Genscript Biotech Corporation
金斯瑞生物科技股份有限公司 *
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1548)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

ANNUAL RESULTS HIGHLIGHTS

- Revenue of the Group for the year ended December 31, 2021 was approximately US$511.1 million, representing an increase of 30.8% as compared with approximately US$390.8 million for the year ended December 31, 2020, among which, the external revenue for non-cell therapy business was approximately US$424.7 million, representing an increase of 34.8% as compared with approximately US$315.1 million for the year ended December 31, 2020, and the external revenue for cell therapy business was approximately US$86.4 million, representing an increase of 14.1% as compared with approximately US$75.7 million for the year ended December 31, 2020.

- Gross profit of the Group for the year ended December 31, 2021 was approximately US$303.5 million, representing an increase of 18.6% as compared with approximately US$255.9 million recorded for the year ended December 31, 2020, among which, the gross profit of non-cell therapy business before eliminations was approximately US$223.4 million, representing an increase of 17.7% as compared with approximately US$189.8 million for the year ended December 31, 2020, and the gross profit of cell therapy business before eliminations was approximately US$89.8 million, representing an increase of 18.6% as compared with approximately US$75.7 million for the year ended December 31, 2020.

- The adjusted net loss of the Group was approximately US$307.3 million, whilst the adjusted net loss of approximately US$170.8 million was recorded for the year ended December 31, 2020, among which, the adjusted net profit of non-cell therapy business before eliminations was approximately US$50.2 million, representing an increase of 18.1% as compared with approximately US$42.5 million for the year ended December 31, 2020, and the adjusted net loss of cell therapy business before eliminations was approximately US$354.6 million, whilst the adjusted net loss of cell therapy business was approximately US$213.3 million for the year ended December 31, 2020.

The adjusted net loss of the Group excludes: (i) equity-settled share-based compensation expense, (ii) exchange gains or losses, (iii) consultation expenses and other related costs for the Investigation (as defined in the announcement of the Company dated September 21, 2020), (iv) losses on long-term investments and related non-current financial assets, (v) fair value losses of financial liabilities, (vi) service fees for the deemed disposal of equity interest in Probio Technology Limited ("**Probio Cayman**"), (vii) fair value gains of non-current financial assets, (viii) service fees for Follow-on Public Offering (as defined in the announcement of the Company dated December 15, 2021) of Legend Biotech Corporation ("**Legend**"), (ix) service fees for the issuance of Legend Series A Preference Shares (as defined in the announcement of the Company dated March 31, 2020), and (x) spin-off expenses relating to the separate listing of Legend.

Loss of the Group for the year ended December 31, 2021 was approximately US$501.0 million, whilst loss was approximately US$281.4 million for the year ended December 31, 2020, among which, the loss of non-cell therapy business before eliminations was approximately US$111.8 million, whilst the profit of non-cell therapy business was approximately US$22.1 million for the year ended December 31, 2020, and the loss of cell therapy business before eliminations was approximately US$386.2 million, whilst the loss of cell therapy business was approximately US$303.5 million for the year ended December 31, 2020.

During the Reporting Period, the Group invested significantly into research and development activities as well as talent recruitment, both of which are key drivers for a sustainable business growth in the long run. For the year ended December 31, 2021, the Group's research and development expenses was approximately US$358.4 million, representing an increase of 36.1% as compared with approximately US$263.4 million for the year ended December 31, 2020, in which the total investment in research and development was approximately US$313.3 million on cell therapy for the year ended December 31, 2021, representing an increase of 34.9% as compared with approximately US$232.2 million for the year ended December 31, 2020.

- Loss attributable to owners of the Company for the year ended December 31, 2021 was approximately US$347.9 million, whilst loss attributable to owners of the Company was approximately US$204.9 million for the year ended December 31, 2020.

Note:

		For the year ended December 31, 2021			
		Non-cell therapy *US$'000*	**Cell therapy** *US$'000*	**Eliminations** *US$'000*	**Total** *US$'000*
Net loss		**(111,815)**	**(386,209)**	**(2,930)**	**(500,954)**
Excluding:	Equity-settled share-based compensation expense, net of tax	**19,533**	**20,158**	**—**	**39,691**
	Exchange gains or losses, net of tax	**4,145**	**4,845**	**—**	**8,990**
	Consultation expenses and other related costs for the Investigation, net of tax	**3,266**	**—**	**—**	**3,266**
	Losses on long-term investments and related non-current financial assets	**1,699**	**—**	**—**	**1,699**
	Fair value losses of financial liabilities	**133,228**	**6,200**	**—**	**139,428**
	Service fees for the deemed disposal of equity interest in Probio Cayman, net of tax	**504**	**—**	**—**	**504**
	Fair value gains of non-current financial assets	**(312)**	**—**	**—**	**(312)**
	Service fees for Follow-on Public Offering of Legend	**—**	**400**	**—**	**400**
Adjusted net profit/(loss)		**50,248**	**(354,606)**	**(2,930)**	**(307,288)**

The board of directors (the "**Directors**") (the "**Board**") of Genscript Biotech Corporation (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2021 (the "**Reporting Period**" or the "**Year**"), together with the comparative figures for the year 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
		2021	2020
	Notes	***US$'000***	*US$'000*
REVENUE	*4*	**511,062**	390,846
Cost of sales		**(207,578)**	(134,953)
Gross profit		**303,484**	255,893
Other income and gains	*4*	**17,250**	24,795
Selling and distribution expenses		**(167,969)**	(107,341)
Administrative expenses		**(134,508)**	(90,341)
Research and development expenses		**(358,401)**	(263,401)
Fair value losses of financial liabilities	*24*	**(139,428)**	(79,984)
Other expenses		**(13,011)**	(15,497)
Finance costs	*6*	**(2,378)**	(5,432)
Share of losses of associates		**—**	(599)
(Provision for)/reversal of impairment of financial assets, net		**(1,414)**	7
LOSS BEFORE TAX	*5*	**(496,375)**	(281,900)
Income tax (expense)/credit	*7*	**(4,579)**	477
LOSS FOR THE YEAR		**(500,954)**	(281,423)
Attributable to:			
Owners of the parent		**(347,865)**	(204,945)
Non-controlling interests		**(153,089)**	(76,478)
		(500,954)	(281,423)

	Notes	Year ended December 31, 2021 US$'000	2020 US$'000
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**(US17.13 cents)**	(US10.78 cents)
Diluted		**(US17.13 cents)**	(US10.78 cents)
LOSS FOR THE YEAR		**(500,954)**	(281,423)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**20,344**	22,011
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**20,344**	22,011
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**20,344**	22,011
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(480,610)**	(259,412)
Attributable to:			
Owners of the parent		**(332,088)**	(182,558)
Non-controlling interests		**(148,522)**	(76,854)
		(480,610)	(259,412)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	December 31, 2021 US$'000	2020 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**439,885**	345,215
Advance payments for property, plant and equipment		**18,512**	5,906
Investment properties	*11*	**6,882**	7,726
Right-of-use assets		**59,147**	34,017
Goodwill		**14,151**	14,116
Other intangible assets		**26,423**	26,020
Investment in associates		**3,318**	3,433
Financial assets at fair value through profit or loss	*12*	**10,444**	10,555
Deferred tax assets		**5,090**	3,702
Time deposits	*18*	**4,705**	—
Other non-current assets		**6,251**	3,542
Total non-current assets		**594,808**	454,232
CURRENT ASSETS			
Inventories	*13*	**44,358**	31,745
Contract costs	*14*	**8,877**	5,785
Trade and notes receivables	*15*	**142,345**	141,748
Prepayments, other receivables and other assets		**36,054**	32,834
Financial assets at fair value through profit or loss	*12*	**2,208**	5,866
Financial assets measured at amortized cost	*16*	**29,937**	—
Loans to associates		**1,680**	2,422
Restricted cash	*17*	**1,444**	7,471
Time deposits	*18*	**190,088**	136,245
Cash and cash equivalents	*18*	**1,180,971**	629,058
Total current assets		**1,637,962**	993,174

	Notes	December 31, 2021 US$'000	2020 US$'000
CURRENT LIABILITIES			
Trade and bills payables	19	**30,176**	23,376
Other payables and accruals	20	**213,469**	168,980
Interest-bearing loans and borrowings	21	**521**	44,642
Lease liabilities		**7,510**	2,588
Tax payable		**6,236**	3,532
Contract liabilities	22	**95,377**	84,414
Government grants	23	**740**	379
Financial liabilities at fair value through profit or loss	24	**110,338**	—
Total current liabilities		**464,367**	327,911
NET CURRENT ASSETS		**1,173,595**	665,263
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,768,403**	1,119,495
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	21	**121,070**	1,260
Lease liabilities		**27,349**	6,513
Contract liabilities	22	**244,812**	277,052
Deferred tax liabilities		**7,730**	7,030
Government grants	23	**13,301**	11,495
Financial liabilities at fair value through profit or loss	24	**260,790**	—
Other non-current liabilities		**396**	554
Total non-current liabilities		**675,448**	303,904
NET ASSETS		**1,092,955**	815,591
EQUITY			
Share capital	25	**2,096**	1,954
Treasury shares		**(15,753)**	(16,712)
Reserves		**893,408**	916,463
Equity attributable to owners of the parent		**879,751**	901,705
Non-controlling interests		**213,204**	(86,114)
TOTAL EQUITY		**1,092,955**	815,591

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2021	2020
	US$'000	*US$'000*
Net cash flows used in operating activities	**(136,790)**	(151,093)
Net cash flows used in investing activities	**(212,548)**	(100,166)
Net cash flows generated from financing activities	**902,141**	624,203
NET INCREASE IN CASH AND CASH EQUIVALENTS	**552,803**	372,944
Net foreign exchange differences	**(890)**	3,717
Cash and cash equivalents at beginning of the year	**629,058**	252,397
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,180,971**	629,058

NOTES:

1. CORPORATE INFORMATION

Genscript Biotech Corporation (the "**Company**") was incorporated on May 21, 2015 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the manufacture and sale of life-science research products and services. The products and services mainly include life-science services and products, biologics development services, industrial synthetic biology products and cell therapy. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on December 30, 2015.

In the opinion of the Directors, the ultimate holding company of the Company is Genscript Corporation ("**GS Corp**"), which was incorporated in the United States of America (the "**U.S.**").

