LianBio
Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(Unaudited)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 51,702	$ 438,584
Marketable securities	—	128,790
Prepaid expenses and other current assets	1,885	6,180
Other receivable	10,138	39,912
Total current assets	63,725	613,466
Restricted cash, non-current	—	71
Property and equipment, net	—	2,119
Operating lease right-of-use assets	—	2,307
Total assets	$ 63,725	$ 617,963
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 155	$ 4,017
Accrued expenses	17	27,253
Current portion of operating lease liabilities	—	1,946
Other current liabilities	687	2,813
Total current liabilities	859	36,029
Operating lease liabilities	—	511
Other liabilities	—	226
Total liabilities	$ 859	$ 36,766
Shareholders' equity (deficit):		
Ordinary shares, $0.000017100448 par value. Authorized 2,923,900,005 shares as of December 31, 2024; 109,126,212 shares issued and outstanding at December 31,2024; Authorized 2,923,900,005 shares as of December 31, 2023; 108,710,315 shares issued and outstanding at December 31, 2023	2	2
Additional paid-in capital	191,925	742,346
Accumulated other comprehensive loss	27,581	(2,034)
Accumulated deficit	(156,642)	(159,117)
Total LianBio shareholders' equity	62,866	581,197
Non-controlling interest	—	—
Total shareholders' equity	62,866	581,197
Total liabilities and shareholders' equity	$ 63,725	$ 617,963

See accompanying notes to the consolidated financial statements

LianBio
Consolidated Statement of Operations and Comprehensive Income (Loss)
(In thousands, except share and per share amounts)
(Unaudited)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating expenses:		
Research and development	$ 10,635	$ 35,347
General and administrative	28,204	64,283
Total operating expenses	38,839	99,630
Loss from operations	(38,839)	(99,630)
Other income:		
Interest income (loss), net	4,077	13,010
Other income, net	—	715
Gain on disposal	37,215	397,763
Net income before income taxes	2,453	311,408
Income tax expense (benefit)	(22)	450
Net income	2,475	310,408
Other comprehensive income:		
Foreign currency translation income (loss), net of tax	29,639	(817)
Unrealized gain (loss) on marketable securities, net of tax	(24)	863
Comprehensive income	$ 32,090	$ 311,454
Net income (loss) per share attributable to ordinary shareholders, basic	$ 0.30	$ 2.89
Weighted-average shares outstanding used in computing net income per share attributable to ordinary shareholders, basic	108,276,559	107,919,913
Net income per share attributable to ordinary shareholders, diluted	$ 0.30	$ 2.87
Weighted-average shares outstanding used in computing net income per share attributable to ordinary shareholders, diluted	108,698,521	108,341,875

See accompanying notes to the consolidated financial statements

LianBio
Consolidated Statement of Redeemable Convertible Preferred Shares and Shareholders' Equity (Deficit)
(In thousands, except share amounts)
(Unaudited)

	Ordinary Shares		Treasury Shares		Additional Paid in	Accumulated Other Comprehensive	Accumulated	Total LianBio Shareholders'	Non-Controlling	Total Shareholders'
	Shares	Amount	Shares	Amount	Capital	(Loss) Income	Deficit	Equity (Deficit)	Interest	Equity (Deficit)
Balance, December 31, 2022	107,043,924	$ 2	—	$ —	$ 732,476	$ (2,080)	$ (470,525)	$ 259,873	$ 33,774	$ 293,647
Share-based compensation expense	—	—	—	—	8,086	—	—	8,086	—	8,086
Issuance of restricted stock units	625,934	—	—	—	—	—	—	—	—	—
Exercise of options	1,040,457	—	—	—	1,784	—	—	1,784	—	1,784
Termination of warrants	—	—	—	—	—	—	—	—	(33,774)	(33,774)
Net Income	—	—	—	—	—	—	310,408	310,408	—	310,408
Comprehensive Income	—	—	—	—	—	46	—	46	—	46
Balance, December 31, 2023	108,710,315	$ 2	—	$ —	$ 742,346	$ (2,034)	$ (159,117)	$ 581,197	$ —	$ 581,197
Shareholder Dividend	—	—	—	—	(550,421)	—	—	(550,421)	—	(550,421)
Issuance of restricted stock units	415,897	—	—	—	—	—	—	—	—	—
Net Income	—	—	—	—	—	—	2,475	2,475	—	2,475
Comprehensive Income	—	—	—	—	—	29,615	—	29,615	—	29,615
Balance, December 31, 2024	109,126,212	$ 2	—	$ —	$ 191,925	$ 27,581	$ (156,642)	$ 62,866	$ —	$ 62,866

