price not less than the fair market value of RNAimmune's ordinary shares at the date of grant, and have exercise terms of up to 10 years with vesting periods determined at the discretion of the board of directors of RNAimmune, and are subject generally to a continued service relationship.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of RNAimmune (Continued)

2020 Stock Incentive Plan (Continued)

The following table discloses movements of RNAimmune's share options during the six months ended June 30, 2024 under the 2020 Stock Incentive Plan:

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2023	Granted during the period	Lapsed/ Forfeited during the period	At June 30, 2023	At January 1, 2024	Granted during the period	Lapsed/ Forfeited during the period	At June 30, 2024
Tranche 2020–1	Milestones (note (i))	2029	0.11	2,100	—	—	2,100	2,100	—	—	2,100
Tranche 2020–2	Milestones (note (i))	2029	0.10	962	—	—	962	962	—	—	962
Tranche 2021–1	Milestones (note (i))	2030	0.51	200	—	—	200	200	—	—	200
Tranche 2022–2	Milestones (note (i))	2031	0.51	25	—	—	25	25	—	—	25
Tranche 2023–1	Milestones (note (i))	2032	1.39	—	—	—	—	1,304	—	—	1,304
Tranche 2021–2	2024	2030	0.51	25	—	—	25	25	—	—	25
Tranche 2021–3	2025	2030	0.51	75	—	—	75	75	—	—	75
Tranche 2022–2	2026	2031	0.51	125	—	(69)	56	50	—	—	50
Tranche 2023–1	2027	2032	1.39	—	—	—	—	2,246	—	(132)	2,114
				3,512	—	(69)	3,443	6,987	—	(132)	6,855
Exercisable at the end of the reporting period							3,377				3,585
Weighted average exercise price				0.16	N/A	0.51	0.15	0.78	N/A	1.39	0.77

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of RNAimmune (Continued)

2020 Stock Incentive Plan (Continued)

Note:

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

Equity-settled share option scheme of EDIRNA

2023 Stock Incentive Plan

Effective on January 15, 2023, EDIRNA adopted the "2023 Stock Incentive Plan" pursuant to which EDIRNA is authorized to grant stock options, stock appreciation rights and restricted stock to directors, officers, employees, consultants, advisors and individuals who provide services to EDIRNA and its affiliates. Under the 2023 Stock Incentive Plan, a total of 170,000 ordinary shares of EDIRNA were reserved for issuance. Options may be granted as incentive stock options or non-qualified stock options. Stock options are to be granted with an exercise price not less than the fair market value of EDIRNA's ordinary shares at the date of grant, and have exercise terms of up to 10 years with the vesting periods determined at the discretion of the board of directors of EDIRNA, and are subject generally to a continued service relationship.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of EDIRNA (Continued)

2023 Stock Incentive Plan (Continued)

The following table discloses movements of EDIRNA's share options during the six months ended June 30, 2024 under the 2023 Stock Incentive Plan:

				Number of share options ('000)							
Options	Vesting year	Expiry year	Exercise price US$	At January 1, 2023	Granted during the period	Lapsed/ Forfeited during the period	At June 30, 2023	At January 1, 2024	Granted during the period	Lapsed/ Forfeited during the period	At June 30, 2024
Tranche 2023–1	2027 (note (i))	2032	1.49 (note (ii))	—	85	—	85	85	—	—	85
Tranche 2023–2	2027 (note (i))	2032	1.49	—	—	—	—	15	—	—	15
				—	85	—	85	100	—	—	100
Exercisable at the end of the reporting period							—				25
Weighted average exercise price				N/A	1.49	N/A	1.49	1.49	N/A	N/A	1.49

Notes:

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

(ii) During the six months ended June 30, 2023, 85,000 options were granted with an exercise of US$4.50 per share. Later that year, EDIRNA repriced the exercise price of these share options from US$4.50 per share to US$1.49 per share. The incremental fair value of approximately US$20,000 will be expensed over the remaining vesting period.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of EDIRNA (Continued)

2023 Stock Incentive Plan (Continued)

The fair value of services received in return for share options under the 2020 Stock Incentive Plan of RNAimmune, the 2022 Post-IPO Scheme of the Company and the 2023 Stock Incentive Plan of EDIRNA is measured by reference to the fair value of share options granted. Back-solve method was used to determine the equity fair value of RNAimmune and EDIRNA at grant date for options granted under the 2020 Stock Incentive Plan and the 2023 Stock Incentive Plan. The estimated fair value of the share options granted is measured based on the binomial option pricing model. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate with reference to valuation reports carried out by AVISTA Valuation. The value of an option varies with different variables of certain subjective assumptions.