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets and financial liabilities which have been measured at fair value. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Changes in accounting policy and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the revised standards has no significant financial effect to the Group's financial performance and position.

3. OPERATING SEGMENT INFORMATION

The segment information for the year ended December 31, 2021, is as follows:

	Life-science services and products *US$'000*	Biologics development services *US$'000*	Industrial synthetic biology products *US$'000*	Cell therapy *US$'000*	Operation unit *US$'000*	Eliminations *US$'000*	Total *US$'000*
Segment revenue							
Sales to external customers	**305,897**	**80,256**	**38,196**	**86,368**	**345**	**—**	**511,062**
Intersegment sales	**9,897**	**1,095**	**370**	**3,424**	**9,246**	**(24,032)**	**—**
Total revenue	**315,794**	**81,351**	**38,566**	**89,792**	**9,591**	**(24,032)**	**511,062**
Segment cost of sales	**(132,462)**	**(55,757)**	**(27,250)**	**—**	**(4,360)**	**12,251**	**(207,578)**
Segment gross profit	**183,332**	**25,594**	**11,316**	**89,792**	**5,231**	**(11,781)**	**303,484**
Other income and gains	**—**	**537**	**1,320**	**3,059**	**25,297**	**(12,963)**	**17,250**
Selling and distribution expenses	**(49,069)**	**(13,436)**	**(2,885)**	**(102,542)**	**(12)**	**(25)**	**(167,969)**
Administrative expenses	**(9,014)**	**(6,868)**	**(3,203)**	**(46,961)**	**(72,365)**	**3,903**	**(134,508)**
Research and development expenses	**(32,850)**	**(9,575)**	**(5,232)**	**(313,346)**	**(2,272)**	**4,874**	**(358,401)**
Fair value losses of financial liabilities	**—**	**(143,278)**	**—**	**(6,200)**	**—**	**10,050**	**(139,428)**
Other expenses	**—**	**(879)**	**(512)**	**(9,132)**	**(5,394)**	**2,906**	**(13,011)**
Finance costs	**—**	**(104)**	**(116)**	**(900)**	**(1,374)**	**116**	**(2,378)**
(Provision for)/reversal of impairment of financial assets, net	**(755)**	**(137)**	**(36)**	**22**	**(508)**	**—**	**(1,414)**
Profit/(loss) before tax	**91,644**	**(148,146)**	**652**	**(386,208)**	**(51,397)**	**(2,920)**	**(496,375)**
Income tax expense	**—**	**(531)**	**(198)**	**(1)**	**—**	**—**	**(730)**
Unallocated income tax expense	**—**	**—**	**—**	**—**	**—**	**—**	**(3,849)**
Profit/(loss) for the year	**91,644**	**(148,677)**	**454**	**(386,209)**	**(51,397)**	**(2,920)**	**(500,954)**

The segment information for the year ended December 31, 2020, is as follows:

	Life-science services and products *US$'000*	Biologics development services *US$'000*	Industrial synthetic biology products *US$'000*	Cell Therapy *US$'000*	Operation unit *US$'000*	Eliminations *US$'000*	Total *US$'000*
Segment revenue							
Sales to external customers	246,502	39,691	28,582	75,676	395	—	390,846
Intersegment sales	3,315	735	323	—	7,364	(11,737)	—
Total revenue	249,817	40,426	28,905	75,676	7,759	(11,737)	390,846
Segment cost of sales	(84,472)	(30,492)	(20,296)	—	(2,710)	3,017	(134,953)
Segment gross profit	165,345	9,934	8,609	75,676	5,049	(8,720)	255,893
Other income and gains	—	—	801	6,119	18,286	(411)	24,795
Selling and distribution expenses	(48,475)	(5,915)	(3,589)	(49,571)	—	209	(107,341)
Administrative expenses	(8,471)	(2,602)	(3,020)	(23,124)	(56,607)	3,483	(90,341)
Research and development expenses	(21,334)	(10,048)	(4,887)	(232,160)	—	5,028	(263,401)
Fair value losses of financial liabilities	—	—	—	(79,984)	—	—	(79,984)
Other expenses	(3,559)	—	(525)	(346)	(11,369)	302	(15,497)
Finance costs	—	—	(176)	(4,209)	(1,156)	109	(5,432)
Share of profits and losses of associates	—	—	11	—	(610)	—	(599)
(Provision for)/reversal of impairment of financial assets, net	(1,072)	1,033	69	(23)	—	—	7
Profit/(loss) before tax	82,434	(7,598)	(2,707)	(307,622)	(46,407)	—	(281,900)
Income tax (expense)/credit	—	—	(461)	4,145	—	—	3,684
Unallocated income tax expense	—	—	—	—	—	—	(3,207)
Profit/(loss) for the year	82,434	(7,598)	(3,168)	(303,477)	(46,407)	—	(281,423)

4. REVENUE, OTHER INCOME AND GAINS

	Year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Revenue from contracts with customers	**510,601**	390,333
Revenue from other sources		
Gross rental income from operating leases	**461**	513
	511,062	390,846
Other income and gains		
Other income		
Government grants	**9,148**	13,197
Investment income	**3,767**	3,707
Bank interest income	**2,785**	4,298
Others	**35**	4
	15,735	21,206
Gains		
Fair value gains on financial assets at fair value through profit or loss	**699**	2,426
Others	**816**	1,163
	1,515	3,589
	17,250	24,795

5. LOSS BEFORE TAX

		Year ended December 31,	
		2021	2020
	Notes	***US$'000***	*US$'000*
Cost of services and products		**110,590**	70,332
Depreciation of property, plant and equipment	*10*	**38,553**	27,341
Depreciation of investment properties	*11*	**114**	125
Depreciation of right-of-use assets		**5,238**	2,493
Amortization of other intangible assets		**3,874**	2,936
Impairment of financial assets, net:			
Provision for/(reversal of) impairment of trade receivables		**906**	(644)
Provision for impairment of other receivables and other assets		**508**	637
Impairment losses of goodwill		**—**	1,264
Impairment losses of other intangible assets		**—**	2,295
Impairment of investments in associates		**169**	627
Lease payments not included in the measurement of lease liabilities		**955**	1,744
Auditor's remuneration		**664**	576
Employee benefit expenses (including Directors' and chief executive's remuneration):			
Wages and salaries		**282,928**	202,536
Pension scheme contributions (defined contribution schemes)		**13,943**	5,449
Equity-settled share-based compensation expense		**39,691**	17,637
		336,562	225,622
Fair value losses of financial liabilities	*24*	**139,428**	79,984
Foreign exchange losses, net		**10,267**	8,891
Write-down/(reversal of) inventories to net realisable value		**2,511**	(294)
Loss on disposal of property, plant and equipment		**914**	1,108
Service fees for the deemed disposal of equity interest in Probio Cayman		**520**	—
Service fees for Follow-on Public Offering of Legend		**400**	—
Spin-off expenses relating to the separate listing of Legend		**—**	1,463

6. FINANCE COSTS

	Year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Service fees for the issuance of Legend Series A Preference Shares	**—**	4,014
Interest on loans and borrowings	**1,581**	1,066
Interest on lease liabilities	**797**	352
	2,378	5,432

7. INCOME TAX

	Year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Current — Mainland China	**4,890**	900
Current — Others	**521**	(4,627)
Deferred	**(832)**	3,250
Total tax charge/(credit) for the year	**4,579**	(477)

8. DIVIDENDS

	Year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Dividends on ordinary shares during the year	**—**	14,879

On June 5, 2020, the board of directors declared a special dividend to the shareholders of the Company in connection with the spin-off and separate listing of Legend Cayman on the NASDAQ global market.

The board of directors has resolved not to declare any dividend for the year ended December 31, 2021.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted loss per share are based on:

	Year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(347,865)**	(204,945)
	Number of Shares	
Shares		
Weighted average number of ordinary shares in issue during the year	**2,039,208,697**	1,907,951,001
Effect of shares repurchased	**(8,611,118)**	(7,163,559)
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**2,030,597,579**	1,900,787,442

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *US$'000*	Machinery and equipment *US$'000*	Transportation equipment *US$'000*	Computer and office equipment *US$'000*	Construction in progress *US$'000*	Total *US$'000*
December 31, 2021						
At December 31, 2020, and at January 1, 2021:						
Cost	**175,824**	**168,926**	**700**	**14,447**	**66,440**	**426,337**
Accumulated depreciation and impairment	**(19,942)**	**(50,983)**	**(416)**	**(9,781)**	**—**	**(81,122)**
Net carrying amount	**155,882**	**117,943**	**284**	**4,666**	**66,440**	**345,215**
At January 1, 2021, net of accumulated depreciation and impairment	**155,882**	**117,943**	**284**	**4,666**	**66,440**	**345,215**
Additions	**1,659**	**4,975**	**48**	**176**	**125,728**	**132,586**
Disposals	**(936)**	**(1,187)**	**(2)**	**(111)**	**(860)**	**(3,096)**
Depreciation provided during the year	**(10,629)**	**(25,591)**	**(51)**	**(2,282)**	**—**	**(38,553)**
Transfers	**35,959**	**50,897**	**98**	**1,842**	**(88,796)**	**—**
Exchange realignment	**974**	**1,359**	**22**	**545**	**833**	**3,733**
At December 31, 2021, net of accumulated depreciation and impairment	**182,909**	**148,396**	**399**	**4,836**	**103,345**	**439,885**
At December 31, 2021						
Costs	**211,320**	**221,986**	**855**	**15,975**	**103,345**	**553,481**
Accumulated depreciation and impairment	**(28,411)**	**(73,590)**	**(456)**	**(11,139)**	**—**	**(113,596)**
Net carrying amount	**182,909**	**148,396**	**399**	**4,836**	**103,345**	**439,885**

	Land and buildings *US$'000*	Machinery and equipment *US$'000*	Transportation equipment *US$'000*	Computer and office equipment *US$'000*	Construction in progress *US$'000*	Total *US$'000*
December 31, 2020						
At December 31, 2019, and at January 1, 2020:						
Cost	129,433	106,953	654	9,961	40,321	287,322
Accumulated depreciation and impairment	(11,655)	(32,837)	(335)	(6,509)	—	(51,336)
Net carrying amount	117,778	74,116	319	3,452	40,321	235,986
At January 1, 2020, net of accumulated depreciation and impairment	117,778	74,116	319	3,452	40,321	235,986
Additions	62	1,052	—	732	123,017	124,863
Disposals	(544)	(758)	—	(11)	—	(1,313)
Depreciation provided during the year	(7,452)	(16,899)	(54)	(2,936)	—	(27,341)
Transfers to investment properties	(14)	—	—	—	—	(14)
Transfers	40,388	56,625	—	3,367	(100,380)	—
Exchange realignment	5,664	3,807	19	62	3,482	13,034
At December 31, 2020, net of accumulated depreciation and impairment	155,882	117,943	284	4,666	66,440	345,215
At December 31, 2020:						
Costs	175,824	168,926	700	14,447	66,440	426,337
Accumulated depreciation and impairment	(19,942)	(50,983)	(416)	(9,781)	—	(81,122)
Net carrying amount	155,882	117,943	284	4,666	66,440	345,215

As at December 31, 2021, property, plant and equipment with net book values of US$3,683,000 were pledged as security for interest-bearing bank loan (2020: US$4,262,000).