See accompanying notes to the consolidated financial statements

LianBio
Consolidated Statement of Cash Flows
(In thousands)
(Unaudited)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Net income	$ 2,475	$ 311,408
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash consideration for warrant termination	—	(33,774)
Depreciation expense	801	1,328
Share based compensation expense	—	8,086
Other than temporary impairment losses on investments	—	98
Amortization of discounts on investments, net	—	(4,651)
Unrealized foreign currency transaction loss, net	—	12
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	4,295	2,355
Other receivable	29,774	(38,142)
Other non-current assets	—	20
Accounts payable	(3,862)	2,585
Accrued expenses	(27,236)	7,673
Other current liabilities	(2,352)	2,365
Operating lease assets and liabilities, net	(150)	(202)
Net cash provided by (used in) operating activities	3,745	259,161
Cash flows from investing activities:		
Purchase of property and equipment	—	(375)
Purchase of marketable securities	—	(148,621)
Sales and redemptions of marketable securities	128,790	248,391
Net cash provided by (used in) investing activities	128,790	99,395
Cash flows from financing activities:		
Proceeds from exercise of share options	—	1,784
Shareholder Dividend	(550,421)	—
Net cash provided by financing activities	(550,421)	1,784
Effect of exchange rate changes on cash and cash equivalents	30,933	(979)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (386,953)	$ 359,361
Cash and cash equivalents, and restricted cash—beginning of period	438,655	79,294
Cash and cash equivalents, and restricted cash—ending of period	$ 51,702	$ 438,655
Cash and cash equivalents—end of period	$ 51,702	$ 438,584
Restricted cash—ending of period		$ 71
Cash and cash equivalents, and restricted cash—ending of period	$ 51,702	$ 438,655
Supplemental disclosure of cash information		
Cash paid for income taxes	$ —	$ 22
Supplemental disclosure of non-cash financing and investing activities:		
Right-of-use assets obtained in exchange for lease obligations	$ —	$ —
Ordinary shares received as consideration for non-recourse promissory note default	—	—
Purchase of property and equipment in accounts payable	—	27

See accompanying notes to the consolidated financial statements

1. Nature of Business

LianBio ("LianBio" or the "Company") is a clinical stage biopharmaceutical company dedicated to bringing innovative medicines to patients with unmet medical needs in Asia. The Company's initial focus is to in-license assets for development and commercialization in Greater China and other Asian markets. The Company was incorporated in the Cayman Islands in July 2019 and maintains its Chinese headquarters in Shanghai, China. The Company conducts its corporate activities at its United States headquarters located in Princeton, New Jersey.

On February 13, 2024, the Company announced that the Board of Directors (the "Board") had completed its comprehensive strategic review of the Company and determined to initiate the wind down of the Company's operations, including the sale of remaining pipeline assets, the delisting of its ADSs from the Nasdaq Global Market ("Nasdaq") and deregistration under Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and workforce reductions. The Company completed a substantial portion of the wind down activities, including fulfillment of transition service obligations under its existing agreements and gradual cessation of currently active clinical trials in 2024. In parallel with the wind down of operations, the Board declared a special cash dividend in the amount of $4.80 per Ordinary Share, including Ordinary Shares represented by ADSs for shareholders of record on February 27, 2024. The special cash dividend was paid March 14, 2024. The Company continues to collect outstanding receivables as part of the wind down process. The Company expects to distribute these proceeds to its then-current shareholders in a subsequent distribution before the final dissolution of the Company. However, there is no guarantee that any shareholder's original investment, or any material amount, will be recovered.

