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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)

**ANNOUNCEMENT OF
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

INTERIM RESULTS HIGHLIGHTS

- Revenue of the Group for the six months ended June 30, 2023 was approximately US\$391.3 million, representing an increase of 26.4% as compared with approximately US\$309.6 million for the same period in 2022, among which, the external revenue for non-cell therapy business was approximately US\$281.8 million, representing an increase of 13.8% as compared with approximately US\$247.7 million for the same period in 2022, and the external revenue for cell therapy business was approximately US\$109.5 million, representing an increase of 76.9% as compared with approximately US\$61.9 million for the same period in 2022.
- Gross profit of the Group for the six months ended June 30, 2023 was approximately US\$175.0 million, representing an increase of 3.9% as compared with approximately US\$168.5 million recorded for the same period in 2022, among which, the gross profit of non-cell therapy business before eliminations was approximately US\$134.7 million, representing an increase of 6.7% as compared with approximately US\$126.2 million for the same period in 2022, and the gross profit of cell therapy business before eliminations was approximately US\$41.4 million, representing a decrease of 8.2% as compared with approximately US\$45.1 million for the same period in 2022.
- Loss of the Group for the six months ended June 30, 2023 was approximately US\$245.8 million, whilst loss was approximately US\$233.6 million for the same period in 2022.

The adjusted net loss of the Group for the six months ended June 30, 2023 was approximately US\$162.0 million, whilst the adjusted net loss was approximately US\$134.8 million for the same period in 2022, among which, the adjusted net profit of non-cell therapy business before eliminations was approximately US\$33.6 million, representing an increase of 1.2% as compared with approximately US\$33.2 million for the same period in 2022, and the adjusted net loss of cell therapy business before eliminations was approximately US\$195.7 million, whilst the adjusted net loss of cell therapy business before eliminations was approximately US\$168.2 million for the same period in 2022.

- Loss attributable to owners of the Company for the six months ended June 30, 2023 was approximately US\$93.6 million, whilst loss attributable to owners of the Company was approximately US\$135.5 million for the same period in 2022.

Notes:

(1)

| | For the six months ended June 30, 2023 | | | | For the six months ended June 30, 2022 | | | |
|--|--|------------------|--------------|------------------|--|------------------|--------------|------------------|
| | Non-cell therapy | Cell therapy | Eliminations | Total | Non-cell therapy | Cell therapy | Eliminations | Total |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Net profit/(loss) | 65,339 | (311,229) | 133 | (245,757) | (8,234) | (225,527) | 172 | (233,589) |
| Excluding: | | | | | | | | |
| Equity-settled share-based compensation expense, net of tax | 15,491 | 22,714 | - | 38,205 | 21,155 | 15,125 | - | 36,280 |
| Fair value (gains)/losses of preferred shares and warrants | (51,019) | 85,750 | - | 34,731 | 14,824 | 31,000 | - | 45,824 |
| Losses related to foreign currency forward contracts, net of tax | 2,754 | - | - | 2,754 | 2,969 | - | - | 2,969 |
| Consultation and other related costs for the Investigation, net of tax | 732 | - | - | 732 | 2,250 | - | - | 2,250 |
| Exchange (gains)/losses, net of tax | (1,713) | 7,020 | - | 5,307 | (1,325) | 9,599 | - | 8,274 |
| Fair value losses of non-current financial assets, net of tax | 750 | - | - | 750 | 1,577 | - | - | 1,577 |
| Service fees and other costs for equity financing activities | 1,278 | - | - | 1,278 | - | 1,604 | - | 1,604 |
| Adjusted net profit/(loss) | <u>33,612</u> | <u>(195,745)</u> | <u>133</u> | <u>(162,000)</u> | <u>33,216</u> | <u>(168,199)</u> | <u>172</u> | <u>(134,811)</u> |

(2) In order to better reflect the key performance of the Group's current business and operations, the adjusted net loss is calculated on the basis of net loss, excluding: (i) equity-settled share-based compensation expense; (ii) fair value gains or losses of preferred shares and warrants; (iii) losses related to foreign currency forward contracts; (iv) consultation and other related costs for the Investigation (as defined in the announcement of the Company dated September 21, 2020); (v) exchange gains or losses; (vi) fair value losses of non-current financial assets; and (vii) service fees and other costs for equity financing activities.

(3) All the comparative financial figures in this announcement have been adjusted according to the restated interim condensed consolidated financial information for the six months ended June 30, 2022. The adjustment was solely derived from the restatement of Legend Biotech Corporation ("Legend" or "Legend Biotech"). Please refer to note 2.3 to the interim condensed consolidated financial information below for details.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Genscript Biotech Corporation (the “**Company**” or “**GenScript**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022 are as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | <i>Notes</i> | For the six months ended June 30, | |
|---|--------------|--|--|
| | | 2023 (Unaudited) <i>US\$’000</i> | 2022 (Unaudited) (Restated) <i>US\$’000</i> |
| REVENUE | 4 | 391,311 | 309,589 |
| Cost of sales | | (216,263) | (141,091) |
| Gross profit | | 175,048 | 168,498 |
| Other income and gains | 4 | 31,301 | 9,850 |
| Selling and distribution expenses | | (81,404) | (86,942) |
| Administrative expenses | | (106,515) | (79,648) |
| Research and development expenses | | (207,331) | (177,606) |
| Fair value losses of preferred shares and warrants | | (34,731) | (45,824) |
| Other expenses | | (5,961) | (13,266) |
| Finance costs | 6 | (12,463) | (3,303) |
| Provision for impairment of financial assets, net | | (2,367) | (1,535) |
| Share of losses of associates | | (230) | - |
| LOSS BEFORE TAX | 5 | (244,653) | (229,776) |
| Income tax expense | 7 | (1,104) | (3,813) |
| LOSS FOR THE PERIOD | | (245,757) | (233,589) |
| Attributable to: | | | |
| Owners of the parent | | (93,581) | (135,507) |
| Non-controlling interests | | (152,176) | (98,082) |
| | | (245,757) | (233,589) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 9 | | |
| Basic (<i>US cent</i>) | | (4.44) | (6.48) |
| Diluted (<i>US cent</i>) | | (4.44) | (6.48) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at June 30, 2023 (Unaudited) US\$'000 | As at December 31, 2022 (Audited) US\$'000 |
|---|--------------|--|--|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | <i>10</i> | 565,229 | 521,567 |
| Advance payments for property, plant and equipment | | 22,240 | 22,251 |
| Investment properties | | 6,185 | 6,833 |
| Right-of-use assets | <i>11</i> | 121,216 | 103,105 |
| Goodwill | | 2,497 | 2,547 |
| Other intangible assets | | 22,621 | 23,811 |
| Investments in associates | | 16,804 | 4,372 |
| Financial assets at fair value through profit or loss | <i>12</i> | 14,858 | 11,657 |
| Deferred tax assets | | 16,458 | 15,045 |
| Time deposits | <i>17</i> | 4,209 | - |
| Other non-current assets | <i>15</i> | 123,652 | 70,245 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 915,969 | 781,433 |
| CURRENT ASSETS | | | |
| Inventories | <i>13</i> | 51,515 | 59,935 |
| Contract costs | | 14,949 | 16,490 |
| Trade and notes receivables | <i>14</i> | 132,414 | 104,089 |
| Prepayments, other receivables and other assets | <i>15</i> | 102,371 | 93,867 |
| Financial assets at fair value through profit or loss | <i>12</i> | 244,578 | 210,819 |
| Loans to an associate | | 37 | 37 |
| Restricted cash | | 25,484 | 27,203 |
| Time deposits | <i>17</i> | 499,670 | 310,573 |
| Cash and bank balances | <i>16</i> | 1,397,334 | 941,937 |
| | | <hr/> | <hr/> |
| Total current assets | | 2,468,352 | 1,764,950 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | | As at June 30, 2023 (Unaudited) US\$'000 | As at December 31, 2022 (Audited) US\$'000 |
|--|--------------|--|--|
| | <i>Notes</i> | | |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 18 | 40,328 | 55,755 |
| Other payables and accruals | 19 | 288,790 | 300,709 |
| Interest-bearing loans and other borrowings | 20 | 35,213 | 33,681 |
| Lease liabilities | 11 | 9,448 | 11,104 |
| Tax payable | | 17,985 | 16,153 |
| Contract liabilities | | 42,225 | 41,675 |
| Government grants | | 1,508 | 2,652 |
| Financial liabilities at fair value through profit or loss | 21 | 2,407 | 84,249 |
| | | <u>437,904</u> | <u>545,978</u> |
| Total current liabilities | | | |
| | | <u>437,904</u> | <u>545,978</u> |
| NET CURRENT ASSETS | | | |
| | | <u>2,030,448</u> | <u>1,218,972</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>2,946,417</u> | <u>2,000,405</u> |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing loans and other borrowings | 20 | 270,614 | 261,006 |
| Lease liabilities | 11 | 65,612 | 44,008 |
| Contract liabilities | | - | 2,010 |
| Deferred tax liabilities | | 5,892 | 8,012 |
| Government grants | | 16,425 | 16,167 |
| Financial liabilities at fair value through profit or loss | 21 | 428,260 | 269,460 |
| Financial liabilities at amortised cost | 22 | 72,332 | 36,761 |
| Other non-current liabilities | | 1,238 | 313 |
| | | <u>860,373</u> | <u>637,737</u> |
| Total non-current liabilities | | | |
| | | <u>860,373</u> | <u>637,737</u> |
| NET ASSETS | | | |
| | | <u>2,086,044</u> | <u>1,362,668</u> |
| EQUITY | | | |
| Share capital | 23 | 2,116 | 2,111 |
| Treasury shares | 23 | (9,500) | (11,922) |
| Reserves | | 1,361,985 | 1,020,352 |
| | | <u>1,354,601</u> | <u>1,010,541</u> |
| Equity attributable to owners of the parent | | | |
| | | <u>1,354,601</u> | <u>1,010,541</u> |
| Non-controlling interests | | 731,443 | 352,127 |
| | | <u>731,443</u> | <u>352,127</u> |
| TOTAL EQUITY | | | |
| | | <u>2,086,044</u> | <u>1,362,668</u> |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 manufacturing 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**”) since 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.**”).