11. INVESTMENT PROPERTIES

	December 31,	
	2021	2020
	US$'000	*US$'000*
Carrying amount at January 1	**7,726**	7,442
Transfer from owner-occupied property	**—**	14
Depreciation provided during the year	**(114)**	(125)
Exchange realignment	**(730)**	395
Carrying amount at December 31	**6,882**	7,726

As at December 31, 2021, investment properties with a carrying amount of approximately US$6,882,000 (2020: US$7,726,000) were pledged as collateral of the Group's bank loan.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31,	
	2021	2020
	US$'000	*US$'000*
Unlisted equity investments (non-current)	**10,444**	10,555
Investments in financial products (current)	**2,208**	5,866
	12,652	16,421

13. INVENTORIES

	December 31,	
	2021	2020
	US$'000	*US$'000*
Raw materials	**24,600**	13,556
Work in progress	**2,917**	6,451
Finished goods	**21,156**	13,980
	48,673	33,987
Provision for inventories	**(4,315)**	(2,242)
	44,358	31,745

14. CONTRACT COSTS

	December 31,	
	2021	2020
	US$'000	*US$'000*
Costs to fulfil contracts	**8,877**	5,785

15. TRADE AND NOTES RECEIVABLES

	December 31,	
	2021	2020
	US$'000	*US$'000*
Trade receivables	**138,348**	140,266
Notes receivable	**7,169**	4,708
	145,517	144,974
Impairment of trade receivables	**(3,172)**	(3,226)
	142,345	141,748

An ageing analysis of the gross carrying amount of trade receivables as at the end of the year, based on the invoice date, is as follows:

	December 31,	
	2021	2020
	US$'000	*US$'000*
Within 3 months	**127,791**	133,185
3 to 6 months	**4,068**	1,652
6 to 12 months	**4,166**	1,894
Over 1 year	**2,323**	3,535
	138,348	140,266

16. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31,	
	2021	2020
	US$'000	*US$'000*
Financial assets measured at amortized cost	**29,937**	—

Financial assets measured at amortized cost were related to commercial paper issued by a financial institution with principal amount of US$30,000,000, discounted bid yield of 0.5% per annum and one-year maturity date as June 1, 2022.

17. RESTRICTED CASH

		December 31,	
		2021	2020
		US$'000	*US$'000*
Pledged for the letter of guarantee	*i)*	**988**	—
Pledged for credit card facilities	*i)*	**456**	256
Frozen for the Investigation	*ii)*	**—**	4,245
Pledged for bills payable	*i)*	**—**	2,970
		1,444	7,471

i) The restricted cash as at December 31, 2021 was pledged for issuing the letter of guarantee to a supplier of the Group and for credit card facilities. The restricted cash as at December 31, 2020 was pledged for issuing bank acceptable notes to suppliers of the Group and credit card facilities.

ii) On September 17, 2020, the Customs Anti-Smuggling Department (the "**Authority**") of the People's Republic of China (the "**PRC**") inspected the Group's places of business in Nanjing and Zhenjiang, China. The inspections were in connection with what the Company understands to be an investigation (the "**Investigation**") relating to suspected violations of import and export regulations under the laws of the PRC. As at September 23, 2021, the bank balances frozen by the Authority in connection with the Investigation were fully unfrozen (As at December 31, 2020: US$4,245,000).

18. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	December 31,	
	2021	2020
	US$'000	*US$'000*
Cash and bank balances	**966,662**	514,046
Time deposits	**409,102**	251,257
	1,375,764	765,303
Less:		
Non-pledged time deposits with original maturity of more than three months when acquired	**(194,793)**	(136,245)
Cash and cash equivalents	**1,180,971**	629,058

19. TRADE AND BILLS PAYABLES

	December 31,	
	2021	2020
	US$'000	*US$'000*
Trade payables	**28,693**	19,986
Bills payable	**1,483**	3,390
	30,176	23,376

An ageing analysis of the trade payables as at the end of the year, based on invoice date, is as follows:

	December 31,	
	2021	2020
	US$'000	*US$'000*
Within 3 months	**23,910**	18,880
3 to 6 months	**3,059**	351
6 to 12 months	**1,166**	510
Over 1 year	**558**	245
	28,693	19,986

The trade payables are non-interest-bearing and are normally settled on turnover of 30 to 90 days.

20. OTHER PAYABLES AND ACCRUALS

	December 31,	
	2021	2020
	US$'000	*US$'000*
Accrued expenses	**96,991**	68,874
Accrued payroll and welfare	**55,022**	40,697
Payables for purchases of property, plant and equipment	**44,882**	35,801
Other tax payables	**9,610**	4,829
Other payables	**6,964**	18,779
	213,469	168,980

21. INTEREST-BEARING LOANS AND BORROWINGS

	December 31,					
	2021			2020		
	Effective interest rate (%)	**Maturity**	***US$'000***	Effective interest rate (%)	Maturity	*US$'000*
Current						
Bank loans — unsecured	**—**	**—**	**—**	0.6–3.5	2021	44,061
Current portion of long term bank loans — secured	**0.32**	**2022**	**521**	0.32	2021	581
			521			44,642
Non-current						
Other borrowings — unsecured	**3.03**	**No specific**	**120,462**[(Note)]	**—**	**—**	**—**
Non-current portion of long term bank loans — secured	**0.32**	**2023–2024**	**608**	0.32	2022–2024	1,260
			121,070			1,260

Note: As at December 31, 2021, the amount includes principal amounted to US$119.7 million and accrued interest payable of US$0.8 million.

22. CONTRACT LIABILITIES

	December 31,	
	2021	2020
	US$'000	*US$'000*
Non-current		
License and collaboration revenue	**244,812**	277,052
Current		
License and collaboration revenue	**60,644**	55,014
Rendering of services	**34,308**	29,143
Sales of products	**425**	257
	95,377	84,414
	340,189	361,466

Contract liabilities include advances received at the end of each year. Contract liabilities are recognized as revenue upon the Group satisfying its performance obligations under the agreement.

23. GOVERNMENT GRANTS

	2021	2020
	US$'000	*US$'000*
At January 1	**11,874**	3,933
Additions	**2,505**	7,969
Amount released	**(609)**	(290)
Exchange realignment	**271**	262
At December 31	**14,041**	11,874
Current	**740**	379
Non-current	**13,301**	11,495
	14,041	11,874

24. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31,	
	2021	2020
	US$'000	*US$'000*
Current		
Legend Warrant	**87,900**	—
Probio Warrant	**22,438**	—
	110,338	—
Non-current		
Probio Series A Preferred Shares	**260,790**	—
Legend Series A Preference Shares	**—**	—
	260,790	—
	371,128	—

Note: On May 13, 2021(New York Time), Legend issued a warrant exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend (the "**Legend Warrant**") in Legend's private placement financing. On September 3, 2021, Probio Cayman issued 300,000,000 Series A Preferred Shares (the "**Probio Series A Preferred Shares**") and the Probio Warrant for an aggregate consideration of US$150.0 million. During the year ended December 31, 2021, the fair value losses of the Legend Warrant, Probio Series A Preferred Shares and Probio Warrant are US$139.4 million in total. Management considered that there is no significant change of the Group's own credit that drives the change of the fair value of these financial liabilities.

	Total
	US$'000
At January 1, 2021	**—**
Issuance	**231,700**
Fair value changes	**139,428**
At December 31, 2021	**371,128**
At January 1, 2020	—
Issuance	160,450
Fair value changes	79,984
Conversion to the Legend's ordinary shares	(240,434)
At December 31, 2020	—

25. SHARE CAPITAL AND SHARE PREMIUM

	December 31,	
	2021	2020
	US$'000	*US$'000*
Authorised:		
Ordinary shares of US$0.001 each	**5,000**	5,000
Issued and fully paid:		
Ordinary shares of US$0.001 each	**2,096**	1,954

A summary of movements in the Group's share capital and share premium is as follows:

	Number of shares in issue	**Share capital** ***US$'000***	**Treasury shares** ***US$'000***	**Share premium** ***US$'000***	**Total** ***US$'000***
At January 1, 2020	1,878,376,650	1,879	(7,774)	368,781	362,886
Acquisition of equity by non-controlling shareholders	—	—	—	372	372
Issue of ordinary shares for initial public offering of Legend Cayman	—	—	—	690,519	690,519
Shares repurchased	—	—	(9,460)	—	(9,460)
Exercise of share options and restricted share units	74,906,530	75	522	14,506	15,103
Dividends paid to non-controlling shareholders	—	—	—	(7,631)	(7,631)
At December 31, 2020 and January 1, 2021	1,953,283,180	1,954	(16,712)	1,066,547	1,051,789
Acquisition of equity from non-controlling shareholders	**—**	**—**	**—**	**(98)**	**(98)**
Issue of ordinary shares of the Company and Legend Cayman	**102,981,853**	**103**	**—**	**264,042**	**264,145**
Exercise of share options and restricted share units	**39,421,175**	**39**	**959**	**21,689**	**22,687**
At December 31, 2021	**2,095,686,208**	**2,096**	**(15,753)**	**1,352,180**	**1,338,523**

26. CONTINGENT LIABILITY

On September 17, 2020, the Authority of the PRC inspected the Group's places of business in Nanjing and Zhenjiang, China. The inspections were in connection with what the Company understands to be an investigation relating to suspected violations of import and export regulations under the laws of the PRC. In connection with the Investigation, certain employees and Dr. Zhang Fangliang ("**Dr. Zhang**"), the then chairman of the board, have been arrested for the suspected offence of smuggling goods prohibited by the import and export regulations under the laws of the PRC. Dr. Zhang resigned from the positions of chairman of the Board, non-executive director, member and chairman of the nomination committee of the Company, and the member and chairman of the sanctions risk control committee of the Company on November 22, 2020.