On March 11, 2024, the Company, pursuant to an authorization by the Board, filed a Form 25 with the U.S. Securities and Exchange Commission (the "SEC") to effect the voluntary delisting of the Company's ADSs from Nasdaq and to deregister the ADSs under Section 12(b) of the Exchange Act. The Company's last day of trading on Nasdaq was March 18, 2024, when the Form 25 took effect. Following the delisting of the Company's ADSs from Nasdaq, the Company filed a Form 15 with the SEC certifying that it has fewer than 300 shareholders of record, upon which the Company's filing obligations under the Exchange Act were immediately suspended, including the obligations to file all periodic reports.

Following the delisting, any trading in the Company's ADSs has only occurred in privately negotiated sales over-the-counter market. The Company ADSs are quoted on a market operated by OTC Markets Group Inc. (the "OTC") so that a trading market may continue to exist for its ADSs. There is no guarantee, however, that a broker will continue to make a market in the ADSs and that trading of the ADSs will continue on an OTC market or otherwise.

On March 26, 2024, the Company entered into an Assignment and Transfer Agreement (the "ATA") with Xi An Grand Chang An Pharmaceutical Co., Ltd ("Grand Pharma"). The Company previously entered into a Development and License Agreement, dated as of March 26, 2021, with Tarsus Pharmaceuticals, Inc. ("Tarsus"), pursuant to which Tarsus granted to the Company an exclusive, sublicensable license under the licensed patent rights and know-how to develop, manufacture and commercialize TP-03 for the treatment of patients with Demodex blepharitis and Meibomian Gland Disease in Mainland China, Macau, Hong Kong, and Taiwan. Under the ATA, the Company transferred to Grand Pharma all of the rights, title and interests in the products licensed to the Company under the License Agreement along with certain related properties and assets, and Grand Pharma will assume certain related liabilities upon closing. Total consideration for the sale was up to $40 million, including a $15 million upfront payment and $25 million in contingent milestone payments. On February 27, 2024, the Company received $5 million milestone payment from Grand Pharma.

On December 23, 2024, the Company sent a notice (the "Navire License Agreement Termination Notice") to Navire Pharma, Inc. ("Navire") to terminate the License Agreement between the Company and Navire dated September 28, 2021 (the "Navire License Agreement"), pursuant to which Navire granted to the Company an exclusive, sublicensable license under the licensed patent rights and know-how to develop, manufacture and commercialize SHP2 inhibitor BBP-398 in China and selected Asian markets. Pursuant to Navire License Agreement Termination Notice, the Navire License Agreement terminated in its entirety as of December 23, 2024.

On December 23, 2024, the Company sent a notice ("QED License Agreement Termination Notice") to QED Therapeutics, Inc. ("QED") to terminate the License Agreement between the Company and QED dated October 16, 2019 (the "QED License Agreement"), pursuant to which QED granted the Company an exclusive, sublicensable license under the licensed patent rights and know-how to develop, manufacture and commercialize infigratinib in certain territories outside the United States. Pursuant to QED License Agreement Termination Notice, the QED License Agreement terminated in its entirety as of December 23, 2024.

On June 19, 2024, the Company and NImmune Biopharma, Inc. ("NImmune") entered into an agreement (the "NImmune Side Letter") on certain matters in connection with the License Agreement between the Company and NImmune dated February 2023, pursuant to which Nimmune an exclusive, sublicensable license under the licensed patent rights and know-how to develop, manufacture and commercialize omilancor in China and selected Asian markets (the "NImmune License Agreement"). Pursuant to the NImmune Side Letter, the NImmune License Agreement terminated in its entirety as of October 21, 2024.

On August 14, 2024 (the "Landos License Agreement Termination Effective Date"), the Company and Landos BioPharma, Inc ("Landos') entered into a termination agreement, pursuant to which the License Agreement between the Company and Landos dated May 14, 2021 terminated it its entirety as of the Landos License Agreement Termination Effective Date. Total consideration for the termination that the Company received was $25 million.