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

	2020 Stock Incentive Plan of RNAimmune	2022 Post-IPO Scheme of the Company	2023 Stock Incentive Plan of EDIRNA
Share price	US$0.03–US$1.38	US$5.90–US$7.50	US$1.49–US$2.21
Exercise price	US$0.1–US$1.39	US$5.90–US$7.55	US$1.49
Expected volatility	68%–75%	74%–77%	54%–76%
Risk-free rate	0.48%–4.94%	3.11%–3.72%	3.55%–4.36%
Expected dividend yield	0%	0%	0%
Time-to-maturity	4.8–8.8 years	10 years	9.3–9.7 years

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Government Bond and Hong Kong Monetary Authority with a maturity life equal to the option life of the share option granted under the 2020 Stock Incentive Plan of RNAimmune, the 2022 Post-IPO Scheme of the Company and the 2023 Stock Incentive Plan of EDIRNA, respectively. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The time-to-maturity used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

Equity-settled share option scheme of EDIRNA (Continued)

2023 Stock Incentive Plan (Continued)

For the six months ended June 30, 2024, the Group recognized a total expense of US$1,058,000 (six months ended June 30, 2023: US$891,000) in relation to share options granted by the Company, RNAimmune and EDIRNA.

(b) RSU Scheme of the Company

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

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

On November 24, 2022, the Company awarded 564,200 RSUs to certain selected employees of the Group and conditionally awarded 339,000 RSUs to certain directors of the Company and an officer of a subsidiary of the Company (the "**Connected Persons**") under the RSU Scheme. The closing price of the shares of the Company immediately before the grant of awarded shares was HK$57.8 per share. The 339,000 RSUs conditionally granted to the Connected Persons were approved in the shareholder's meeting held on February 3, 2023.

The estimated fair values of the awarded shares underlying the RSUs at the grant date were HK$58.9 per share based on the market trading price of the share. The Group recognized a total expense of US$541,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: US$930,000) in relation to RSUs granted by the Company.

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) RSU Scheme of the Company (Continued)

The following table discloses movements of the Company's RSUs during the six months ended June 30, 2024:

			Number of RSUs ('000)							
RSUs	Date of grant/ approval	Vesting year	At January 1, 2023	Awarded during the period	Lapsed/ Forfeited during the period	At June 30, 2023	At January 1, 2024	Awarded during the period	Lapsed/ Forfeited during the period	At June 30, 2024
Tranche 2022–1	November 24, 2022	2024 (note i)	213	—	(40)	173	63	—	(2)	61
Tranche 2022–2	November 24, 2022	2026 (note ii)	351	—	(52)	299	178	—	(53)	125
Tranche 2022–1	February 3, 2023	2024 (note i)	—	294	—	294	147	—	—	147
Tranche 2022–2	February 3, 2023	2026 (note ii)	—	45	—	45	34	—	—	34
			564	339	(92)	811	422	—	(55)	367

Notes:

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

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

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Fair value measurements and valuation processes

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

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

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

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

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

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

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Some of the Group's financial asset and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial asset and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). There were no transfers out of Level 3 during the six months ended June 30, 2024.