On May 21, 2021, certain subsidiaries and employees of the Company and Dr. Zhang had been informed by the Authority that the Investigation has been completed, and the respective matter had been handed over to the Zhenjiang Municipal People's Procuratorate (the "**Procuratorate**") for examination and prosecution. As at the date of this announcement, to the best of the Company's knowledge, there are no formal charges made against any entity within the Group or any individual yet and there have been no other details released by the Authority. The Company is not able to make a sufficiently reliable estimate of the amount of the obligation and no accrual was made in the consolidated financial statements in connection with the Investigation as at December 31, 2021.

The Company will continue to monitor the developments of the Investigation and assess the impact to the consolidated financial statements. Despite the Investigation, the Group's business operations remain normal.

EXTRACT OF MODIFIED REPORT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the modified report from independent auditor on the Group's annual financial statements for the year ended December 31, 2021:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to the consolidated financial statements and the Company's announcements dated September 18, 2020, September 21, 2020, November 22, 2020, February 9, 2021, and May 25, 2021, which indicate an uncertainty relating to the future outcome of the Investigation over the Group in connection with suspected violations of import and export regulations under the laws of the PRC. No accrual was made in the consolidated financial statements as at December 31, 2021 as the Company is not able to make a sufficiently reliable estimate of the amount of the obligation. Our opinion is not modified in respect of this matter.

POSITIONING OF THE COMPANY

The Group is a well-recognised biotechnology company. Based on our proprietary gene synthesis technology and the other technology and know-hows on life-science research and application, we have well established four major platforms including (i) a leading life-science services and products platform to provide one-stop solutions to global research communities, (ii) a biologics contract development and manufacturing organization (the "**CDMO**") platform, (iii) an industrial synthetic products platform, and (iv) an integrated global cell therapy platform. The above four internally built platforms have demonstrated their strong growth from research and development to commercial delivery for the year ended December 31, 2021 (the "**Year**" and the "**Reporting Period**").

The Group's business operations span over 100 countries and regions worldwide with legal entities located in the U.S., Mainland China, Hong Kong, Japan, Singapore, Netherlands, Ireland, the United Kingdom, Korea and Belgium. Our professional workforce has increased to approximately 5,260 headcounts as at December 31, 2021.

The life-science services and products segment offers services and products covering gene synthesis, oligo nucleotide synthesis, peptide synthesis, protein production, antibody development, and life-science equipment and consumables. Our business has made a significant impact in the global life-science research community. Our services and products have been cited in over 65,600 international peer reviewed journal articles as at December 31, 2021.

The CDMO platform provides one-stop gene and cell therapy ("**GCT**") development and biologics discovery and development services to customers worldwide. The CDMO business focused on expending the Good Manufacturing Practice ("**GMP**") capabilities during the Year. GMP facilities are under construction according to our strategic plan with phase by phase delivery of the discovery, development, and medium to large scale of manufacturing capacity to meet demands from our customers.

Legend Biotech Corporation ("**Legend**" or "**Legend Biotech**") is the biopharma subsidiary of the Group that specifically engages in the discovery and development of novel cell therapies for oncology and other indications. Legend's lead product candidate, ciltacabtagene autoleucel (cilta-cel), is a chimeric antigen receptor T-cell ("**CAR-T**") therapy is jointly developed with Janssen Biotech, Inc. ("**Janssen**"), for the treatment of multiple myeloma ("**MM**"). Legend Biotech and Janssen submitted a Marketing Authorisation Application (the "**MAA**") to the European Medicines Agency (the "**EMA**") seeking approval of cilta-cel in April 2021. The U.S. Food and Drug Administration (the "**FDA**") previously accepted for priority review the Biologics License Application ("**BLA**") submission for cilta-cel in May 2021. Please refer to the announcements of the Company dated April 30, 2021 and May 27, 2021 for details.

On February 28, 2022 (New York time), the FDA approved cilta-cel under the trademark CARVYKTI™ for the treatment of adults with relapsed or refractory MM who have received four or more prior lines of therapy, including a proteasome inhibitor, an immunomodulatory agent, and an anti-CD38 monoclonal antibody.

Bestzyme Biotech Corporation ("**Bestzyme**") is a subsidiary of the Group engaged in the synthetic biology fields. Bestzyme uses our advanced enzyme engineering technology to develop products for feed alcohol, food, and home care industries. We believe synthetic biology offers us new opportunities from both technical and commercial perspectives.

We have established an extensive direct sales network, reaching over 100 countries globally. We primarily sell our life-science research services and products through our own direct sales force to customers worldwide, while we also sell our services and products through independent third-party distributors to expand our market presence and facilitate communication with end users. For the year ended December 31, 2021, we have generated approximately US$267.2 million, US$144.4 million, US$43.4 million, US$42.4 million, and US$13.7 million from our sales to customers in the U.S., Mainland China, Europe, Asia Pacific (excluding Mainland China), and others, representing approximately 52.3%, 28.2%, 8.5%, 8.3%, and 2.7% of our total external revenue, respectively.

BUSINESS REVIEW

During the Reporting Period, the overall revenue of the Group was approximately US$511.1 million, representing an increase of 30.8% as compared with approximately US$390.8 million for the year ended December 31, 2020. Gross profit was approximately US$303.5 million, representing an increase of 18.6% as compared with approximately US$255.9 million for the year ended December 31, 2020. The increase in revenue was primarily attributable to (i) the continued growth of non-cell therapy business from major strategic customers and new competitive services and products, and (ii) the increase of contract revenue derived from Legend's collaboration with Janssen with new milestones achieved. The increase in gross profit was mainly attributable to the (i) rapid growth of revenue, and (ii) operational efficiency improvement. The increase in gross profit was partially offset by unfavorable exchange rate fluctuation and increased shipping costs.

During the Reporting Period, the loss of the Group was approximately US$501.0 million, whilst loss was approximately US$281.4 million for the year ended December 31, 2020. The adjusted net loss of the Group was approximately US$307.3 million, whilst adjusted net loss was approximately US$170.8 million for the year ended December 31, 2020.

During the Reporting Period, the loss attributable to owners of the Company was approximately US$347.9 million, whilst loss attributable to owners of the Company was approximately US$204.9 million for the year ended December 31, 2020. The adjusted net loss attributable to owners of the Company was approximately US$167.0 million, whilst adjusted net loss attributable to owners of the Company was approximately US$109.6 million for the year ended December 31, 2020.

During the Reporting Period, the external revenue of (i) life-science services and products, (ii) biologics development services, (iii) industrial synthetic biology products, (iv) cell therapy, and (v) operation unit accounted for approximately 59.8%, 15.7%, 7.5%, 16.9%, and 0.1% of the total revenue of the Group, respectively.

Results Analysis of the Four Business Segments

Life-science services and products

Results

During the Reporting Period, revenue from life-science services and products was approximately US$315.8 million, representing an increase of 26.4% as compared with approximately US$249.8 million for the year ended December 31, 2020. During the Reporting Period, the gross profit was approximately US$183.3 million, representing an increase of 10.8% as compared with approximately US$165.4 million for the year ended December 31, 2020. During the Reporting Period, the operating profit of life-science services and products was approximately US$91.6 million, representing an increase of 6.5% from approximately US$86.0 million for the same period in 2020.

The growth of revenue and gross profit was mainly attributable to the (i) expanded capacity and productivity, (ii) successful commercial operation that focused on the novel products such as oligo synthesis and cPass services and kit, (iii) successful development of key accounts, and (iv) the improvement of online commercial platform and tools to attract new customers. The decrease in gross profit margin was primarily attributable to the (i) significant decrease of exchange rate of USD against RMB as compared to 2020 which caused an increase of converted cost as the majority of production cost occurred in Mainland China, (ii) increased freight and duty costs, and (iii) change of product portfolio strategy. The increase in operating profit was primarily attributable to the improved capacity utilization and operational efficiency, and was partially offset by increased investment in research and development.

Development Strategies

The Company intends to (i) provide reliable, high quality and innovative products and services for the life science research and development community, (ii) expand technical capabilities and manufacturing capacity to provide innovative enabling products and services for gene and cell therapy and precision medicine research and development, and (iii) enhance the global manufacturing capacity to support long term business growth with regionally based supply chain solutions for risk reduction and optimal logistic and supply options.

Biologics development services

Results

During the Reporting Period, revenue from biologics development services was approximately US$81.4 million, representing an increase of 101.5% as compared with approximately US$40.4 million for the year ended December 31, 2020. During the Reporting Period, the gross profit was approximately US$25.6 million, representing an increase of 158.6% as compared with approximately US$9.9 million for the year ended December 31, 2020. Total backlog for biologics development services increased by 108.4% from US$94.7 million as at December 31, 2020 to US$197.4 million as at December 31, 2021. The gross profit margin increased from 24.5% for the same period in 2020 to 31.4% this year. During the Reporting Period, the operating loss of biologics development services was approximately US$4.5 million, whilst the operating loss was approximately US$7.6 million for the same period in 2020.

The increase in revenue was primarily attributable to the (i) accumulated biologics development track records and expanded global customer base, (ii) expanded capacity and productivity of pre-clinical and clinical development, (iii) shorter delivery time for antibody and protein drug development, and (iv) significant increase in plasmid revenue from the boosting GCT market, including mRNA related applications. The increase in gross profit was primarily attributable to the (i) increased revenue, (ii) production cost reduction and quality improvement,

and (iii) improved capacity utilization. The operating loss was primarily attributable to the (i) investment in selling and distribution, and (ii) investment in research and development activities.

Development strategies

The Company intends to (i) open new GMP facilities to expand services to late-stage development and commercial manufacturing of biologics and GCT, (ii) establish the U.S. production operations for GCT, (iii) improve the quality system to meet the quality standards globally, (iv) continue to enhance the service platforms by developing and introducing advanced technologies, including but not limited to single-B cell cloning, perfusion system, linearized DNA, and mRNA production, and (v) expand markets further globally through both in-house capabilities and external collaborations.