On October 10, 2024, the Company and Shanghai Xingqiao Real Estate Co., Ltd. (the "Shanghai Office Landlord) entered into a Termination Agreement, pursuant to which the Lease Contract for Office Building of Corporate Avenue between the Company and Shanghai Office Landlord dated November 4, 2021 with respect to the lease of the Company's Shanghai office terminated as of December 31, 2024.

On November 13, 2024, the Company engaged a third-party liquidator to assist the Company during its winddown and dissolution. In connection with this engagement, the company elected an officer that is employed by the liquidator. Effective November 15, 2024, the Company's Chief Business Officer resigned.

2. Significant Accounting Policies

(A) Basis of presentation

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB"). Certain reclassifications have been made to prior periods to conform with current reporting.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, which include the People's Republic of China ("PRC") registered entities directly owned by the Company. All intercompany accounts and transactions have been eliminated in consolidation.

(B) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported financial position at the date of the financial statements and the reported results of operations during the reporting period. Such estimates and assumptions affect the reported amounts of assets, liabilities, and expenses, and disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. The only material estimates in the accompanying financial statements are the fair value of warrants, share-based compensation, and share options. Actual results could differ from those used in evaluating these accounting estimates.

(i) Liquidity

The Company had an accumulated deficit of $156.6 million as of December 31, 2024 and $159.1 million as of December 31, 2023. The Company's cash and cash equivalents and marketable securities were $51.7 million and $567.4 million as of December 31, 2024 and December 31, 2023, respectively. The Company has financed its operations to date primarily through equity capital raises. On March 14, 2024 the Company issued a special cash dividend to shareholders of record on February 27, 2024 in the amount of $550.4 million or $4.80 per share.

(C) Net loss per share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of ordinary shares outstanding for the period. Diluted net income (loss) per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of ordinary shares outstanding for the period determined using the treasury stock method. During periods in which the Company incurs net losses, both basic and diluted loss per share is calculated by dividing the net loss by the weighted average shares outstanding—potentially dilutive securities are excluded from the calculation because their effect would be anti-dilutive. Dilutive common stock equivalents are comprised of convertible preferred shares, options to purchase ordinary shares, restricted share units and unexercised warrants.

(D) Fair Value of Financial Instruments

FASB guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

a. Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

b. Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active). Level 2 includes financial instruments that are valued using models or other valuation methodologies.

c. Level 3 – Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when the fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable. The Company had no Level 3 assets or liabilities as of December 31, 2024 and December 31, 2023.

(E) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents are carried at cost which approximates fair value due to their short-term nature. The Company maintains cash balances at both U.S.-based and foreign-based commercial banks.

A summary of cash, cash equivalents and restricted cash is as follows:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	$ 51,702	$ 438,584
Restricted cash, non-current	—	71
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 51,702	$ 438,655

The Company continues to collect outstanding receivables as part of the wind down process. The Company expects to distribute these proceeds to its then-current shareholders in a subsequent distribution before the final dissolution of the Company. However, there is no guarantee that any shareholder's original investment, or any material amount, will be recovered.

(F) Marketable Securities

The Company considers securities with original maturities of greater than 90 days to be available for sale securities. Securities under this classification are recorded at fair value and unrealized gains and losses within accumulated other comprehensive income (loss). The estimated fair value of the available for sale securities is determined based on quoted market prices or rates for similar instruments. In addition, the cost of debt securities in this category is adjusted for amortization of premium and accretion of discount to maturity. For available for sale debt securities in an unrealized loss position, the Company assesses whether it intends to sell or if it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell

is met, the security's amortized cost basis is written down to fair value. If the criteria are not met, the Company evaluates whether the decline in fair value has resulted from a credit loss or other factors. In making this assessment, management considers, among other factors, the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized costs basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

(G) Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation, which is computed by the straight-line method based on the estimated useful lives of the respective assets, as discussed below. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the leased assets. Maintenance and repair costs are charged to expense as incurred, and expenditures for major renewals and improvements are capitalized. The Company assesses the net book value of its property and equipment for impairment at least annually or when events or circumstances indicate that the carrying amounts may not be recoverable in the ordinary course of its business.