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
	June 30, 2024 US$'000 (unaudited)	December 31, 2023 US$'000 (audited)				
Financial asset/ financial liabilities						
Financial asset at FVTPL — Investment fund	1,935	20,043	Level 3	The fair value of the investment fund is determined with reference to the adjusted net assets value approach	Net asset value	A significant increase in net asset value would result in a significant increase in fair value, and vice versa
Financial liabilities at FVTPL — Preferred shares	32,040	30,651	Level 3	Back-solve method and the OPM Time to liquidation, risk-free interest, expected volatility value, dividend yield and possibilities under liquidation scenario and IPO Scenario	Expected volatility value	A significant increase in expected volatility value would result in a significant increase in fair value, and vice versa (Note)

Note:

A 5% increases (decreases) in the expected volatility value, while all other variables keep constant, would increase (decrease) the carrying amount of Series Seed Preferred Shares and Series A Preferred Shares issued by the Group as at June 30, 2024 by US$335,000 and US$183,000, respectively (December 31, 2023: US$341,000 and US$127,000, respectively) and US$(323,000) and US$(184,000), respectively (December 31, 2023: US$(326,000) and US$(126,000), respectively).

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

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

	Financial asset at FVTPL US$'000	Preferred shares issued by RNAimmune US$'000
At January 1, 2023 (audited)	15,004	29,139
Purchase of investment fund	5,000	—
Unrealized changes in fair value	155	441
At June 30, 2023 (unaudited)	20,159	29,580
At January 1, 2024 (audited)	**20,043**	**30,651**
Unrealized changes in fair value	**(18,108)**	**1,389**
At June 30, 2024 (unaudited)	**1,935**	**32,040**

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

24. RELATED PARTY TRANSACTIONS

Saved for disclosed elsewhere in the condensed consolidated financial statements, the Group also entered the following significant transactions with its related parties during the six months ended June 30, 2024.

Compensation of key management personnel

The remuneration of the directors of the Company and key management personnel of the Group during the six months ended June 30, 2024 were as follows:

	For the six months ended June 30,	
	2024	2023
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Salaries and other allowances	**913**	1,362
Retirement benefits schemes contributions	**30**	48
Share-based payment expense	**696**	1,032
	1,639	2,442

25. MAJOR NON-CASH TRANSACTION

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

Lease arrangement

During the six months ended June 30, 2024, the Group entered into new lease agreements for the use of leased properties for two years (six months ended June 30, 2023: two to three years). On the lease commencement during the six months ended June 30, 2024, the Group recognized US$68,000 (six months ended June 30, 2023: US$426,000) of right-of-use assets and US$68,000 (six months ended June 30, 2023: US$426,000) of lease liabilities.

26. 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 announcements of the Company dated August 1, 2024 and August 22, 2024, respectively.

Definitions

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

"Administrative Committee"	the committee comprising of any one executive Director and any other two officers of the Company as designated by the Board from time to time
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"Business Day(s)"	a day on which banks in Hong Kong are generally open for business and the Hong Kong Stock Exchange is open for business of dealing securities
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Chief Executives"	(i) the Chairman of the Board, and (ii) the Chief Executive Officer of the Company, or, for the purpose of the Share Option Scheme and the RSU Scheme only, any person as designated by him/her from time to time. For the avoidance of doubt, any decision prescribed to be made by the Chief Executives under the Share Option Scheme or the RSU Scheme (as the case may be) shall be made jointly by both persons of (i) and (ii) above
"China", "mainland China" or the "PRC"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only, except where the context requires, references in this interim report to "China", "mainland China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Company", "our Company" or "the Company"	Sirnaomics Ltd., an exempted company incorporated in the Cayman Islands with limited liability on October 15, 2020
"Core Product"	STP705, the designated "core product" as defined under Chapter 18A of Listing Rules
"Director(s)"	the director(s) of the Company
"EDIRNA"	EDIRNA Inc., a company incorporated under the laws of Delaware, U.S. on February 18, 2022, a non-wholly owned subsidiary of the Company

Definitions

"FDA"	U.S. Food and Drug Administration
"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 Fund as a direct shareholder thereof)
"Gore Range Fund"	Gore Range Capital Fund II LLC, a venture capital fund formed under the laws of Delaware, U.S. managed by Gore Range as the sole manager
"Group", "our Group", "the Group", "we", "us", "our" or "Sirnaomics"	the Company, its subsidiaries or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Guangzhou Facility"	our manufacturing facility in Guangzhou
"Guangzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Guangzhou) Co., Ltd. (聖諾生物醫藥技術(廣州)有限公司), a company established under the laws of the PRC on May 8, 2012 with limited liability, an indirect wholly owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of the Company