Industrial synthetic biology products

Results

During the Reporting Period, revenue from industrial synthetic biology products was approximately US$38.6 million, representing an increase of 33.6% as compared with approximately US$28.9 million for the year ended December 31, 2020. During the Reporting Period, the gross profit was approximately US$11.3 million, representing an increase of 31.4% as compared with US$8.6 million for the year ended December 31, 2020. During the Reporting Period, the industrial synthetic biology products segment has achieved operating break-even this Year, whilst the operating loss was approximately US$3.0 million for the same period in 2020.

The increase in revenue and gross profit was primarily attributable to the (i) launch of innovative products, (ii) increased penetration into big industrial customers, and (iii) business development in overseas markets. The gross profit margin remained stable during the Reporting Period.

Development Strategies

The Company intends to be a leading synthetic biology company. The Company intends to (i) drive business growth and profit improvement by taking advantage of our strong competency in strain optimization and protein engineering, (ii) strengthen commercial capability to increase market share with focus on key accounts and overseas markets, and (iii) leverage our research and development competency to deliver more innovation in new synthetic biology application areas.

Cell therapy

Results

During the Reporting Period, revenue from cell therapy was approximately US$89.8 million, representing an increase of 18.6% as compared with approximately US$75.7 million for the year ended December 31, 2020. During the Reporting Period, gross profit was approximately US$89.8 million, representing an increase of 18.6% as compared with approximately US$75.7 million for the year ended December 31, 2020. During the Reporting Period, the operating loss of cell therapy was approximately US$373.9 million, whilst the operating loss was approximately US$233.4 million for the same period in 2020.

The increase in both revenue and gross profit was primarily attributable to additional milestones achieved in 2020 and 2021, and thus further recognition of contract revenue from the collaboration with Janssen on developing cilta-cel. The operating loss was primarily attributable to the (i) investment in clinical trials, higher patients enrollment and more pipelines, (ii) cost for commercial preparation activities for the launch of cilta-cel, and (iii) expansion of administrative functions.

Development Strategies

Legend employs a global clinical development strategy designed to progress Legend's product candidates rapidly through the clinic. In particular, Legend utilizes its deep relationships with thought leaders in China to conduct proof-of-concept studies, from which Legend believes it can more efficiently inform the design of Legend's clinical development programs and potentially mitigate certain clinical development risks. Through initially testing product candidates in humans in investigator-initiated trials in China, Legend can quickly assess the therapeutic potential of and improve individual product candidates in an efficient and cost-effective manner, which allows us to quickly identify promising product candidates and advance them into registrational clinical trials across China, the U.S., Europe and Japan.

Given Legend's expertise and understanding of the significant differences in the regulatory environment for cell therapies in China compared to the U.S., Legend has the potential to be a preferred partner for companies outside of China or those that are founded or controlled by entities outside of China to conduct scientific research using genetically modified cells in China. Following consultation, and subject to oversight by scientific advisory boards and ethical committees, clinicians in China can initiate clinical testing for experimental cell therapies at their hospitals without the requirement for clearance of a formal investigational new drug ("**IND**") application by the National Medical Products Administration ("**NMPA**") as part of the NMPA's encouragement of innovation. Legend works with the clinicians and hospitals to conduct investigator-initiated trials in accordance with international standards to support future global regulatory filings and partnerships. This approach enables us to rapidly test Legend's product candidates directly in patients. Legend also has established relationships with China-based key opinion leaders, regulatory bodies, institutional review boards, ethics committees and related entities involved in accelerating and monitoring clinical development of cell therapies.

Legend is one of the most advanced companies in developing CAR-T cell therapies in China, having received clearance for the first CAR-T cell therapy IND application by the NMPA. Legend is also the first to conduct a registrational CAR-T clinical trial in China. Legend has built a strong, global research team of over 370 researchers who identify potential cellular targets and create and assess a broad portfolio of product candidates. Establishing this expertise has attracted the leading investigators and partners within China.

As the global COVID-19 pandemic continues to evolve, the Group has continuously monitored the situation in regards to its operations and has put significant measures in place to protect supply chain, operations, employees and the execution of clinical trials. Given the dynamic global situation, the Group notes that certain clinical trial timelines may be impacted.

FINANCIAL REVIEW

	2021	2020	Change
	US$'000	*US$'000*	*US$'000*
Revenue	**511,062**	390,846	120,216
Gross profit	**303,484**	255,893	47,591
Loss after income tax	**(500,954)**	(281,423)	(219,531)
Adjusted net loss	**(307,288)**	(170,806)	(136,482)
Loss attributable to owners of the Company	**(347,865)**	(204,945)	(142,920)
Adjusted net loss attributable to owners of the Company	**(166,994)**	(109,617)	(57,377)
Loss per share *(US cent per share)*	**(17.13)**	(10.78)	(6.35)

Revenue

In 2021, the Group recorded revenue of approximately US$511.1 million, representing an increase of 30.8% from approximately US$390.8 million in 2020. This was primarily attributable to (i) the continued increase of non-cell therapy products and services from major strategic customers and new competitive services and products, and (ii) the increase of contract revenue derived from Legend's collaboration with Janssen with new milestones achieved.

Gross Profit

In 2021, the Group's gross profit increased by 18.6% to approximately US$303.5 million from approximately US$255.9 million in 2020. The increase in gross profit was primarily attributable to the (i) rapid growth of revenue, and (ii) operational efficiency improvement. The increase in gross profit was partially offset by unfavorable exchange rate fluctuation and increased shipping costs.

Selling and distribution expenses

The selling and distribution expenses increased by 56.6% to approximately US$168.0 million in 2021 from approximately US$107.3 million in 2020. This was mainly attributable to the (i) recruiting of more experienced personnel and improved incentive packages to enhance the business development capability, and (ii) increased marketing and advertising expenses, primarily attributable to the global expansion of our business, including Legend's collaboration with Janssen.

Administrative expenses

The administrative expenses increased by 48.9% to approximately US$134.5 million in 2021 from approximately US$90.3 million in 2020. This was mainly caused by (i) reinforcing the key administrative functions such as information technology, supply chain and legal to support the Group's overall business expansion and ensure compliance with certain updated requirements, (ii) one-time consultation expenses and other costs related to the Investigation, and (iii) the CARVYKTI™ application and the Follow-on Public Offering of Legend.

Research and development expenses

The research and development expenses increased by 36.1% to approximately US$358.4 million in 2021 from approximately US$263.4 million in 2020. This was mainly due to the (i) increase in clinical trial expenses and preclinical study costs in the cell therapy segment, (ii) investment in new research and development projects to strengthen our competitiveness in the GCT market and related supply chain, (iii) investment in development projects that improved our production efficiency, and (iv) increase in compensation package including equity-settled share-based compensation expense for research and development personnel.

Fair value losses of financial liabilities

On September 3, 2021, Probio Cayman, an indirectly wholly owned subsidiary of the Company before the closing of the Probio Cayman Purchase, entered into a purchase agreement (the "**Probio Cayman Purchase Agreement**") with certain investors, whereby Probio Cayman agreed to sell Probio Series A Preferred Shares and Probio Warrant (the "**Probio Cayman Purchase**"). The total proceeds from the Probio Cayman Purchase is US$150.0 million. Pursuant to the Probio Cayman Purchase Agreement, Probio Cayman issued the Probio Warrant to the investors to purchase the ordinary shares of Probio Cayman at a certain price per share for up to an aggregate amount of US$125.0 million. The Probio Warrant is exercisable (i) within 24 months after September 3, 2021 or (ii) prior to the last practical date required by applicable law or regulation, or any requirement of any stock exchange or regulatory authority in an initial public offering (or if no such date is required, immediately prior to the completion of the initial public offering), whichever is earlier. The investors have the option to convert Probio Series A Preferred Shares into such number of fully paid and non-assessable ordinary shares of Probio Cayman at the conversion price in effect on the date of and immediately prior to such issuance. All outstanding Probio Series A Preferred Shares shall automatically be converted into such number of fully paid and non-assessable ordinary shares of Probio Cayman at the conversion price applicable to such Probio Series A Preferred Shares upon the completion of the initial public offering. The investors shall have the right to require the Company or Probio Cayman to redeem all or any of the Probio Series A Preferred Shares based on certain conditions. The aggregate amount of the redemption price shall include, without limitation,

(i) the initial conversion price, (ii) interest at an agreed rate per annum accruing on the initial conversion price, calculated from the date of issuance thereof through and including the redemption date, and (iii) any declared but unpaid dividends thereto as at the date of redemption. The initial conversion price per Probio Series A Preferred Shares shall be subject to adjustments for certain dilutive issuances, splits and combinations. Please refer to the announcements of the Company dated May 14, 2021, August 19, 2021 and September 5, 2021 for details.

On May 13, 2021 (New York time), Legend entered into a subscription agreement with an investor relating to the offer and sale of 20,809,850 ordinary shares of Legend in a private placement at a purchase price of US$14.41625 per ordinary share of Legend (the "**Legend Offering**"). The total proceeds from the Legend Offering is US$300.0 million. Pursuant to the subscription agreement, Legend also issued concurrently with the Legend Offering a warrant (the "**Legend Warrant**") exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend (such transaction together with the Legend Offering, the "**Legend Subscription**"). The completion of the Legend Subscription took place on May 21, 2021 (the "**Legend Closing Date**"). The Legend Warrant will be exercisable, in whole or in part, at an exercise price of US$20.0 per ordinary share of Legend. The Legend Warrant is exercisable after the Legend Closing Date and prior to the two-year anniversary of the Legend Closing Date. Please refer to the announcements of the Company dated May 14, 2021 and May 23, 2021 for details.

The Probio Series A Preferred Shares, the Probio Warrant and the Legend Warrant are accounted for as financial liabilities measured at fair value with changes through profit or loss in accordance with relevant HKFRS.

As at December 31, 2021, the fair value of the Probio Series A Preferred Shares and Probio Warrant were assessed at approximately US$283.2 million and the fair value of the Legend Warrant was assessed at approximately US$87.9 million. The total fair value losses of US$139.4 million were recorded in 2021 due to the changes in fair value of these financial liabilities.

Income tax expense/(credit)

The income tax expense was approximately US$4.6 million in 2021 whilst the income tax credit was approximately US$0.5 million in 2020. The actual tax rate was 0.9% in credit for the year ended December 31, 2021 (actual tax rate for the year ended December 31, 2020: 0.2%). A tax refund under the tax preferences issued because of the outbreak of COVID-19 in 2020 was not applicable in 2021 which caused the increase of tax expenses in 2021.