(H) Foreign Currency

The functional currencies of the Company's foreign subsidiaries primarily are the local currencies of the country in which the subsidiary operates. The Company's asset and liability accounts are translated using the current exchange rate as of the balance sheet date. Shareholders' equity (deficit) accounts are translated using historical rates at the balance sheet date. Revenue and expense accounts are translated using a weighted average exchange rate over the period ended on the balance sheet date. Adjustments resulting from the translation of the financial statements of the Company's foreign subsidiaries into U.S. dollars are accumulated as a separate component of shareholders' equity (deficit) within accumulated other comprehensive loss.

(I) Research and Development

Costs incurred for research and development are expensed as incurred. Included in research and development expense are personnel related costs, expenditures for laboratory equipment and consumables, payments made pursuant to licensing and acquisition agreements related to in-process research and development ("IPR&D"), and the cost of conducting clinical trials. Expenses incurred associated with conducting clinical trials include, but are not limited to, drug development trials and studies, drug manufacturing, laboratory supplies, external research, and payroll. Prepayments the Company makes for research and development services prior to services being rendered are recorded as prepaid expenses in the balance sheet and expensed as the services are provided.

(J) Acquisition of In-Process Research and Development

The Company has entered into agreements with third parties to acquire or license pharmaceutical product candidates for development. Such agreements generally require an initial payment by the Company when the contract is executed, and additional payments upon the achievement of certain milestones. Additionally, the Company may be obligated to make future royalty payments in the event the Company commercializes the pharmaceutical product candidate and achieves a certain sales volume. In accordance with FASB ASC Topic 730, "Research and Development," expenditures for research and development, including upfront licensing fees and milestone payments associated with products that have not yet been approved by the NMPA, are charged to research and development expense as incurred as there is no alternative future use. Future contract milestone payments will be recognized as expense when achievement of the milestone is determined to be probable. Once a product candidate receives regulatory approval, subsequent license payments are recorded as an intangible asset and will be amortized over its estimated useful life.

(K) Accruals for Research and Development Expense and Clinical Trials

As part of the process of preparing its financial statements, the Company is required to recognize its expense resulting from its obligations under contracts with vendors, clinical research organizations and consultants and under clinical site agreements in connection with conducting clinical trials. This process involves reviewing open contracts and purchase orders, communicating with the applicable personnel to identify services that have been performed on behalf of the Company and estimating the level of service performed and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of actual cost. The majority of service providers invoice the Company monthly in arrears for services performed. The Company records estimates of accrued expenses as of each balance sheet date in the financial statements based on facts and circumstances known to the Company at that time. The

Company's clinical trials accruals are dependent on the timely and accurate reporting of contract research organization and other third-party vendors. Although the Company does not expect its estimates to be materially different from amounts actually incurred, its understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in it reporting amounts that are too high or too low for any particular period. The Company periodically confirms the accuracy of its estimates with the service providers and records adjustments if necessary.

(L) Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, the amount of taxes currently payable or refundable is accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial reporting and tax basis of existing assets and liabilities. Deferred tax assets also include realizable tax losses.

The deferred tax assets may be reduced by a valuation allowance, which is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In addition, management is required to evaluate all available evidence, both positive and negative, when making its judgment to determine whether to record a valuation allowance for a portion, or all, of its deferred tax assets. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rate is recognized in the period that includes the enactment date.

The Company accounts for uncertainty in income taxes using a two-step approach. The first step requires the Company to conclude that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination by a tax authority. The second step requires the Company to measure the largest amount of benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon ultimate settlement with tax authority. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Further, the benefit to be recorded in the consolidated financial statements is the amount most likely to be realized assuming a review by the tax authorities having all relevant information and applying current conventions. The Company's policy is to recognize interest and penalties related to income tax positions taken as a component of the provision for income taxes.