Definitions

"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
"Junior Grantee(s)"	any grantee(s) other than a Senior Grantee
"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
"Nomination Committee"	the nomination committee of the Board
"Other Sagesse Stockholders"	the stockholders (direct or indirect) of Sagesse Bio in addition to US Sirnaomics and Gore Range (through Gore Range Fund), each being a founder, director or executive management of Sagesse Bio
"Outside Date"	September 15, 2024, or September 30, 2024 as automatically extended pursuant to the escrow arrangement between US Sirnaomics and Sagesse Bio upon prior written notice from US Sirnaomics, provided that the Company is continuing in good faith to pursue approval by the Shareholders on a timely basis
"Pre-IPO Equity Incentive Plan"	the pre-IPO equity incentive plan adopted by the Company on January 21, 2021
"Prospectus"	the prospectus of the Company dated December 20, 2021, issued in connection with the Hong Kong Public Offering

"R&D"	research and development
"Related Entity"	the holding companies, fellow subsidiaries or associated companies of the Company
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	for the six months ended June 30, 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 Scheme Adoption Date"	April 22, 2022, being the date on which the RSU Scheme was adopted by the Board
"RSU Scheme Limit"	has the meaning described in the sub-paragraph headed "(I) RSU Scheme Limit" under the paragraph headed "Corporate Governance and Other Information — Pre-IPO Equity Incentive Plan, RSU Scheme and Share Option Scheme — RSU Scheme — (5) Maximum Number of Shares Available for Awards" in this interim report
"RSU(s)"	the restricted share unit(s) granted and/or conditionally granted (as the case may be) under the RSU Scheme
"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
"Senior Grantee(s)"	the grantee(s) under the Share Option Scheme or the RSU Scheme (as the case may be) who is either (i) a Director, or (ii) a member of the senior management of the Company as included in the latest annual report of the Company published on the website of the Hong Kong Stock Exchange immediately before the grant date

Definitions

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.001 each
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on June 28, 2022
"Share Option Scheme Adoption Date"	June 28, 2022, being the date on which the Share Option Scheme was approved and adopted by the Shareholders
"Share Option Scheme Limit"	has the meaning described in the sub-paragraph headed "(I) Share Option Scheme Limit" under the paragraph headed "Corporate Governance and Other Information — Pre-IPO Equity Incentive Plan, RSU Scheme and Share Option Scheme — Share Option Scheme — (5) Maximum Number of Shares Available for Subscription" in this interim report
"Suzhou Sirnaomics"	Sirnaomics Biopharmaceuticals (Suzhou) Co., Ltd. (聖諾生物醫藥技術(蘇州)有限公司), a company established under the laws of the PRC on March 10, 2008 with limited liability, an indirect wholly owned subsidiary of the Company
"United States", "U.S." or "US"	the United States of America
"US$"	U.S. dollars, the lawful currency of the United States of America
"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

Glossary of Technical Terms

"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
"HCC"	hepatocellular carcinoma, a type of primary liver cancer
"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

Glossary of Technical Terms

"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
"NSCLC"	non-small cell lung cancer is any type of epithelial lung cancer other than small cell lung 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

Glossary of Technical Terms

"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PDoV"	Peptide Docking Vehicle, a linker which contains a therapeutic compound, such as an siRNA molecule, and a targeting ligand
"PDoV-GalNAc"	our GalNAc RNAi delivery platform that conjugates GalNAc moieties to PDoV peptide linkers and up to two siRNAs to the peptide
"Phase I clinical trials" or "Phase I"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase I/II clinical trials" or "Phase I/II"	Phase I/II clinical trials combine Phase I and Phase II into one trial. The clinical trial design may adaptively use data from all previous patients to make decisions and select the best dose for each new cohort
"Phase II clinical trials" or "Phase II"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase IIa clinical trials" or "Phase IIa"	Phase IIa clinical trials are usually pilot studies designed to demonstrate clinical efficacy or biological activity
"Phase IIb clinical trials" or "Phase IIb"	Phase IIb clinical trials determine the optimal dose at which the drug shows biological activity with minimal side-effects

Glossary of Technical Terms

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

Glossary of Technical Terms

"SAE"	serious AE, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"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