These interim condensed consolidated financial information are presented in United States dollars (“**US\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

2.1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2022.

2.2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

| | |
|---|---|
| HKFRS 17 | <i>Insurance Contracts</i> |
| Amendments to HKFRS 17 | <i>Insurance Contracts</i> |
| Amendment to HKFRS 17 | <i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i> |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | <i>Disclosure of Accounting Policies</i> |
| Amendments to HKAS 8 | <i>Definition of Accounting Estimates</i> |
| Amendments to HKAS 12 | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> |
| Amendments to HKAS 12 | <i>International Tax Reform – Pillar Two Model Rules</i> |

The adoption of above new and revised HKFRSs has no significant financial effect to the Group’s interim condensed consolidated financial information.

2.3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS

As disclosed in note 2.2 to the Group’s 2022 annual consolidated financial statements dated March 30, 2023, the Company restated the previously issued audited consolidated financial statements resulting from the restatement of Legend’s financial statements, including the Group’s consolidated statements of financial position at December 31, 2021 and January 1, 2021, the Group’s consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the fiscal year ended December 31, 2021.

In connection with the Legend’s restatement, the Group also restated its previously issued unaudited consolidated interim results as at June 30, 2022 and for the six months then ended, which was affected by the matters disclosed in note 2.2 to the Group’s 2022 annual consolidated financial statements dated March 30, 2023 and below in relation to the collaboration and license agreement signed by Legend with Janssen Biotech, Inc. (“**Janssen**”) for the worldwide development and commercialization of cilta-cel (the “**Janssen Agreement**”).

Revenue Recognition Adjustments

Legend has revised its accounting treatment for the collaboration revenue from the profit sharing with Janssen on sales of CARVYKTI (“**Collaboration Revenue**”) and the collaboration costs for the revenue (“**Collaboration Cost of Revenue**”) in accordance with HKFRS 15.

Legend and Janssen share equally profits on sales of CARVYKTI in all areas other than the Greater China, where Legend retains or bears 70.0% of pre-tax profits or losses. In all areas other than Greater China, as Janssen is the principal in the sale transaction with the customer, Legend recognises a pro-rata share of collaboration net trade sales in the period Janssen completes the sale and delivers the product to the customer. Legend’s share of collaboration net trade sales in all areas other than Greater China are recognised as Collaboration Revenue, which was recognized within license and collaboration revenue on the Group’s consolidated statement of profit or loss.

Collaboration Cost of Revenue relates to the sale of CARVYKTI and includes costs incurred by Legend as well as Legend's pro-rata share of Collaboration Cost of Revenue. Collaboration Cost of Revenue includes the cost of inventory sold, manufacturing costs, other costs attributable to production, and provisions to write down inventory, such as for excess and obsolete inventory or inventory that did not meet quality specifications. Collaboration Cost of Revenue was presented in the Group's cost of sales on the consolidated statement of profit or loss.

Collaboration Assets Adjustments

Legend identified and corrected certain errors in the amounts reported as collaboration inventory, which was included in the inventories on the Group's consolidated statement of financial position. Legend has revised its accounting treatment to include within collaboration inventory the inventory costs incurred by Legend measured at the lower of its cost and the collaboration inventory's net realizable value. The Group records within prepayments, other receivables and other assets the amount it is entitled to be reimbursed from its collaboration partner for inventory costs incurred.

Legend also revised its accounting treatment to record lease arrangements in accordance with HKFRS 16. For lease agreements Legend entered into on behalf of the collaboration, Legend recognises the full lease liability, rather than its share, because Legend has the primary responsibility for making the lease payments. Legend records a finance sublease for the related right-of-use assets it subleases to the collaboration.

Legend also made reclassification adjustments in relation with its revised accounting treatments for the Collaboration Assets mentioned above.

The table as below present the impact of the Group's unaudited consolidated statement of financial position as at June 30, 2022, unaudited consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months ended June 30, 2022.

Unaudited interim condensed consolidated statement of profit or loss for the six months ended June 30, 2022

For the six months ended June 30, 2022

| | Adjustments by category | | | | | As restated US\$ '000 |
|--|--|-------------------------------------|--------------------------------------|--------------------------|-----------------------------------|--------------------------|
| | As previously reported US\$ '000 | Revenue recognition US\$ '000 | Collaboration assets US\$ '000 | Tax impacts US\$ '000 | Total adjustments US\$ '000 | |
| REVENUE | 304,677 | 4,912 | - | - | 4,912 | 309,589 |
| Cost of sales | (129,154) | (11,937) | - | - | (11,937) | (141,091) |
| Gross profit | 175,523 | (7,025) | - | - | (7,025) | 168,498 |
| Other income and gains | 9,840 | - | 10 | - | 10 | 9,850 |
| Selling and distribution expenses | (86,942) | - | - | - | - | (86,942) |
| Administrative expenses | (79,640) | - | - | (8) | (8) | (79,648) |
| Research and development expenses | (177,360) | - | (246) | - | (246) | (177,606) |
| Fair value losses of preferred share and warrants | (45,824) | - | - | - | - | (45,824) |
| Other expenses | (13,256) | - | (10) | - | (10) | (13,266) |
| Finance costs | (3,234) | - | (69) | - | (69) | (3,303) |
| Provision for impairment of financial assets, net | (1,535) | - | - | - | - | (1,535) |
| LOSS BEFORE TAX | (222,428) | (7,025) | (315) | (8) | (7,348) | (229,776) |
| Income tax expense | (3,501) | - | - | (312) | (312) | (3,813) |
| LOSS FOR THE PERIOD | <u>(225,929)</u> | <u>(7,025)</u> | <u>(315)</u> | <u>(320)</u> | <u>(7,660)</u> | <u>(233,589)</u> |
| Attributable to: | | | | | | |
| Owners of the parent | (131,202) | | | | (4,305) | (135,507) |
| Non-controlling interests | <u>(94,727)</u> | | | | <u>(3,355)</u> | <u>(98,082)</u> |
| | <u>(225,929)</u> | | | | <u>(7,660)</u> | <u>(233,589)</u> |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | | | | |
| Basic (US cent) | (6.28) | | | | (0.20) | (6.48) |
| Diluted (US cent) | (6.28) | | | | (0.20) | (6.48) |

Unaudited interim condensed consolidated statement of comprehensive income for the six months ended June 30, 2022

For the six months ended June 30, 2022

| | Adjustments by category | | | | Total adjustments | As restated |
|---|-------------------------|---------------------|----------------------|--------------|-------------------|------------------|
| | As previously reported | Revenue recognition | Collaboration assets | Tax impacts | | |
| | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 |
| LOSS FOR THE PERIOD | <u>(225,929)</u> | <u>(7,025)</u> | <u>(315)</u> | <u>(320)</u> | <u>(7,660)</u> | <u>(233,589)</u> |
| 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 | <u>(20,111)</u> | | | | <u>(4,470)</u> | <u>(24,581)</u> |
| Net other comprehensive income that may be reclassified to profit or loss in subsequent periods | <u>(20,111)</u> | | | | <u>(4,470)</u> | <u>(24,581)</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | <u>(20,111)</u> | | | | <u>(4,470)</u> | <u>(24,581)</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | <u>(246,040)</u> | | | | <u>(12,130)</u> | <u>(258,170)</u> |
| Attributable to: | | | | | | |
| Owners of the parent | (155,298) | | | | (6,603) | (161,901) |
| Non-controlling interests | <u>(90,742)</u> | | | | <u>(5,527)</u> | <u>(96,269)</u> |
| | <u>(246,040)</u> | | | | <u>(12,130)</u> | <u>(258,170)</u> |