The Company does not anticipate any significant changes to its uncertain tax positions during the next 12 months. As of December 31, 2024, the Company was not aware of any anticipated audits by the IRS or any other state, local, or foreign taxing authorities for any other matters.

(M) Leases

In accordance with ASC 842, the Company accounts for a contract as a lease when it has the right to control the asset for a period of time while obtaining substantially all of the asset's economic benefits. The Company determines if an arrangement is a lease or contains an embedded lease at inception. For arrangements that meet the definition of a lease, the Company determines the initial classification and measurement of its right-of-use asset and lease liability at the lease commencement date and thereafter if modified. The lease term includes any renewal options that the Company is reasonably assured to exercise. The present value of lease payments is determined by using the interest rate implicit in the lease, if that rate is readily determinable; otherwise, the Company uses its estimated secured incremental borrowing rate for that lease term. The Company's policy is to not record leases with an original term of 12 months or less on its consolidated balance sheets and recognizes those lease payments in the income statement on a straight-line basis over the lease term. The Company's existing leases are for office space.

In addition to rent, leases may require the Company to pay additional costs, such as utilities, maintenance, and other operating costs, which are generally referred to as non-lease components. The Company has elected to not separate lease and non-lease components for its office leases. Only the fixed costs for lease components and their associated non-lease components are accounted for as a single lease component and recognized as a right-of-use asset and liability. Rent expense for operating leases is recognized on a straight-line basis over the lease term based on the total lease payments and is included in operating expense in the Consolidated Statements of Operations and Comprehensive Income (Loss).

On October 10, 2024, the Company and Shanghai Xingqiao Real Estate Co., Ltd. (the "Shanghai Office Landlord) entered into a Termination Agreement, pursuant to which the Lease Contract for Office Building of Corporate Avenue between the Company and Shanghai Office Landlord dated November 4, 2021 with respect to the lease of the Company's Shanghai office terminated as of December 31, 2024.

(N) Share-Based Compensation

ASC 718 requires companies to measure the cost of employee services incurred in exchange for the award of equity instruments based on the estimated fair value of share-based award on the grant date. The share compensation awards issued to employees are equity classified, and the related expense is recognized over the requisite service period. The Company recognizes share-based award forfeitures only as they occur rather than an estimate by applying a forfeiture rate in accordance with ASU 2016-09.

The Company uses a Black-Scholes option-pricing model to value the Company's share option awards and the Monte Carlo simulation model to value the Company's performance share awards with market conditions. The performance share awards vest upon meeting certain market conditions and service conditions. The share option awards generally vest pro-rata annually. Performance share awards vest upon meeting certain regulatory approvals and service conditions. Using these option-pricing models, the fair value of each share option award and performance share award is estimated on the grant date. The fair value of the share options and performance share awards with market conditions is expensed on a straight-line basis over the vesting period. For awards that vest or begin vesting upon achievement of a performance condition, the Company estimates the likelihood of satisfaction of the performance condition and recognizes compensation expense when achievement of the performance condition is deemed probable using an accelerated attribution model. The expected volatility assumption used is based on the volatility of the share price of comparable public companies. The expected life used in share options is determined using the "simplified method." The expected life used in performance award is determined as the midpoint between the requisite service period (the longer of the service or performance periods) and the contractual term. The risk-free interest rate used in both models is based on the implied yield on a U.S. Treasury security at a constant maturity with a remaining term equal to the expected term of the option granted. The dividend yield used in both models is zero, as the Company had never declared a cash dividend until February 2024 as part of the Company's decision to wind down operations.

Restricted share units ("RSUs") are measured and recognized over the vesting period and are based on the quoted market price of the Company's ADSs on the grant date.

(O) Recently Issued Accounting Pronouncements Not Yet Adopted

The Company has evaluated recent accounting pronouncements through the date the financial statements were issued and filed with the SEC and believes that there are none that will have a material impact on the Company's consolidated financial statements.

3. Litigation and Contingencies

The Company is subject to claims and assessments from time to time in the ordinary course of business. The Company will accrue a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. As of December 31, 2024, and December 31, 2023, there have been no such matters identified. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within the range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. The Company is not currently party to any material legal proceedings.