Net loss

During the Reporting Period, net loss of the Group was approximately US$501.0 million, whilst the net loss for the same period in 2020 was approximately US$281.4 million.

Trade receivables

	2021	2020
Trade receivables turnover *(day)*	**70**	67

The slight increase of trade receivables turnover of the Group was mainly caused by the revenue growth, especially the booming of biologics development services, and partially offset by the collection of the trade receivables from Legend's collaboration with Janssen.

Inventories

	2021	2020
Inventory turnover *(day)*	**73**	72

The inventory turnover of the Group remained stable.

Contract costs

The contract costs mainly include the costs to fulfil a contract under biologics development services. As at December 31, 2021, the Group's contract cost amounted to approximately US$8.9 million, representing an increase by 53.4% from approximately US$5.8 million as at December 31, 2020, generally in line with the increment of ongoing backlog in the biologics development services.

Property, plant and equipment

Property, plant and equipment mainly include buildings, machinery equipment and construction in progress. As at December 31, 2021, the property, plant and equipment of the Group amounted to approximately US$439.9 million, representing an increase of 27.4% from the property, plant and equipment of approximately US$345.2 million as at December 31, 2020. This was mainly due to the on-going facility constructions and the acquisition of equipment, mainly for biologics development services and cell therapy business to support the sharp business expansion.

Intangible assets

Intangible assets include software, patents and licenses. As at December 31, 2021, the Group's net intangible assets amounted to approximately US$26.4 million, representing an increase of 1.5% from approximately US$26.0 million as at December 31, 2020. The increase was mainly due to the newly purchased software and was offset by the amortization expense.

Working capital and financial resources

As at December 31, 2021, the cash and cash equivalents of the Group amounted to approximately US$1.2 billion (2020: approximately US$629.1 million). As at December 31, 2021, the restricted cash of the Group amounted to approximately US$1.4 million (2020: approximately US$7.5 million).

As at December 31, 2021, the Group had available unutilized bank facilities of approximately US$145.5 million (2020: approximately US$178.3 million).

Cash flow analysis

During the Reporting Period, the annual cash outflow used in operating activities of the Group was approximately US$136.8 million.

During the Reporting Period, the annual cash outflow used in investing activities of the Group was approximately US$212.5 million. This was mainly due to (i) net cash paid for the financial assets in the amount of approximately US$24.0 million, (ii) cash paid for the purchases of property, plant and equipment and other intangible assets in the amount of approximately US$137.4 million, and (iii) cash received from the investment income of approximately US$3.9 million, (iv) the purchase of time deposits in the amount of approximately US$58.4 million, and (v) net cash received from the pledged short-term deposits in the amount of approximately US$2.8 million.

During the Reporting Period, the annual cash inflow generated from financing activities of the Group was approximately US$902.1 million. This was mainly due to (i) proceeds from issue of ordinary shares for Follow-on Public Offering of Legend in the amount of approximately US$233.4 million, net of issuance cost, (ii) proceeds from exercise of share options by employees in the amount of approximately US$19.9 million, (iii) net payments for bank loans in the amount of approximately US$45.2 million, (iv) proceeds from issue of certain shares and warrants relating to private placement for institutional investors in the amount of approximately US$697.9 million, and (v) the principle portion of lease payments in the amount of approximately US$3.7 million.

Capital expenditure and Capital Commitment

During the Reporting Period, the expenditure of purchasing intangible assets, namely software, patents and license, was approximately US$4.4 million and the expenditure of constructing and purchasing plant, equipment and building facilities amounted to approximately US$133.0 million.

Significant investments held, material acquisitions and disposals

Deemed disposal of equity interest in Legend

On May 13, 2021 (New York time), Legend entered into a subscription agreement with an investor relating to (i) the offer and sale of 20,809,850 ordinary shares of Legend in a private placement, and (ii) the issuing of a warrant exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend at an aggregate consideration of US$300.0 million. On May 21, 2021, the Legend Subscription was completed. The closing of the Legend Subscription resulted in a reduction of the percentage shareholding of the Company in Legend and constituted a deemed disposal of the Company's equity interests in Legend under Rule 14.29 of the Listing Rules. Please refer to the announcements of the Company dated May 14, 2021 and May 23, 2021 for details.

Legend would continue to be a direct non-wholly owned subsidiary of the Company on a fully diluted basis (without taking into account shares to be issued under the employee share option schemes). The results of operations and financial position of Legend would continue to be recorded in the consolidated financial statements of the Group after the closing of the Legend Subscription.

Deemed disposal of equity interest in Probio Cayman

On August 18, 2021 (New York time), Probio Cayman, an indirectly wholly owned subsidiary of the Company before the closing of the Probio Cayman Purchase, entered into the Probio Cayman Purchase Agreement with certain investors, whereby Probio Cayman agreed to sell the Probio Series A Preferred Shares and the Probio Warrant at an aggregate consideration of US$150.0 million. On September 3, 2021 (after trading hours, Hong Kong time), the closing of the Probio Cayman Purchase took place. Since the closing of the Probio Cayman Purchase would result in a reduction of the percentage shareholding of the Company in Probio Cayman, it constituted a deemed disposal of the Company's equity interests in Probio Cayman pursuant to Rule 14.29 of the Listing Rules. Please refer to the announcements of the Company dated August 19, 2021 and September 5, 2021 for details.

Probio Cayman has become a non-wholly owned subsidiary of the Company (on a converted basis of the Probio Series A Preferred Shares) and the financial results of Probio Cayman and its subsidiaries would continue to be consolidated into the financial statements of the Group after the closing of the Probio Cayman Purchase.

Legend's follow-on offering and Genscript's participation

On December 17, 2021 (before trading hours, Hong Kong time), Legend entered into an underwriting agreement (the "**Underwriting Agreement**") with Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Jefferies LLC, Piper Sandler & Co. and Barclays Capital Inc. in relation to an underwritten public follow-on offering ("**Follow-on Public Offering**") of 8,615,575 American Depositary Shares ("**ADSs**") (inclusive of the 1,115,575 additional ADSs purchased by the underwriters by exercising their options) at a price to the public of US$40.00 per ADS and each ADS will represent two ordinary shares of Legend. In the Follow-on Public Offering, the Company purchased 4,500,000 ordinary shares of Legend with an aggregate price of approximately US$90.0 million at the public offering price per ADS (the "**GenScript Participation**"). On December 20, 2021 (after trading hours. Hong Kong time), the Follow-on Public Offering, including the GenScript Participation, has been closed. Please refer to the announcements of the Company dated December 15, 2021, December 17, 2021, December 19, 2021 and December 21, 2021 for details.

As of the date of this announcement, Legend remains a non-wholly owned subsidiary of the Company and the financial results of Legend continues to be consolidated into the financial statements of the Group.

Save as disclosed above, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

Bank loans and other borrowings

As at December 31, 2021, GenScript Japan Inc. ("**GS JP**") had a long-term interest-bearing loan from Mizuho Bank for a total amount of JPY130.0 million (equivalent to approximately US$1.1 million) with a floating interest rate at the TIBOR (Tokyo Interbank Offered Rate) rate plus 0.25%, which was secured by the buildings and freehold land held by GS JP. GS JP used such a loan to purchase building.

As at December 31, 2021, Legend took funding advances with principal amounted to US$119.7 million with a collaborator. Pursuant to the license and collaboration agreement entered into with the collaborator, Legend is entitled to receive funding advances from the collaborator when certain operational conditions are met. As a result, Legend took an initial funding advance amounting to US$17.3 million on June 18, 2021, second amounting to US$53.1 million on September 17, 2021, and third amounting to US$49.3 million on December 17, 2021, by reducing the same amount of other payables due to the collaborator (collectively, the "**Funding Advances**"). As at December 31, 2021, Legend recorded interest payables of US$0.8 million for the Funding Advances.

This Funding Advances are accounted for as interest-bearing borrowings funded by the collaborator, constituted by a principal and applicable interests upon such principal. The respective interest rate of each borrowing is based on the average annual LIBOR (London Interbank Offered Rate) for U.S. Dollars as reported in the Wall Street Journal on the due date, plus 2.5%, calculated on the number of days from the date on which Legend applied such borrowings.

Pursuant to the terms of the license and collaboration agreement, the collaborator may recoup the aggregate amount of Funding Advances together with interest thereon from Legend's share of pre-tax profits for the first profitable year of the collaboration program. The Company's management estimated the loans will not be recouped by the collaborator within one year, and thus the loans were classified as a long-term liability.

Save as above, the Group did not have any other outstanding, unpaid bank loans and/or other borrowings.

Provision, contingent liabilities and guarantees

On September 17, 2020, the Customs Anti-Smuggling Department (the "**Authority**") of the PRC inspected the Group's places of business in Nanjing and Zhenjiang, China. The inspections were in connection with what the Company understands to be an investigation relating to suspected violations of import and export regulations under the laws of the PRC.

In May 2021, certain subsidiaries and employees of the Company and Dr. Zhang had been informed by the Authority that the Investigation has been completed, and the respective matter had been handed over to the Zhenjiang Municipal People's Procuratorate (the "**Procuratorate**") for examination and prosecution. Please refer to the announcement of the Company dated May 25, 2021 for details.

As at the date of this announcement, to the best of the Company's knowledge, no formal charges have been made or filed against any entity or individual. The Company will make further announcement in a timely manner on any important development of the Investigation. As at the date of this announcement, the Group's business operations remain normal.

There is uncertainty in what the final penalty and charges may be, if there is any, which depends on the development and closure of the case. The Group did not provide any contingent liability for the Investigation for the Reporting Period as the Group is not able to make a sufficiently reliable estimate of the amount of the obligation.

Save as disclosed above, the Group did not have any material contingent liabilities or guarantees as at December 31, 2021.

No material adverse change

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since December 31, 2021 and up to the date of this announcement.

Charges on group assets

As at December 31, 2021, the building and freehold land located in Tokyo, Japan of approximately JPY1.2 billion (equivalent to approximately US$10.6 million) was pledged by GS JP to secure a loan of JPY130.0 million (equivalent to approximately US$1.1 million).

As at December 31, 2021, bank balances of US$1.0 million was pledged by Nanjing Legend Biotechnology Co., Ltd. ("**Legend Nanjing**") in the PRC for the letter of guarantee to a supplier, and of approximately US$456,000 was pledged by Legend Biotech USA Incorporated ("**Legend USA**") for credit card facilities.