Unaudited interim condensed consolidated statement of financial position as at June 30, 2022

| | As at June 30, 2022 | | | | | As restated US\$'000 |
|---|---------------------------------------|-------------------------------------|-------------------------|--------------|----------------------------------|-------------------------|
| | As previously reported US\$'000 | Adjustments by category | | | Total adjustments US\$'000 | |
| | Revenue recognition US\$'000 | Collaboration assets US\$'000 | Tax impacts US\$'000 | | | |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment | 493,445 | - | (56,721) | - | (56,721) | 436,724 |
| Advance payments for property, plant and equipment | 20,044 | - | - | - | - | 20,044 |
| Investment properties | 5,751 | - | - | - | - | 5,751 |
| Right-of-use assets | 55,284 | - | 30,737 | - | 30,737 | 86,021 |
| Goodwill | 14,076 | - | - | - | - | 14,076 |
| Other intangible assets | 25,465 | - | (45) | - | (45) | 25,420 |
| Investments in associates | 3,318 | - | - | - | - | 3,318 |
| Financial assets at fair value through profit or loss | 10,932 | - | - | - | - | 10,932 |
| Deferred tax assets | 6,335 | - | - | - | - | 6,335 |
| Time deposits | 4,470 | - | - | - | - | 4,470 |
| Other non-current assets | 7,364 | - | 27,206 | - | 27,206 | 34,570 |
| Total non-current assets | 646,484 | - | 1,177 | - | 1,177 | 647,661 |
| CURRENT ASSETS | | | | | | |
| Inventories | 49,898 | - | 8,158 | - | 8,158 | 58,056 |
| Contract costs | 11,391 | - | - | - | - | 11,391 |
| Trade and notes receivables | 102,339 | - | - | - | - | 102,339 |
| Prepayments, other receivables and other assets | 75,044 | - | (7,486) | 1,004 | (6,482) | 68,562 |
| Financial assets at fair value through profit or loss | 15,083 | - | - | - | - | 15,083 |
| Loans to associates | 155 | - | - | - | - | 155 |
| Restricted cash | 3,320 | - | - | - | - | 3,320 |
| Time deposits | 458,334 | - | - | - | - | 458,334 |
| Cash and cash equivalents | 782,246 | - | - | - | - | 782,246 |
| Total current assets | 1,497,810 | - | 672 | 1,004 | 1,676 | 1,499,486 |

Unaudited interim condensed consolidated statement of financial position as at June 30, 2022 (continued)

| | As at June 30, 2022 | | | | | As restated US\$'000 |
|---|---------------------------------------|-------------------------------------|-------------------------|----------------|----------------------------------|-------------------------|
| | As previously reported US\$'000 | Adjustments by category | | | Total adjustments US\$'000 | |
| | Revenue recognition US\$'000 | Collaboration assets US\$'000 | Tax impacts US\$'000 | | | |
| CURRENT LIABILITIES | | | | | | |
| Trade and bills payables | 32,867 | - | - | - | - | 32,867 |
| Other payables and accruals | 211,420 | - | 150 | - | 150 | 211,570 |
| Interest-bearing loans and other borrowings | 6,697 | - | - | - | - | 6,697 |
| Lease liabilities | 7,388 | - | 433 | - | 433 | 7,821 |
| Tax payable | 5,039 | - | - | 9,283 | 9,283 | 14,322 |
| Contract liabilities | 100,994 | (64,654) | - | - | (64,654) | 36,340 |
| Government grants | 833 | - | - | - | - | 833 |
| Financial liabilities at fair value through profit or loss | 147,593 | - | - | - | - | 147,593 |
| Total current liabilities | 512,831 | (64,654) | 583 | 9,283 | (54,788) | 458,043 |
| NET CURRENT ASSETS | 984,979 | 64,654 | 89 | (8,279) | 56,464 | 1,041,443 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 1,631,463 | 64,654 | 1,266 | (8,279) | 57,641 | 1,689,104 |

Unaudited interim condensed consolidated statement of financial position as at June 30, 2022 (continued)

| | As at June 30, 2022 | | | | | As restated US\$ '000 |
|---|--|-------------------------------------|--------------------------------------|--------------------------|-----------------------------------|--------------------------|
| | As previously reported US\$ '000 | Adjustments by category | | | Total adjustments US\$ '000 | |
| | | Revenue recognition US\$ '000 | Collaboration assets US\$ '000 | Tax impacts US\$ '000 | | |
| NON-CURRENT LIABILITIES | | | | | | |
| Interest-bearing loans and other borrowings | 189,511 | - | - | - | - | 189,511 |
| Lease liabilities | 25,638 | - | 1,574 | - | 1,574 | 27,212 |
| Contract liabilities | 228,627 | (226,541) | - | - | (226,541) | 2,086 |
| Deferred tax liabilities | 9,941 | - | - | - | - | 9,941 |
| Government grants | 17,152 | - | - | - | - | 17,152 |
| Financial liabilities at fair value through profit or loss | 271,920 | - | - | - | - | 271,920 |
| Other non-current liabilities | 314 | - | - | - | - | 314 |
| Total non-current liabilities | 743,103 | (226,541) | 1,574 | - | (224,967) | 518,136 |
| NET ASSETS | 888,360 | 291,195 | (308) | (8,279) | 282,608 | 1,170,968 |
| EQUITY | | | | | | |
| Share capital | 2,108 | | | | - | 2,108 |
| Treasury shares | (12,357) | | | | - | (12,357) |
| Reserves | 767,596 | | | | 158,616 | 926,212 |
| Equity attributable to owners of the parent | 757,347 | | | | 158,616 | 915,963 |
| Non-controlling interests | 131,013 | | | | 123,992 | 255,005 |
| TOTAL EQUITY | 888,360 | | | | 282,608 | 1,170,968 |

Unaudited interim condensed consolidated statement of changes in equity for the six months ended June 30, 2022

| | For the six months ended June 30, 2022 | | |
|---|--|---------------------------------------|---------------------------------|
| | As previously reported <i>US\$ '000</i> | Total adjustments <i>US\$ '000</i> | As restated <i>US\$ '000</i> |
| Share capital | 2,108 | - | 2,108 |
| Treasury shares | (12,357) | - | (12,357) |
| Reserves | <u>767,596</u> | <u>158,616</u> | <u>926,212</u> |
| Equity attributable to owners of the parent | 757,347 | 158,616 | 915,963 |
| Non-controlling interests | <u>131,013</u> | <u>123,992</u> | <u>255,005</u> |
| TOTAL EQUITY | <u><u>888,360</u></u> | <u><u>282,608</u></u> | <u><u>1,170,968</u></u> |

Unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2022

| | For the six months ended June 30, 2022 | | |
|---|--|---------------------------------------|---------------------------------|
| | As previously reported <i>US\$ '000</i> | Total adjustments <i>US\$ '000</i> | As restated <i>US\$ '000</i> |
| Net cash flows used in operating activities | <u>(61,997)</u> | <u>-</u> | <u>(61,997)</u> |
| Net cash flows used in investing activities | <u>(336,872)</u> | <u>-</u> | <u>(336,872)</u> |
| Net cash flows generated from financing activities | <u>8,228</u> | <u>-</u> | <u>8,228</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (390,641) | - | (390,641) |
| Effect of foreign exchange rate changes, net | (8,084) | - | (8,084) |
| Cash and cash equivalents at beginning of the period | <u>1,180,971</u> | <u>-</u> | <u>1,180,971</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u><u>782,246</u></u> | <u><u>-</u></u> | <u><u>782,246</u></u> |

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) The life-science services and products unit provides comprehensive research services and products, which are widely used and are fundamental to life-science research and application;
- (b) The biologics development services unit provides comprehensive services aimed to help biopharmaceutical and biotech companies accelerate the development of therapeutic antibodies, and gene/cell therapy products with an integrated platform;
- (c) The industrial synthetic biology products unit provides industrial enzyme development and production through non-pathogenic microbial strains constructed using genetic engineering;
- (d) The cell therapy unit discovers and develops innovative CAR-T therapies for the treatment of liquid and solid tumors; and
- (e) The operation unit mainly provides shared services to other segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

The segment information for the six months ended June 30, 2023 is as follows:

| | Life-science services and products (Unaudited) US\$'000 | Biologics development services (Unaudited) US\$'000 | Industrial synthetic biology products (Unaudited) US\$'000 | Cell therapy (Unaudited) US\$'000 | Operation unit (Unaudited) US\$'000 | Eliminations (Unaudited) US\$'000 | Total (Unaudited) US\$'000 |
|--|--|--|---|--|--|--|---|
| Segment revenue | | | | | | | |
| Sales to external customers | 198,755 | 64,652 | 18,113 | 109,547 | 244 | - | 391,311 |
| Intersegment sales | <u>4,230</u> | <u>461</u> | <u>110</u> | <u>119</u> | <u>23,663</u> | <u>(28,583)</u> | <u>-</u> |
| Total revenue | 202,985 | 65,113 | 18,223 | 109,666 | 23,907 | (28,583) | 391,311 |
| Segment cost of sales | <u>(94,095)</u> | <u>(49,818)</u> | <u>(11,050)</u> | <u>(68,285)</u> | <u>(19,935)</u> | <u>26,920</u> | <u>(216,263)</u> |
| Segment gross profit | <u>108,890</u> | <u>15,295</u> | <u>7,173</u> | <u>41,381</u> | <u>3,972</u> | <u>(1,663)</u> | <u>175,048</u> |
| Other income and gains | 3 | 7,998 | 688 | 20,994 | 7,202 | (5,584) | 31,301 |
| Selling and distribution expenses | (30,661) | (7,523) | (2,295) | (39,383) | (1,638) | 96 | (81,404) |
| Administrative expenses | (25,185) | (16,166) | (2,237) | (49,958) | (13,077) | 108 | (106,515) |
| Research and development expenses | (20,288) | (3,983) | (2,357) | (180,680) | (1,584) | 1,561 | (207,331) |
| Fair value gains/(losses) of preferred shares and warrants | - | 55,296 | - | (85,750) | - | (4,277) | (34,731) |
| Other expenses | (74) | (1,234) | (2) | (7,117) | (7,375) | 9,841 | (5,961) |
| Finance costs | - | (1,549) | (9) | (10,298) | (951) | 344 | (12,463) |
| Provision for impairment on financial assets, net | (577) | (1,619) | 109 | - | (280) | - | (2,367) |
| Share of losses of associates | <u>-</u> | <u>-</u> | <u>(159)</u> | <u>-</u> | <u>(71)</u> | <u>-</u> | <u>(230)</u> |
| Profit/(loss) before tax | <u><u>32,108</u></u> | <u><u>46,515</u></u> | <u><u>911</u></u> | <u><u>(310,811)</u></u> | <u><u>(13,802)</u></u> | <u><u>426</u></u> | <u><u>(244,653)</u></u> |