4. Gain on disposal

On October 24, 2023, the Company entered into a Termination Agreement (the "Termination Agreement") with Bristol Myers Squibb ("BMS") and its affiliates. Pursuant to the Termination Agreement, the Company terminated the Exclusive License Agreement, dated August 10, 2020, pursuant to which the Company had previously acquired exclusive rights to develop and commercialize mavacamten in Mainland China, Hong Kong, Macau, Taiwan, Singapore, and Thailand. Pursuant to the Termination Agreement, all rights to sell mavacamten were transferred to the BMS. Consideration from the Termination Agreement was $350 million and a gain on disposal of assets of $373.2 million is included in the consolidated statement of comprehensive income (loss) during the year ended December 31, 2023.

		(In 000's)
Mavacamten Cash Consideration	$	350,000
Termination of Warrants Agreement		33,774
Associated Costs to Sell		(10,551)
Gain on Disposal	**$**	**373,223**

Additionally, on December 22, 2023, the Company entered into an Asset Purchase Agreement ("the APA") Janssen Pharmaceutica NV ("Janssen"), a Johnson & Johnson company. LianBio Development and LianBio had previously entered into a License, Development and Commercialization Agreement, dated as of May 11, 2021, with Nanobiotix S.A. ("Nanobiotix"), pursuant to which Nanobiotix granted to LianBio Development certain rights and licenses to develop and commercialize NBTXR3, an investigational potential first-in-class radio enhancer, in Mainland China, Hong Kong, Taiwan, Macau, South Korea, Singapore and Thailand. Under the APA, the Company sold to Janssen all of the rights, title and interests in the products licensed to LianBio Development under the License Agreement along with certain related properties and assets, and Janssen will assume certain related liabilities upon closing. Total consideration for the sale was up to $30 million, including a $25 million upfront payment. A gain on disposal of assets of $24.5 million is included in the consolidated statement of comprehensive income (loss) during the year ended December 31, 2023. A total amount of $2.5 million out of the $25 million upfront payment was deposited under the escrow account and such escrow account was released to the Company in January 2024.

		(In 000's)
NBTXR3 Cash Consideration	$	25,000
Associated Costs to Sell		(460)
Gain on Disposal	**$**	**24,540**

On March 26, 2024, the Company entered into an Assignment and Transfer Agreement (the "ATA") with Xi An Grand Chang An Pharmaceutical Co., Ltd ("Grand Pharma"). The Company previously entered into a Development and License Agreement, dated as of March 26, 2021, with Tarsus Pharmaceuticals, Inc. ("Tarsus"), pursuant to which Tarsus granted to the Company an exclusive, sublicensable license under the licensed patent rights and know-how to develop, manufacture and commercialize TP-03 for the treatment of patients with Demodex blepharitis and Meibomian Gland Disease in Mainland China, Macau, Hong Kong, and Taiwan. Under the ATA, the Company transferred to Grand Pharma all of the rights, title and interests in the products licensed to the Company under the License Agreement along with certain related properties and assets, and Grand Pharma will assume certain related liabilities upon closing. Total consideration for the sale was up to $40 million, including a $15 million upfront payment and $25 million in contingent milestone payments. A gain on disposal of assets of $12.2million is included in the consolidated statement of comprehensive income (loss) during the year ended December 31, 2024.

TP-03 Cash Consideration	$	15,000
Associated Costs to Sell		(2,785)
Gain on Disposal	**$**	**12,215**

On August 14, 2024 (the "Landos License Agreement Termination Effective Date"), the Company and Landos BioPharma, Inc ("Landos'). entered into a termination agreement, pursuant to which the License Agreement between the Company and Landos dated May 14, 2021 shall terminated it its entirety with immediate effect from the Landos License Agreement Termination Effective Date. Consideration from the Termination Agreement was $25 million and a gain on disposal of assets of $25 million is included in the consolidated statement of comprehensive income (loss) during the year ended December 31, 2024.

Gain on Disposal of Landos	**$**	**25,000**