Save as above, the Group did not have any other material charges over its assets as at December 31, 2021.

Current ratio and gearing ratio

As at December 31, 2021, the Group's current ratio (current assets to current liabilities) approximately 3.5 (as at December 31, 2020: 3.0); and gearing ratio (total liabilities to total assets) was approximately 51.0% (as at December 31, 2020: 43.7%).

Foreign exchange risk

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar and Euro. Foreign exchange risk arises from foreign currencies held in certain overseas subsidiaries. Since January 2019, the Group has entered into a series of forward contracts to manage the Group's currency risk.

Cash flow and fair value interest rate risk

As at December 31, 2021, other than bank balances with variable interest rates and short-term deposits and financial assets measured at amortized cost with fixed interest rates, the Group has financial products of approximately US$2.2 million related to fair value interest rate risk. The Directors consider that both the exposure of cash flow interest rate risk arising from variable-rate bank balances and the exposure of fair value interest rate arising from financial products are insignificant, because the current market interest rates are relatively low and stable, therefore no sensitivity analysis on such risk has been prepared.

The Group is also exposed to fair value interest rate risk in relation to lease liabilities and cash flow interest rate risk in relation to variable-rate bank loans and other borrowings. The Company currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The sensitivity analysis is based on the exposure to interest rates for bank loans and borrowings at the end of the Reporting Period. The management of the Company considers that the exposure of cash flow interest rate risk arising from bank loans and borrowings is insignificant. A 50 basis point increase or decrease in interest rates are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change.

Credit risk

The carrying amounts of cash and cash equivalents, trade and other receivables and other current assets are the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

In respect of trade and other receivables, individual credit evaluations are performed on customers and counterparties. These evaluations focus on the counterparty's financial position and past history of making payments, and they take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up actions will be taken to recover overdue debts. Credit limits were granted to certain customers in consideration of their payment history and business performance. Prepayment agreements were sometimes entered into with certain customers mainly from biotech companies, colleges, universities, and research institutes. In addition, the Group reviews the recoverable amount of each individual transaction and other receivable balance by semi-year to ensure that adequate impairment losses are made for irrecoverable amounts.

Regulatory Risk

The Biosecurity Law of the PRC (《中華人民共和國生物安全法》) (the "**Biosecurity Law**"), promulgated by the Standing Committee of National People's Congress on October 17, 2020 and came into effect on April 15, 2021, establishes an integrated system to regulate biosecurity-related activities in China, including the security regulation of human genetic resources (the "**HGR**") and biological resources. The Biosecurity Law declares that China enjoys sovereignty over its HGR and biological resources and further endorsed the Regulation for the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) by recognizing the fundamental regulatory principles and systems established by it over the preservation, collection, transaction or exportation of China's HGR by foreign organizations and individuals. Although the Biosecurity Law does not provide any specific new regulatory requirements on the HGR, it grants China's major regulatory authorities of HGR, i.e. the Ministry of Science and Technology, significantly more power and discretion to regulate the HGR. It is expected that the overall regulatory landscape for China's HGR will evolve and become even more rigorous. In addition, the interpretation and application of the data protection laws and regulations in China and elsewhere in the world are often uncertain and constantly changing.

The Group has formed a biosecurity committee which comprises professionals with years of experiences and diversified backgrounds in different industries and functions. The committee members are responsible for actively following new laws, regulations and guidelines published by regulatory authorities and promoting improvements in the compliance of the Group with such laws, regulations and guidelines.

Risk Related to International Trade Agreements, Tariffs and Import/Export Regulations

In recent years, there have been more material uncertainties arose in international trade agreements, tariffs and import/export regulations. The momentum of international trade protectionism and unilateralism is growing. The U.S. and the PRC governments have held numerous rounds of negotiations. If any new legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, or if the U.S. or the PRC imposes additional burdens on international trade that negatively affect the ability of both countries to import and export goods, it may lead to a decline in material supply and demand of the Group's services. In order to mitigate this, the Group has continuously increased the layout of global service capacities.

IMPORTANT EVENTS

On February 5, 2021 (New York time), GenScript USA Inc. received authorization by the Center for Biologics Evaluation and Research of the FDA for use of the cPass™ SARS-CoV-2 Neutralization Antibody Detection Kit in convalescent plasma screening. The cPass™ is the first FDA authorized test that specifically detects COVID-19 neutralizing antibodies without the use of live virus. Please refer to the announcement of the Company dated February 7, 2021 for details.

In May 2021, the EMA has accepted Legend's Marketing Authorisation Application seeking approval of ciltacabtagene autoleucel (cilta-cel) for the treatment of patients with relapsed and/or refractory multiple myeloma. The acceptance confirms that the application is valid and marks the commencement of the EMA's assessment process. Please refer to the announcements of the Company dated April 30, 2021 and May 21, 2021 for details.

In 2021, the milestones relating to the clinical development of cilta-cel have been achieved according to the terms and conditions of the collaboration and license entered into among Legend USA., Legend Biotech Ireland Limited and Janssen, resulting in aggregate payments to Legend of US$65.0 million. Please refer to the announcements of the Company dated May 21, 2021 and February 11, 2022 for details.

On May 13, 2021 (New York time), Legend entered into a subscription agreement with an investor relating to (i) the offer and sale of 20,809,850 ordinary shares of Legend in a private placement at a purchase price of US$14.41625 per ordinary share of Legend and (ii) the issuing of a warrant exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend at an aggregate consideration of US$300.0 million. The completion of Legend Subscription took place on May 21, 2021. Please refer to the announcements of the Company dated May 14, 2021 and May 23, 2021 for details.

On May 14, 2021, the Company and Hillhouse Capital Management, Ltd. entered into the binding term sheet in relation to the Series A financing of Probio Cayman. On August 18, 2021 (New York time), Probio Cayman entered into the Probio Cayman Purchase Agreement with the investors, whereby Probio Cayman agreed to sell certain series A preferred shares of Probio Cayman and a warrant exercisable for ordinary shares of Probio Cayman. On September 3, 2021 (after trading hours, Hong Kong time), the completion of the Probio Cayman Purchase took place. Please refer to the announcements of the Company dated May 14, 2021, June 7, 2021, August 19, 2021 and September 5, 2021 for details.

On May 14, 2021, the Company and GNS Holdings Limited ("**GNS**") entered into a subscription agreement, pursuant to which GNS subscribed for 102,981,853 Shares issued by the Company under the general mandate ("**GenScript Subscription**"). The completion of GenScript Subscription took place on June 10, 2021. Please refer to the announcements of the Company dated May 14, 2021 and June 10, 2021 for details.

On May 14, 2021, Genscript Corporation ("**GS Corp**"), a controlling shareholder of the Company entered into an agreement with GNS, pursuant to which GS Corp sold and GNS purchased 61,789,112 Shares ("**GS Disposal**"). The completion of the GS Disposal took place on June 11, 2021. Please refer to the announcements of the Company dated May 14, 2021 and June 11, 2021 for details.

On May 26, 2021 (New York time), Legend announced that the FDA has accepted for priority review the Biologics License Application (BLA) submission for cilta-cel. Please refer to the announcement of the Company dated May 27, 2021 for details.

On June 22, 2021 (New York time), Legend announced that the establishment of a manufacturing facility in Belgium, as part of a joint investment with Janssen Pharmaceutical NV (Janssen), to expand global manufacturing capacity of innovative cellular therapies. Please refer to the announcement of the Company dated June 22, 2021 for details.

On December 17, 2021 (before trading hours, Hong Kong time), Legend entered into the Underwriting Agreement with Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Jefferies LLC, Piper Sandler & Co. and Barclays Capital Inc. in relation to the Follow-on Public Offering of 8,615,575 ADSs, inclusive of the 1,115,575 additional ADSs purchased by the underwriters by exercising their options, at a price to the public of US$40.00 per ADS and each ADS will represent two ordinary shares of Legend. In the Follow-on Public Offering, the Company purchased 4,500,000 ordinary shares of Legend with an aggregate price of approximately US$90.0 million at the public offering price per ADS. On December 20, 2021 (after trading hours. Hong Kong time), the Follow-on Public Offering, including the GenScript Participation, has been closed. Please refer to the announcements of the Company dated December 15, 2021, December 17, 2021, December 19, 2021 and December 21, 2021 for details.

PROSPECTS

During 2021, the COVID-19 pandemic continues to profoundly reshape the society, international relationships and the global economy. The importance of investment in the life-science and healthcare industry to develop new therapeutic modalities that are cost-effective, personalized, and potentially curative is evermore present.

The Group has long established a strategy to focus our research and development efforts as well as capital investment commitment in the GCT area, not only developing innovative cell therapy products such as CARVYKTI®, but also developing enabling technology for GCT-related research and manufacturing process. We believe our products and services are highly competitive in serving the fast growing demand in this market.

In life-science business, our technology platform and capacity expansion have enabled us to address the booming opportunities arising from gene editing research and clinical development needs. Many of our customers, from both the academia and commercial organizations, are using our enabling tools and services to conduct research on cancer, rare diseases, diagnostics, and so on. These exciting research may one day turn into therapeutics and diagnostics that may save millions of lives.

In the CDMO field, we are observing an increasing number of biologics and GCT clinical programs entering the later stages and commercialization, including antibody drugs and mRNA vaccines for COVID-19. As the leader of GCT CDMO service in China, we will benefit from this market trend. We also expect more recurring revenue and better profitability in our CDMO business as we continue to grow with our customer projects.

For cell therapy, we have witnessed the commercialization of cilta-cel (commercial name: CARVYKTI®) which is jointly developed by Legend and Janssen. We believe that CAR-T has great potential to save lives and improve patient life quality in areas of blood cancers, solid tumors and infectious diseases. Commercially, we also expect CARVYKTI® to be highly successful. In fact, our partner Janssen expects CARVYKTI® to reach over US$5 billion in peak sales globally.

FUTURE DEVELOPMENT STRATEGIES

Looking ahead, the Group will take a flexible approach on capital allocation and seek financing from capital markets if and when there are opportunities to generate explosive growth and create value. On the operational front, we will continue to execute a three-pronged strategy to allocate capital to capture growth opportunities, improve efficiency and reduce risk.

We will expand our investment in research and development to improve the competitiveness of our products and services to meet with our customer needs. We will also improve operational efficiency by adopting digital transformation and lean management system. To mitigate the risk brought about by the global supply chain shortage, we are also expanding capacity globally.