The segment information for the six months ended June 30, 2022 is as follows:

| | Life-science services and products (Unaudited) US\$'000 | Biologics development services (Unaudited) US\$'000 | Industrial synthetic biology products (Unaudited) US\$'000 | Cell therapy (Unaudited) (Restated) US\$'000 | Operation unit (Unaudited) US\$'000 | Eliminations (Unaudited) US\$'000 | Total (Unaudited) (Restated) US\$'000 |
|---|---|---|---|---|---|---|--|
| Segment revenue | | | | | | | |
| Sales to external customers | 170,476 | 60,401 | 16,635 | 61,936 | 141 | - | 309,589 |
| Intersegment sales | <u>5,524</u> | <u>2,250</u> | <u>211</u> | <u>75</u> | <u>27,286</u> | <u>(35,346)</u> | <u>-</u> |
| Total revenue | 176,000 | 62,651 | 16,846 | 62,011 | 27,427 | (35,346) | 309,589 |
| Segment cost of sales | <u>(76,232)</u> | <u>(46,487)</u> | <u>(9,662)</u> | <u>(16,939)</u> | <u>(23,788)</u> | <u>32,017</u> | <u>(141,091)</u> |
| Segment gross profit | <u>99,768</u> | <u>16,164</u> | <u>7,184</u> | <u>45,072</u> | <u>3,639</u> | <u>(3,329)</u> | <u>168,498</u> |
| Other income and gains | 1,316 | 2,692 | 534 | 2,878 | 6,655 | (4,225) | 9,850 |
| Selling and distribution expenses | (27,620) | (7,413) | (1,976) | (48,742) | (1,311) | 120 | (86,942) |
| Administrative expenses | (24,401) | (11,983) | (2,327) | (30,707) | (11,434) | 1,204 | (79,648) |
| Research and development expenses | (21,340) | (4,541) | (2,301) | (150,375) | (1,145) | 2,096 | (177,606) |
| Fair value losses of preferred shares and warrants | - | (15,774) | - | (31,000) | - | 950 | (45,824) |
| Other expenses | (50) | (63) | (21) | (9,646) | (6,252) | 2,766 | (13,266) |
| Finance costs | - | (200) | (11) | (2,687) | (603) | 198 | (3,303) |
| Provision for impairment on financial assets, net | <u>(411)</u> | <u>-</u> | <u>(139)</u> | <u>-</u> | <u>(985)</u> | <u>-</u> | <u>(1,535)</u> |
| Profit/(loss) before tax | <u>27,262</u> | <u>(21,118)</u> | <u>943</u> | <u>(225,207)</u> | <u>(11,436)</u> | <u>(220)</u> | <u>(229,776)</u> |

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains in as follows:

| | For the six months ended June 30, | |
|---|--|--|
| | 2023 (Unaudited) <i>US\$'000</i> | 2022 (Unaudited) (Restated) <i>US\$'000</i> |
| Revenue from contracts with customers | 391,015 | 309,397 |
| Gross rental income from operating leases | 214 | 192 |
| Others | 82 | - |
| | <u>391,311</u> | <u>309,589</u> |
| Other income | | |
| Bank interest income | 24,866 | 3,219 |
| Government grants | 4,830 | 3,887 |
| Investment income, net | 1,049 | 1,152 |
| Others | 439 | 1,434 |
| | <u>31,184</u> | <u>9,692</u> |
| Gains | | |
| Others | 117 | 158 |
| | <u>31,301</u> | <u>9,850</u> |

5. LOSS BEFORE TAX

| | For the six months ended | |
|---|---------------------------------|-----------------|
| | June 30, | |
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| Cost of services and products | 94,223 | 76,549 |
| Depreciation of property, plant and equipment | 26,049 | 22,157 |
| Depreciation of investment properties | 59 | 48 |
| Depreciation of right-of-use assets | 7,189 | 5,552 |
| Amortisation of other intangible assets | 2,225 | 2,263 |
| Provision for impairment of trade receivables, net | 2,367 | 1,535 |
| Provision/(reversal) of inventories and contract costs to net realizable value | 9,369 | (2,018) |
| Employee benefit expenses (including directors' and chief executive's remuneration): | | |
| Wages and salaries | 210,101 | 159,457 |
| Pension scheme contributions (defined contribution schemes) | 11,985 | 9,173 |
| Equity-settled share-based compensation expense | 38,859 | 36,451 |
| | 260,945 | 205,081 |
| Foreign exchange differences, net | 4,596 | 7,129 |
| Loss on disposal of property, plant and equipment | 432 | 91 |
| Service fees and other costs for equity financing activities | 1,278 | 1,604 |
| Fair value losses of preferred shares and warrants | 34,731 | 45,824 |
| Gains of wealth management products | (4,777) | (579) |
| Losses on foreign currency forward contracts | 3,672 | 4,711 |
| Fair value losses of non-current financial assets | 750 | 1,577 |

6. FINANCE COSTS

| | For the six months ended | |
|--|--------------------------|--------------|
| | June 30, | |
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| | US\$'000 | US\$'000 |
| Collaboration interest-bearing advanced funding | 9,689 | 2,515 |
| Interest on lease liabilities | 1,310 | 504 |
| Interest on financial liabilities measured at amortised cost | 1,103 | - |
| Interest on bank loans | 361 | 284 |
| | <u>12,463</u> | <u>3,303</u> |

7. INCOME TAX EXPENSE

| | For the six months ended | |
|--------------------------------------|--------------------------|--------------|
| | June 30, | |
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| | US\$'000 | US\$'000 |
| Current — Mainland China | 1,715 | 2,479 |
| Current — The U.S. | 1,783 | 1 |
| Current — Others | 1,359 | 367 |
| Deferred income tax (credit)/expense | (3,753) | 966 |
| | <u>1,104</u> | <u>3,813</u> |

8. DIVIDENDS

The Board of directors resolved not to declare any dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the Reporting Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,106,881,564 (for the six months ended June 30, 2022: 2,090,828,703) in issue during the Reporting Period.

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

| | For the six months ended | |
|--|--|----------------------|
| | June 30, | |
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| Loss | | |
| Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation | <u>(93,581)</u> | <u>(135,507)</u> |
| | | |
| | Number of shares | |
| | For the six months ended June 30, | |
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period | 2,112,788,354 | 2,098,055,016 |
| Effect of shares repurchased | <u>(5,906,790)</u> | <u>(7,226,313)</u> |
| | | |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation | <u>2,106,881,564</u> | <u>2,090,828,703</u> |

The diluted loss per share is the same as the basic loss per share because the effect of share options and restricted share units were anti-dilutive for the six months ended June 30, 2023 and 2022. For the six months ended June 30, 2023, the weighted average number of dilution effect of share options and restricted share units was 98,098,791 (for the six months ended June 30, 2022: 103,244,044).

10. PROPERTY, PLANT AND EQUIPMENT

| | Total US\$'000 |
|---|------------------------------|
| As at January 1, 2022 (Restated and audited) | 396,667 |
| Additions | 198,449 |
| Depreciation | (46,637) |
| Disposal | (1,104) |
| Exchange realignment | <u>(25,808)</u> |
| As at December 31, 2022 and January 1, 2023 (Audited) | 521,567 |
| Additions | 75,233 |
| Depreciation | (26,049) |
| Disposal | (432) |
| Exchange realignment | <u>(5,090)</u> |
| As at June 30, 2023 (Unaudited) | <u><u>565,229</u></u> |

As at June 30, 2023, assets with a net book value of US\$2,546,000 (December 31, 2022: US\$2,168,000) were pledged as security for interest-bearing bank loans as set out in note 20 to the interim condensed consolidated financial information.

As at June 30, 2023, properties amounted to approximately US\$33,159,000 (December 31, 2022: US\$34,869,000) were pledged to an affiliate of the Series B Preferred Shareholder of Probio Cayman to secure the redemption right held by such preferred shareholder.

11. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

| | Total US\$'000 |
|---|---------------------------|
| As at January 1, 2022 (Restated and audited) | 90,244 |
| Additions | 34,107 |
| Depreciation | (12,104) |
| Disposal | (6,439) |
| Exchange realignment | <u>(2,703)</u> |
| | |
| As at December 31, 2022 and January 1, 2023 (Audited) | 103,105 |
| Additions | 27,289 |
| Depreciation | (7,189) |
| Disposal | (1,602) |
| Exchange realignment | <u>(387)</u> |
| | |
| As at June 30, 2023 (Unaudited) | <u>121,216</u> |

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

| | As at June 30, 2023 (Unaudited) US\$'000 | As at December 31, 2022 (Audited) US\$'000 |
|--|---|--|
| Carrying amount at January 1 | 55,112 | 34,859 |
| New leases | 26,620 | 29,283 |
| Accretion of interest recognized during the period | 1,310 | 1,632 |
| Payments | (6,568) | (8,557) |
| Disposal | (1,719) | (1,338) |
| Exchange realignment | <u>305</u> | <u>(767)</u> |
| | | |
| Carrying amount at the end of the period | <u>75,060</u> | <u>55,112</u> |
| | | |
| Analysed into: | | |
| Current portion | 9,448 | 11,104 |
| Non-current portion | <u>65,612</u> | <u>44,008</u> |
| | | |
| | <u>75,060</u> | <u>55,112</u> |

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|---|--|--|
| Investments in financial products (current) | 244,578 | 210,819 |
| Unlisted equity investments (non-current) | 14,858 | 11,657 |
| | 259,436 | 222,476 |

13. INVENTORIES

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|------------------|--|--|
| Raw materials | 34,384 | 38,672 |
| Work in progress | 5,820 | 4,395 |
| Finished goods | 21,046 | 19,843 |
| | (9,735) | (2,975) |
| | 51,515 | 59,935 |

As at June 30, 2023, the collaboration inventories with a net carrying amount of US\$15,196,000 (December 31, 2022: US\$10,354,000) were relating to the collaboration cost with a collaborator.

14. TRADE AND NOTES RECEIVABLES

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|---------------------------------|---|---|
| Trade receivables | 133,218 | 100,293 |
| Notes receivable | 4,845 | 7,157 |
| | <u>138,063</u> | <u>107,450</u> |
| Impairment of trade receivables | <u>(5,649)</u> | <u>(3,361)</u> |
| | <u>132,414</u> | <u>104,089</u> |

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

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|-----------------|---|---|
| Within 3 months | 99,399 | 80,595 |
| 3 to 6 months | 14,789 | 10,397 |
| 6 to 12 months | 11,359 | 6,179 |
| Over 1 year | 7,671 | 3,122 |
| | <u>133,218</u> | <u>100,293</u> |
| | <u>133,218</u> | <u>100,293</u> |

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|---------------------------------|---|---|
| Current | | |
| Other receivables | 51,133 | 45,894 |
| Value-added tax recoverable | 23,310 | 19,565 |
| Prepayments | 22,531 | 23,193 |
| Prepaid expense | 3,952 | 2,132 |
| Income tax refund | 1,003 | 1,704 |
| Deposits | 214 | 383 |
| Prepaid income tax | 165 | 842 |
| Lease receivables | 96 | 188 |
| | <u>102,404</u> | <u>93,901</u> |
| Impairment of other receivables | (33) | (34) |
| | <u>102,371</u> | <u>93,867</u> |
| Non-current | | |
| Collaboration prepaid leases | 119,173 | 65,276 |
| Deposits | 3,065 | 3,482 |
| Prepaid expense | 1,083 | 1,092 |
| Lease receivables | 331 | 395 |
| | <u>123,652</u> | <u>70,245</u> |

16. CASH AND BANK BALANCES

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|------------------------|---|---|
| Cash and bank balances | <u>1,397,334</u> | <u>941,937</u> |

17. TIME DEPOSITS

| | As at June 30, 2023 (Unaudited) US\$'000 | As at December 31, 2022 (Audited) US\$'000 |
|----------------------------|---|---|
| Time deposits | 503,879 | 310,573 |
| Less: | | |
| Non-pledged time deposits: | | |
| Current portion | 499,670 | 228,511 |
| Non-current portion | 4,209 | - |
| | <hr/> | <hr/> |
| Cash equivalents | - | 82,062 |
| | <hr/> <hr/> | <hr/> <hr/> |

18. TRADE AND BILLS PAYABLES

| | As at June 30, 2023 (Unaudited) US\$'000 | As at December 31, 2022 (Audited) US\$'000 |
|----------------|---|---|
| Trade payables | 39,507 | 54,310 |
| Bills payable | 821 | 1,445 |
| | <hr/> | <hr/> |
| | 40,328 | 55,755 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | As at June 30, 2023 (Unaudited) US\$'000 | As at December 31, 2022 (Audited) US\$'000 |
|-----------------|---|---|
| Within 3 months | 35,048 | 50,260 |
| 3 to 6 months | 3,284 | 2,431 |
| 6 to 12 months | 721 | 854 |
| Over 1 year | 454 | 765 |
| | <hr/> | <hr/> |
| | 39,507 | 54,310 |
| | <hr/> <hr/> | <hr/> <hr/> |

19. OTHER PAYABLES AND ACCRUALS

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|---|--|--|
| Accrued expenses | 119,791 | 140,336 |
| Payables for purchases of property, plant and equipment | 60,713 | 53,117 |
| Accrued payroll and welfare | 53,890 | 63,871 |
| Payable for Collaboration Assets | 24,518 | 22,852 |
| Other tax payables | 11,895 | 5,822 |
| Other payables | 17,983 | 14,711 |
| | 288,790 | 300,709 |

Other payables are non-interest-bearing and repayable on demand.

20. INTEREST-BEARING LOANS AND BORROWINGS

| | As at June 30, 2023 (Unaudited) | | | As at December 31, 2022 (Audited) | | |
|---|------------------------------------|--------------------|-----------------|--------------------------------------|--------------------|-----------------|
| | Effective interest rate (%) | Maturity | <i>US\$'000</i> | Effective interest rate (%) | Maturity | <i>US\$'000</i> |
| Current | | | | | | |
| Bank loans – unsecured | 2.5-2.6 | 2024 | 14,809 | 2.5-2.6 | 2023 | 12,348 |
| Bank loans – secured | 1.3-1.4 | 2024 | 20,127 | 1.3-1.4 | 2023 | 20,882 |
| Current portion of long-term bank loans – secured | 0.32 | 2024 | 277 | 0.33 | 2023 | 451 |
| | | | 35,213 | | | 33,681 |
| Non-current | | | | | | |
| Other borrowings – unsecured | 8.38 | No specific | 270,614 | 7.98 | No specific | 260,932 |
| Non-current portion of long-term bank loans – secured | | | - | 0.33 | 2024 | 74 |
| | | | 270,614 | | | 261,006 |

21. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at June 30, 2023 (Unaudited) US\$'000 | As at December 31, 2022 (Audited) US\$'000 |
|------------------------------------|--|--|
| Current | | |
| Legend Warrant | - | 67,000 |
| Probio Warrant | 79 | 15,899 |
| Foreign currency forward contracts | 2,328 | 1,350 |
| | <u>2,407</u> | <u>84,249</u> |
| Non-current | | |
| Probio Series A Preferred Shares | 204,330 | 269,460 |
| Probio Series C Preferred Shares | 223,930 | - |
| | <u>428,260</u> | <u>269,460</u> |
| | <u><u>430,667</u></u> | <u><u>353,709</u></u> |

The movements of the above preferred shares and warrants are set out below:

| | Total US\$'000 |
|-----------------------------------|---------------------------|
| As at January 1, 2023 (Audited) | 352,359 |
| Issuance | 193,999 |
| Fair value changes | 34,731 |
| Exercise of Legend Warrant | <u>(152,750)</u> |
| As at June 30, 2023 (Unaudited) | <u><u>428,339</u></u> |
| As at January 1, 2022 (Audited) | 371,128 |
| Fair value changes | <u>(18,769)</u> |
| As at December 31, 2022 (Audited) | <u><u>352,359</u></u> |

22. FINANCIAL LIABILITIES AT MEASURED AT AMORTIZED COST

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|----------------------------------|--|--|
| Non-current | | |
| Probio Series B Preferred Shares | 37,864 | 36,761 |
| BSJ Series A Capital Increase | 34,468 | - |
| | <u>72,332</u> | <u>36,761</u> |

The movements of the above financial liabilities at measured at amortized cost are set out below:

| | Total <i>US\$'000</i> |
|---|---------------------------------|
| As at January 1, 2023 (Audited) | 36,761 |
| Issuance | 35,089 |
| Interest expenses accrued during the period | 1,103 |
| Exchange realignment | <u>(621)</u> |
| As at June 30, 2023 (Unaudited) | <u>72,332</u> |

23. SHARE CAPITAL AND SHARE PREMIUM

Shares

| | As at June 30, 2023 (Unaudited) <i>US\$'000</i> | As at December 31, 2022 (Audited) <i>US\$'000</i> |
|-----------------------------------|---|---|
| Authorised: | | |
| Ordinary shares of US\$0.001 each | <u>5,000</u> | <u>5,000</u> |
| Issued and fully paid: | | |
| Ordinary shares of US\$0.001 each | <u>2,116</u> | <u>2,111</u> |

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

| | Number of shares in issue | Share capital <i>US\$'000</i> | Treasury shares <i>US\$'000</i> | Share premium <i>US\$'000</i> | Total <i>US\$'000</i> |
|---|------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|--------------------------|
| At January 1, 2023 (Audited) | <u>2,111,225,635</u> | <u>2,111</u> | <u>(11,922)</u> | <u>1,473,027</u> | <u>1,463,216</u> |
| Issuance of ordinary shares of Legend Cayman for registered direct offering, private placements and exercise of Legend Warrant, net of issuance costs | - | - | - | 429,065 | 429,065 |
| Exercise of share options and restricted share units | <u>4,790,090</u> | <u>5</u> | <u>2,422</u> | <u>21,604</u> | <u>24,031</u> |
| At June 30, 2023 (Unaudited) | <u>2,116,015,725</u> | <u>2,116</u> | <u>(9,500)</u> | <u>1,923,696</u> | <u>1,916,312</u> |

24. SUBSEQUENT EVENT

On August 4, 2023, Legend earned a milestone payment of US\$20,000,000 in connection with the U.S. Food and Drug Administration's acceptance of the supplemental Biologics License Application, in accordance with the Janssen Agreement.