On the life-science services and products segment, we will continue to improve throughput and cost efficiency through automation, and expand manufacturing capacity for our life-science and related catalogue products in plasmid preparation, protein expression, antibody production, oligo, etc. to meet our customers' requirements on throughput. We will also continue to upgrade our life-science products and services in order to serve the translational medical research and commercial market. This means we will invest in good laboratory practice (GLP) and GMP capabilities globally and in research and development efforts in order to capture this much larger market.

On the biologics CDMO segment, we will focus on optimizing our biologics production technology platform and expanding our expertise in for bi-specific and multi-specific antibodies. In the GCT

area, we will continue to invest in capacity expansion in GMP plasmid to solidify our leading position in China and overseas, and we will enhance our technological capabilities in other applications such as mRNA and viral vector production.

In the synthetic biology field, we are committed to shaping Bestzyme into a leading synthetic biology solution provider by continuing to invest in research and development, expanding target markets and reducing production costs. In the future, the Group will leverage our bioinformatics platform, gene editing technology, large-scale industrial fermentation and metabolic engineering technology to strengthen Bestzyme's competitiveness in the synthetic biology industry.

In the cell therapy field, we will continue to push forward Legend's pipeline programs through our internal resources as well as collaborations with external partners. We will continue to explore the advantage of conducting investigator initiated trials (IIT) in China and to selectively combine those with IND trials approved by the FDA in the U.S. to generate clinical data in a fast and cost effective way.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2021, the Group had a total of approximately 5,260 employees. The Group had entered into employment contracts covering positions, employment conditions and terms, salaries, employees' benefits, responsibilities for breach of contractual obligations, and reason for termination with its employees. The remuneration package of the Group's employees includes basic salary, subsidies, and other employees' benefits, which are determined with reference to experience, number of years with the Group, and other general factors.

On July 15, 2015, the Company adopted the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**"). On December 7, 2015, the Company adopted the post-IPO share option scheme (the "**Post-IPO Share Option Scheme**"). On December 21, 2017, the Company approved and adopted the share option scheme of Legend, being the direct non-wholly owned subsidiary of the Company (the "**Subsidiary Share Option Scheme**", together with the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, the "**Share Option Schemes**"). On March 22, 2019, the Company adopted the restricted share award scheme (the "**2019 RSA Scheme**"). On May 26, 2020, the shareholders of Legend approved and adopted the restricted shares plan of Legend (the "**Legend Restricted Shares Plan**"). On August 3, 2021, the shareholders of Probio Cayman approved and adopted the restricted share unit award scheme of Probio Cayman (the "**Probio RSUA Scheme**"). On August 23, 2021, the Company adopted the restricted share award scheme (the "**2021 RSA Scheme**", together with the 2019 RSA Scheme, Legend Restricted Shares Plan and Probio RSUA Scheme, the "**RSA Schemes**"). No further share options have been granted under the Pre-IPO Share Option Scheme since the Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the Reporting Period, 100,000 share options with an exercise price of HK$13.892 per share and 343,029 share options with an exercise price of HK$30.45 per share were granted under the Post-IPO Share Option Scheme to certain employees on March 31, 2021 and May 31, 2021, respectively. Please refer to the announcements of the Company dated March 31, 2021 and June 1, 2021 for details. Save as disclosed, no other options have been granted under the Post-IPO Share Option Scheme.

During the Reporting Period, 595,000 share options were granted under the Subsidiary Share Option Scheme. Save as disclosed, no other options have been granted under Subsidiary Share Option Scheme during the Reporting Period.

213,906 restricted shares, 6,119,630 restricted shares, 137,596 restricted shares and 246,915 restricted shares were granted under the 2019 RSA Scheme to certain Directors and employees on March 31, 2021, May 31, 2021, August 27, 2021 and December 10, 2021 respectively. Please refer to the announcements of the Company dated March 31, 2021, June 1, 2021, August 27, 2021 and December 10, 2021 for details. Save as disclosed, no other restricted shares have been granted under the 2019 RSA Scheme during the Reporting Period.

During the Reporting Period, 2,132,680 restricted share units were granted under the Legend Restricted Shares Plan. Save as disclosed, no other restricted shares have been granted under the Legend Restricted Shares Plan during the Reporting Period.

During the Reporting Period, 97,302,350 restricted share units were granted under the Probio RSUA Scheme. Save as disclosed, no other restricted shares have been granted under the Probio RSUA Scheme during the Reporting Period.

During the Reporting Period, 1,394,558 restricted shares were granted under the 2021 RSA Scheme to certain employees on December 10, 2021. Please refer to the announcements of the Company dated December 10, 2021 for details. Save as disclosed, no other restricted shares have been granted under the 2021 RSA Scheme during the Reporting Period.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board did not recommend the payment of final dividend for the year ended December 31, 2021.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (as in effect from time to time) as its own code of corporate governance.

The Company has complied with all the applicable code provisions as set out in the CG Code during the year ended December 31, 2021 and up to the date of this announcement.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transaction by Directors and Specified Individuals (the "**Code**") on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 of the Listing Rules. Specific inquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the Code during the Reporting Period.

The Code is also applicable to the Company's relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities. No incidents of non-compliance with the Code by the Directors and the relevant employees of the Company were noted by the Company during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

USE OF PROCEEDS

Use of Proceeds from Top-up Placing

On June 5, 2018, the Company entered into a placing and subscription agreement with Genscript Corporation, one of the controlling shareholders of the Company (the "**Vendor**") and placing agents pursuant to which (i) the Vendor completed a placing through placing agents 75,000,000 ordinary shares of the Company to certain placees at the price of HK$26.50 per share, and (ii) the Vendor subscribed for an aggregate of 75,000,000 shares of the Company of HK$26.50 per share (the "**Top-up Placing**"). The net proceeds of the Top-up Placing is approximately HK$2.0 billion (equivalent to approximately US$251.3 million). Please refer to the announcements of the Company dated June 4, 2018, June 5, 2018, June 8, 2018, June 13, 2018 and June 14, 2018 for details.

A detailed breakdown and description of the use of the net proceeds from the Top-Up Placing is set forth as follows:

Item	Unutilized amount as at January 1, 2021 *US$ million*	Utilized amount during the Reporting Period *US$ million*	Unutilized amount as at December 31, 2021 *US$ million*	Intended year of application
Building up CAR-T R&D and production facility in China, the U.S. and Europe	0.9	0.9	—	Not applicable
Building up the GMP manufacturing facilities for plasmid and biologics products	68.5	32.0	36.5	2022 to 2023
Total	69.4	32.9	36.5	

Note: The figures for unutilized proceeds have been rescheduled as the changes of Group's strategy and the increase of the financing capability of Legend, compared with the disclosure in the annual results announcement for the year ended December 31, 2020 of the Company dated March 26, 2021.

Use of Proceeds from the Subscription Under General Mandate

On May 14, 2021, the Company and GNS entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which GNS subscribed for an aggregate 102,981,853 new Shares issued by the Company of HK$18.658 per Share under the Company's general mandate (the "**Subscription**"). The conditions of the Subscription Agreement have been fulfilled and the completion of the Subscription took place on June 10, 2021. The total amount of net proceeds received by the Company was approximately HK$1.9 billion (equivalent to approximately US$247.9 million). Please refer to the announcements of the Company dated May 14, 2021, June 7, 2021 and June 10, 2021.

A detailed breakdown and description of the use of the net proceeds from the Subscription is set forth as follows:

Item	Amount expected to be utilized *US$ million*	Utilized amount during the Reporting Period *US$ million*	Unutilized amount as at December 31, 2021 *US$ million*	Intended year of application
Investment in research and development	60.0	23.0	37.0	2022 to 2023
Expansion of manufacturing facilities	150.0	18.8	131.2	2022 to 2023
General working capital purpose	37.9	37.9	—	Not applicable
Total	247.9	79.7	168.2	

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**"). The Audit Committee currently comprises three members, namely, Mr. Dai Zumian (chairman of the Audit Committee), Mr. Pan Jiuan and Mr. Guo Hongxin, all being independent non-executive Directors. The principal duties of the Audit Committee are (i) to review and monitor the Company's financial reporting system, risk management and internal control systems, (ii) to maintain the relations with the external auditor of the Company, and (iii) to review the financial information of the Company.

The Audit Committee has, together with the management and external auditors, reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended December 31, 2021.

SCOPE OF AUDITOR'S WORK ON ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, condensed statement of cash flows and the related notes thereto for the year ended December 31, 2021 as set out in this preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's audited consolidated financial statements for the Year. The auditor made no comments as to the reasonableness or appropriateness of those assumptions of the "adjusted net profit/(loss)" as presented in the preliminary announcement. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") of the Company is scheduled to be held on Friday, May 27, 2022. A notice convening the AGM will be issued and disseminated to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of shareholders to attend and vote at the forthcoming AGM to be held on May 27, 2022, the register of members of the Company will be closed from Tuesday, May 24, 2022 to Friday, May 27, 2022 (both dates inclusive), during which period no transfer of shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, May 23, 2022.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2021 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.genscript.com), and the 2021 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

PRESS RELEASE OF UNAUDITED FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL YEAR 2021 BY A LISTED SUBSIDIARY — LEGEND BIOTECH CORPORATION

Legend, a non-wholly owned subsidiary of the Company, whose shares are listed by way of ADSs on the NASDAQ Global Select Market in the U.S., has issued a press release regarding its unaudited financial results for the fourth quarter, full year 2021 and recent business highlights. The press release is available at the website of Legend at https://investors.legendbiotech.com/node/7336/pdf.

ACKNOWLEDGEMENT

The steady development of the Group has always been trusted and supported by the Shareholders, investors and business partners of the Company as well as the loyalty of our staff members. On behalf of the Board, I express my heartfelt gratitude.

By order of the Board
Genscript Biotech Corporation
Meng Jiange
Chairman and Executive Director

Hong Kong, March 20, 2022

As at the date of this announcement, the executive Directors are Mr. Meng Jiange, Ms. Wang Ye and Dr. Zhu Li; the non-executive Directors are Dr. Wang Luquan, Mr. Pan Yuexin and Ms. Wang Jiafen; and the independent non-executive Directors are Mr. Guo Hongxin, Mr. Dai Zumian, Mr. Pan Jiuan and Dr. Wang Xuehai.

* *For identification purposes only*