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 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 collectively have demonstrated their strong growth from research and development to commercial delivery for the Reporting Period.

The Group’s business operations span over 100 countries and region worldwide with legal entities located in Mainland China (the “**PRC**” or “**Mainland China**”), the U.S., Hong Kong, Japan, Singapore, Netherlands, Ireland, the United Kingdom, Korea and Belgium. Our professional workforce is consisted of approximately 6,414 team members as at June 30, 2023.

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. By servicing early stage research and discovery projects at pharma, biotech and academic institutions, our business has made significant contributions to the global life science research community.

The CDMO platform provides one-stop cell and gene therapy (“**CGT**”) development and biologics discovery, development and manufacturing services to customers worldwide. The CDMO business focused on expanding the manufacturing capacity and commercial network globally during the Reporting Period.

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 therapy jointly developed with Janssen, for the treatment of multiple myeloma (“**MM**”).

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.

BUSINESS REVIEW

During the Reporting Period, the overall revenue of the Group was approximately US\$391.3 million, representing an increase of 26.4% as compared with approximately US\$309.6 million for the same period in 2022. Gross profit was approximately US\$175.0 million, representing an increase of 3.9% as compared with approximately US\$168.5 million for the same period in 2022. The loss attributable to owners of the Company (the “**Shareholder(s)**”) was approximately US\$93.6 million, whilst loss attributable to owners of the Company was approximately US\$135.5 million for the same period in 2022.

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 50.8%, 16.5%, 4.6%, 28.0%, and 0.1% of the total revenue of the Group, respectively.

Results Analysis of the Four Business Segments

| | For the six months ended June 30, 2023 | | | |
|---|---|---|--|-------------------------|
| | Life-science services and products | Biologics development services | Industrial synthetic biology products | Cell therapy |
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Revenue | 202,985 | 65,113 | 18,223 | 109,666 |
| Adjusted gross profit | 110,517 | 19,451 | 7,173 | 42,507 |
| Adjusted selling and distribution expenses | 28,267 | 7,218 | 2,295 | 38,011 |
| Adjusted administrative expenses | 23,809 | 14,844 | 2,231 | 41,647 |
| Adjusted research and development expenses | 19,267 | 3,596 | 2,357 | 168,775 |
| Adjusted operating profit/(loss) | 39,174 | (6,207) | 290 | (205,926) |

The adjusted cost and expenses exclude the impact from (i) equity-settled share-based compensation expense, and (ii) service fees and other costs for equity financing activities.

Life-science services and products

During the Reporting Period, revenue from life-science services and products was approximately US\$203.0 million, representing an increase of 15.3% as compared with approximately US\$176.0 million for the same period in 2022. The adjusted gross profit was approximately US\$110.5 million, representing an increase of 9.2% as compared with approximately US\$101.2 million for the same period in 2022. The adjusted gross profit margin decreased slightly from 57.5% for the same period in 2022 to 54.4% this Reporting Period. The adjusted operating profit of life-science services and products was approximately US\$39.2 million, representing an increase of 16.7% from approximately US\$33.6 million for the same period in 2022.

The increase in revenue and adjusted gross profit was mainly attributable to the (i) successful commercial operations in the U.S. and European markets that drove increased demand, with particular strength in molecular biology, peptide and nucleic acid, and (ii) continued manufacturing efficiency improvement at production sites outside of Mainland China. Besides the contribution of increase of gross profit, the increased adjusted operating profit was also positively impacted by the improvement of operation efficiency.

Biologics development services

During the Reporting Period, revenue from biologics development services was approximately US\$65.1 million, representing a flat increase of 3.8% as compared with approximately US\$62.7 million for the same period in 2022. The adjusted gross profit was approximately US\$19.5 million, representing a decrease of 18.4% as compared with approximately US\$23.9 million for the same period in 2022. The adjusted gross profit margin decreased from 38.1% for the same period in 2022 to 30.0% this Reporting Period. The adjusted operating loss of biologics development services was approximately US\$6.2 million.

The adjusted gross profit was negatively impacted by the (i) lower capacity utilization during this Reporting Period, and (ii) provision of slow-moving inventories due to manufacturing process change that rendered the resin purchased during the COVID pandemic obsolete. The Company has taken timely actions to increase inventory usage rate. The adjusted operating loss was primarily attributable to the (i) increased operation costs for building up overseas capacity, and (ii) continuous investment in talent resources development and reserving. The Company will continue optimizing pricing package and leveraging commercial collaboration between different segments to improve global market penetration.

Industrial synthetic biology products

During the Reporting Period, revenue from industrial synthetic biology products was approximately US\$18.2 million, representing an increase of 8.3% as compared with approximately US\$16.8 million for the same period in 2022. The adjusted gross profit kept stable at approximately US\$7.2 million as compared to the same period in 2022. The adjusted gross profit margin decreased from 42.9% for the same period in 2022 to 39.4% this Reporting Period. The adjusted operating profit of industrial synthetic biology products was approximately US\$0.3 million.

The increase of revenue was primarily attributable to the (i) incremented needs from customers in line with the rebound in feed enzyme market; and (ii) strain upgrade leading to increased competitiveness of products and improved market share. The adjusted gross profit margin and adjusted operating profit was positively impacted from the optimization and upgrade of production process, especially in industrial enzyme, while negatively impacted by the decreased profit from the license of patents and the increased expenditure of intensive devotion for the marketing.

Cell therapy

During the Reporting Period, revenue from cell therapy segment was approximately US\$109.7 million, representing an increase of 76.9% compared to approximately US\$62.0 million for the same period in 2022. The increase in revenue was primarily attributed to the collaboration revenue generated from sales of CARVYKTI in connection with the Janssen Agreement, offset by a decrease in the license revenue driven by the nature and timing of milestones achieved pursuant to Janssen Agreement.

During the Reporting Period, the adjusted operating loss was approximately US\$205.9 million whilst the adjusted operating loss was approximately US\$168.0 million for the same period in 2022. The continued investment in adjusted research and development costs of approximately US\$168.8 million during the Reporting Period compared to approximately US\$141.5 million for the same period in 2022, mainly due to (i) Legend's continuous investment in research and development activities in cilta-cel, including higher patient enrollment for Phase 3 clinical trials, and (ii) the increased investment in research and development activities for other pipelines. Additionally, Legend incurred approximately US\$38.0 million in the adjusted selling and distribution expenses and approximately US\$41.6 million in the adjusted administrative expenses during the Reporting Period compared to approximately US\$46.8 million and approximately US\$25.1 million, respectively, for the same period in 2022. Also, Legend incurred approximately US\$67.2 million during the Reporting Period towards the adjusted cost of collaboration revenue compared to US\$16.7 million for the same period in 2022 to support the commercial supply of CARVYKTI.

FINANCIAL REVIEW

| | For the six months ended June 30, | | Change |
|---|-----------------------------------|---------------------------|----------|
| | 2023 | 2022 | |
| | (Unaudited) | (Unaudited) (Restated) | |
| | US\$'000 | US\$'000 | US\$'000 |
| Revenue | 391,311 | 309,589 | 81,722 |
| Gross profit | 175,048 | 168,498 | 6,550 |
| Loss after income tax expense | (245,757) | (233,589) | (12,168) |
| Adjusted net loss | (162,000) | (134,811) | (27,189) |
| Loss attributable to owners of the Company | (93,581) | (135,507) | 41,926 |
| Loss per share (<i>US cent</i>) | (4.44) | (6.48) | 2.04 |
| Adjusted profit and expenses: | | | |
| Gross profit | 181,961 | 177,905 | 4,056 |
| Selling and distribution expenses | 76,881 | 81,987 | (5,106) |
| Administrative expenses | 91,395 | 64,152 | 27,243 |
| Research and development expenses | 193,877 | 166,411 | 27,466 |

Revenue

During the Reporting Period, the Group recorded revenue of approximately US\$391.3 million, representing an increase of 26.4% from approximately US\$309.6 million for the same period in 2022. This is mainly attributable to the (i) stable growth in non-cell therapy business, especially in life-science services and products, and (ii) expanded product sales of CARVYKTI after the commercialization approval from the FDA.

Gross profit

During the Reporting Period, the Group's gross profit increased by 3.9% to approximately US\$175.0 million from approximately US\$168.5 million for the same period in 2022. This is mainly attributable to the expansion of the revenue, and was partially offset by the product and service portfolio mix change, especially the decrease of license revenue in the cell therapy segment. The adjusted gross profit increased by 2.3% over the same period in 2022.

Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses slightly decreased by 6.3% to approximately US\$81.4 million from approximately US\$86.9 million for the same period in 2022. This is mainly attributable to the decreased costs for CARVYKIT commercialization in cell therapy segment and was partially offset by the increase in exhibitions and business travel activities in non-cell therapy business. The adjusted selling and distribution expenses decreased by 6.2% over the same period in 2022.

Administrative expenses

During the Reporting Period, the Group's administrative expenses increased by 33.8% to approximately US\$106.5 million from approximately US\$79.6 million for the same period in 2022. This is mainly attributable to (i) the increased investment on talent to recruit experienced personnel with competitive package and equity-settled share-based compensation expense, (ii) the reinforcement of some key administrative functions to support the Group's overall business expansion and compliance, and (iii) the expenditures associated with the preparation and construction for capacity expansion. The adjusted administrative expenses increased by 42.4% over the same period in 2022.

Research and development expenses

During the Reporting Period, the Group's research and development expenses increased by 16.7% to approximately US\$207.3 million from approximately US\$177.6 million for the same period in 2022. This is mainly attributable to the (i) continuous investment in talents with competitive package and equity-settled share-based compensation expense, (ii) increase in clinical trial expenses, especially in the cell therapy segment, and (iii) continuous investment in new products and services to enhance our competitiveness. The adjusted research and development expenses increased by 16.5% over the same period in 2022.

Fair value gains or losses of preferred shares and warrants

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 (the "**Legend Offering**"), and (ii) the issuing of a warrant exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend (the "**Legend Warrant**", together with the Legend Offering, the "**Legend Subscription**") at an aggregate consideration of US\$300.0 million. 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.

On May 11, 2023, the warrant holder exercised the Legend Warrant in full for an aggregate exercise price of US\$200.0 million, and as a result, Legend issued 10,000,000 ordinary shares of Legend to the warrant holder. The Legend Warrant was accounted for as a financial liability because the Legend Warrant was net share settleable at the holder's option. Upon the exercise of the Legend Warrant, Legend recorded a fair value loss of US\$85.8 million during the Reporting Period. Please refer to the announcement of the Company dated May 14, 2023 for details.

On August 18, 2021 (New York time), Probio Technology Limited ("**Probio Cayman**"), an indirectly owned subsidiary of the Company, entered into a purchase agreement with certain investors, whereby Probio Cayman sold 300,000,000 shares of series A preferred shares of Probio Cayman (the "**Probio Series A Preferred Shares**") and a warrant exercisable for up to an aggregate of 189,393,939 ordinary shares of Probio Cayman (the "**Probio Warrant**", and collectively the "**Probio Cayman Purchase**"). The total proceeds from the Probio Cayman Purchase was US\$150.0 million. Pursuant to the 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. 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 January 17, 2023, Probio Cayman entered into a subscription agreement with certain investors (including the Company), pursuant to which Probio Cayman issued and sold, and the investors purchased an aggregate of 319,998,370 series C preferred shares of Probio Cayman (the "**Probio Series C Preferred Shares**") for an aggregate consideration of approximately US\$224.0 million at the applicable closing (the "**Probio Series C Financing**"). Please refer to the announcements of the Company dated January 17, 2023, February 10, 2023, and April 21, 2023 for details.

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

As at June 30, 2023, the fair value of the Probio Series A Preferred Shares, Probio Series C Preferred Shares and Probio Warrant were assessed at approximately US\$428.3 million. Fair value gains of approximately US\$51.0 million were recorded during the Reporting Period due to the changes in fair value of these financial liabilities.

Financial liabilities at amortised cost

On July 2, 2022, Probio Cayman entered into a subscription agreement with an investor, pursuant to which Probio Cayman issued and sold and the investor purchased 57,314,000 series B preferred shares of Probio Cayman (the “**Probio Series B Preferred Shares**”) at an aggregate consideration of approximately US\$37.3 million (the “**Probio Series B Financing**”). The completion of the Probio Series B Financing took place on July 6, 2022. Please refer to the announcements of the Company dated July 4, 2022 and July 6, 2022 for details.

The Probio Series B Preferred Shares is accounted for as financial liabilities at amortised cost for liability component and other reserves for equity component.

On May 26, 2023, Nanjing Bestzyme Bioengineering Co., Ltd.* (南京百斯傑生物工程有限公司) (“**BSJ Nanjing**”), an indirect non-wholly owned subsidiary of the Company, entered into a capital increase agreement with certain investors, pursuant to which the investors subscribed for the additional registered capital of BSJ Nanjing of RMB37,609,070 (equivalent to approximately US\$5.3 million) for a total consideration of RMB250.0 million (equivalent to approximately US\$35.2 million) to acquire approximately 10.4168% equity interest in BSJ Nanjing upon the closing (the “**BSJ Series A Capital Increase**”). In connection with the BSJ Series A Capital Increase, the investors are entitled to the redemption right pursuant to the shareholder agreement dated May 26, 2023 entered into by, among others, the investors and BSJ Nanjing. Please refer to the announcements of the Company dated May 28, 2023 and June 25, 2023 for details.

The BSJ Series A Capital Increase is accounted for as financial liabilities at amortised cost.

As at June 30, 2023, the equity components of Probio Series B Preferred Shares in other reserves were assessed at approximately US\$1.6 million. The financial liabilities at amortised cost of the Probio Series B Preferred Shares was assessed at approximately US\$37.9 million with interest expenses assessed at approximately US\$1.1 million during the Reporting Period. The financial liabilities at amortised cost of the BSJ Series A Capital Increase was assessed at approximately US\$34.5 million.

Income tax expense

During the Reporting Period, the income tax expense decreased from approximately US\$3.8 million for the same period in 2022 to approximately US\$1.1 million this Reporting Period.

Net loss

During the Reporting Period, net loss of the Group was approximately US\$245.8 million, whilst the net loss for the same period in 2022 was approximately US\$233.6 million. The adjusted net loss of the Group was approximately US\$162.0 million.

Working capital and financial resources

As at June 30, 2023, the cash and bank balances of the Group amounted to approximately US\$1.4 billion (as at December 31, 2022: approximately US\$941.9 million). As at June 30, 2023, the restricted cash of the Group amounted to approximately US\$25.5 million (as at December 31, 2022: approximately US\$27.2 million).

As at June 30, 2023, the Group had available unutilized bank facilities of approximately US\$335.3 million (as at December 31, 2022: approximately US\$146.9 million).

Capital expenditure

During the Reporting Period, capital expenditure incurred in purchasing software was approximately US\$0.9 million, the prepayment to collaborator for collaboration right-of-use assets was approximately US\$53.0, and the expenditure of constructing and purchasing property, plant and equipment was approximately US\$80.2 million.

Significant investments held, material acquisitions and disposals

Significant investment held

As at June 30, 2023, significant investments held by the Group are as follows:

| | As at June 30, 2023 | As at December 31, 2022 |
|---|------------------------------------|--|
| | <i>US\$'000</i> | <i>US\$'000</i> |
| Financial assets at fair value through profit or loss | | |
| - Current | 244,578 | 210,819 |
| - Non-current | 14,858 | 11,657 |
| | <hr/> | <hr/> |
| Total | <u>259,436</u> | <u>222,476</u> |

The current part of financial assets at fair value through profit or loss represent investments in wealth management products issued by banks or institutions in China and the U.S.

The wealth management products which we purchased during the Reporting Period, mainly including the money market fund and credit-linked notes, were with floating expected return rate ranging from 1.4% to 5.2% per annum and with maturity dates between 1 day to about one year. These products did not guarantee the return of principals upon maturity, and none of them was past due or impaired as at June 30, 2023. As at June 30, 2023, the Group has redeemed those wealth management products at maturation and has no intention to dispose the investments in the long-term.

As part of our treasury management plan, we have purchased wealth management products as an auxiliary means to improve utilization of our cash on hand on a short-term basis. We have made such purchases only when (i) we have surplus funds after we have fully considered the cash requirement of our operations for the period and allocated accordingly, and (ii) our management has carefully assessed the risks and benefits and decided to make such purchases (including, among others, the availability of certain wealth management products which have high liquidity and generate interest income meeting our standards).

All investments were made in low-risk, liquid and sound wealth management products, such as capital preservation products, fixed-income products, trust products with agreed yield expectations and adequate safeguards, and trust products backed by highly liquid collaterals.

Any purchase and redemption of our investments in wealth management products shall be reviewed and approved by chief finance officer of the Group or its subsidiaries.

During the Reporting Period, we had only invested in wealth management products issued by major reputable banks and institutions in China and the U.S., and we preserved all our invested capital in these products and did not encounter any default by the issuing banks and institutions. We had not invested, and are prohibited, under our internal control policies, from directly investing in any listed financial product, and our investments had not been pledged to secure our borrowings during the six months ended June 30, 2023.

Information in relation to the current part of financial assets at fair value through profit or loss as at June 30, 2023 are set out as follows:

| | Banks/Institution | Product type/description | Original amount In RMB or US\$ | Investment cost In US\$' 000 | Fair value as at June 30, 2023 In US\$'000 | Purchase date (Month/Day/Year) | Maturity date (Month/Day/Year) | Redemption date |
|---------------|--------------------------------------|---|---------------------------------------|-------------------------------------|---|---------------------------------------|---------------------------------------|------------------------|
| 1. | Bank of China | Non-guaranteed floating-income product | RMB44,000,000 | 6,089 | 6,315 | 12/15/2022 | 9/13/2023 | Not applicable |
| 2. | China Merchants Bank | Non-guaranteed floating-income products | RMB90,000,000 | 12,455 | 12,455 | 6/30/2023 | 3/24/2024 | Not applicable |
| 3. | JPMorgan Chase Financial Company LLC | Credit Linked Notes | US\$10,000,000 | 10,000 | 10,013 | 5/30/2023 | 6/20/2024 | Not applicable |
| 4. | JPMorgan Chase Financial Company LLC | Credit Linked Notes | US\$30,000,000 | 30,000 | 30,039 | 2/2/2023 | 12/20/2023 | Not applicable |
| 5. | JPMorgan Chase & Co. | Money Market Fund | US\$60,000,000 | 60,000 | 60,246 | 7/15/2023 | Not applicable | On call |
| 6. | JPMorgan Chase & Co. | Money Market Fund | US\$62,000,000 | 62,000 | 62,253 | 10/14/2023 | Not applicable | On call |
| 7. | JPMorgan Chase & Co. | Money Market Fund | US\$63,000,000 | 63,000 | 63,257 | 10/14/2023 | Not applicable | On call |
| Total: | | | | 243,544 | 244,578 | | | |

Performance and prospects of the financial assets at fair value through profit or loss - JPMorgan Chase Financial Company LLC (“Fund 1”), JPMorgan U.S. Government Money Market Fund (“Fund 2”), JPMorgan 100% U.S. Treasury Securities Money Market Fund (“Fund 3”), JPMorgan U.S. Treasury Plus Money Market Fund (“Fund 4”)

As at June 30, 2023, Group invested US\$40.0 million in Fund 1, Credit Linked Notes, which is issued by JPMorgan Chase Financial Company LLC, guaranteed by JPMorgan Chase & Co., rating by Standard & Poor's / Fitch / Moody's: A- / AA- / A1.

According to information from JPMorgan Chase & Co., Credit Linked Notes linked to People's Republic of China provide a fixed interest rate of 5.2% per annum, if no credit event occurs on or prior to the credit observation end date.

As at June 30, 2023, Legend invested US\$60.0 million in Fund 2, whose ratings are AAAm (S&P), Aaa-mf (Moody's) and AAAmmf (Fitch), US\$62.0 million in Fund 3 and US\$63.0 million in Fund 4, ratings of both of which are AAAm (S&P) and Aaa-mf (Moody's), respectively.

According to information from JPMorgan Chase & Co., the Fund 2 seeks high current income with liquidity and stability of principal. It invests exclusively in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. The Fund 2 will comply with the SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

According to information from JPMorgan Chase & Co., the Fund 3 aims to provide the highest possible level of current income while still maintaining liquidity and providing maximum safety of principal. It invests solely in debt securities of the U.S. Treasury, including Treasury bills, bonds and notes carrying different interest rates, maturities and issue dates. The interest on these securities is generally exempt from state and local income taxes. The Fund 3 is a money market fund managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940.

According to information from JPMorgan Chase & Co., the Fund 4 seeks current income with liquidity and stability of principal. It invests exclusively in U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations. The Fund 4 will comply with the SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

The Fund 2, 3 and 4 seek to maintain a net asset value of \$1.00 per share and offers daily liquidity, and the average yields float with the Fed rate hikes throughout the Reporting Period. The dividend accrued for the previous month is paid to Legend's account on the first working day of the next month.

Information in relation to the non-current part of financial assets at fair value through profit or loss as at June 30, 2023 are set out as follows:

| Name of investee company/fund | Principal business or investment scope | Nature of investment | Number of shares / units / amount of investments held | Percentage | Investment Cost | Fair | Percentage | Unrealised | Dividends |
|--|--|-------------------------------|---|---|-----------------|---------------------------|--|---|--|
| | | | | of total share capital/units owned by the Group as at June 30, 2023 | | value as at June 30, 2023 | Group's total assets as at June 30, 2023 | gain/(loss) on change in fair value during the six months ended June 30, 2023 | received during the six months ended June 30, 2023 |
| | | | | % | US\$'000 | US\$'000 | % | US\$' 000 | US\$' 000 |
| Yuanming Prudence SPC – Healthcare Fund I Segregated Portfolio | Equity investment | Investment in fund/securities | 486.43 | 0.28 | 500 | 256 | 0.01 | (69) | (39) |
| Panacea Venture Healthcare Fund I, L.P. | Equity investment | Investment in fund/securities | Not applicable | 5.54 | 8,842 | 8,260 | 0.24 | (681) | - |
| Shenzhen Emma Biotechnology Co., Ltd. | Equity investment | Investment in corporation | Not applicable | 3.96 | 1,107 | 1,590 | 0.05 | - | - |
| AffyXell Therapeutics Co., Ltd. | Equity investment | Investment in corporation | 113,637.00 | 1.22 | 810 | 810 | 0.02 | - | - |
| Fund A* | Equity investment | Investment in fund/securities | Not applicable | 58.23 | 1,599 | 1,599 | 0.05 | - | - |
| Fund B* | Equity investment | Investment in fund/securities | Not applicable | 90.85 | 2,343 | 2,343 | 0.07 | - | - |
| Total: | | | | | 15,201 | 14,858 | 0.44 | (750) | (39) |

*The Company is subject to strict confidentiality obligations under which the name of the fund cannot be disclosed to any third party. As at the date of this announcement, to the best knowledge of the Company, each of the general partners, limited partners, and their ultimate beneficial owners of Fund A and Fund B is an independent third party who is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company.

(Note) Given the value of investments is insignificant pursuant to Appendix 16 of the Listing Rules and does not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules, as the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), whether on a standalone or aggregate basis, are less than 1.0% of the total assets of the Group as at June 30, 2023, the Company has not prepared any analysis on their prospects.

During the Reporting Period, we recorded the investment gain on the financial assets at fair value through profit or loss of approximately US\$3.8 million and a fair value gain at approximately US\$0.3 million.

Material disposal

Deemed disposal of equity interest in Probio Cayman

On January 17, 2023, Probio Cayman entered into a subscription agreement with certain investors (including the Company), pursuant to which Probio Cayman issued and sold and the investors purchased an aggregate of 319,998,370 Probio Series C Preferred Shares for an aggregate consideration of approximately US\$224.0 million. The initial closing and additional closing of the Probio Series C Financing took place on February 10, 2023 and April 21, 2023, respectively. Please refer to the announcements of the Company dated January 17, 2023, February 10, 2023 and April 21, 2023 for details.

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

Deemed disposal of equity interest in BSJ Nanjing

On May 26, 2023, BSJ Nanjing entered into the capital increase agreement with certain investors, pursuant to which the investors subscribed for the additional registered capital of BSJ Nanjing of RMB37,609,070 (equivalent to approximately US\$5.3 million) for a total consideration of RMB250.0 million (equivalent to approximately US\$35.2 million) to acquire approximately 10.4168% equity interest in BSJ Nanjing. The completion of BSJ Series A Capital Increase took place on June 25, 2023. Please refer to the announcements of the Company dated May 28, 2023 and June 25, 2023 for details.

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

Deemed disposal of equity interest in Legend

During the Reporting Period, Legend completed the following fundraising activities by way of private placement and registered direct offering: (i) Legend sold 7,656,968 ordinary shares of Legend (the “**Legend Biotech Shares**”) to an investor in a private placement at a purchase price of US\$26.12 per Legend Biotech Share, of which the completion took place on April 24, 2023. Please refer to the announcements of the Company dated April 20, 2023 and April 25, 2023 for details; (ii) Legend sold 484,992 Legend Biotech Shares to an investor in a private placement at a purchase price of US\$26.12 per Legend Biotech Share, of which the completion took place on May 2, 2023. Please refer to the announcement of the Company dated May 7, 2023 for details; (iii) Legend sold 5,468,750 American Depositary Shares (“**ADS(s)**”), representing 10,937,500 Legend Biotech Shares at a purchase price of US\$64.0 per ADS in a registered direct offering, of which the completion took place on May 11, 2023. Please refer to the announcements of the Company dated May 8, 2023 and May 12, 2023; and (iv) Legend sold 692,782 Legend Biotech Shares to an investor in a private placement at a purchase price of approximately US\$32.0 per Legend Biotech Share, of which the completion took place on May 19, 2023. Please refer to the announcement of the Company dated May 21, 2023 for details.

As at 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 above, the Group did not have any other significant investments, material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

Bank loans and other borrowings

As at June 30, 2023, GenScript Japan Inc. (“**GS JP**”) had a long-term interest-bearing loan from Mizuho Bank for a total amount of JPY40.0 million (equivalent to approximately US\$277,000) with a floating interest rate at the TIBOR (Tokyo Interbank Offered Rate) rate plus 0.25%, which was secured by the building and freehold land held by GS JP. GS JP used such a loan to purchase the building.

As at June 30, 2023, Nanjing GenScript Biotech Co., Ltd. (“**GS China**”) had short-term interest-bearing loans from China Citi Bank for a total amount of RMB22.0 million (equivalent to approximately US\$3.0 million) with a fixed interest rate at 2.6%. GS China used such a loan for daily operation.

As at June 30, 2023, GS China had a short-term interest-bearing loan from China Merchants Bank for discounting notes for a total amount of RMB26.3 million (equivalent to approximately US\$3.6 million) with a fixed interest rate at 1.4%. GS China also had short-term interest-bearing loans from China Merchants Bank for a total amount of RMB85.0 million (equivalent to approximately US\$11.8 million) with a fixed interest rate at 2.5% to 2.6%. GS China used such loans for daily operation.

As at June 30, 2023, Nanjing Probio Biotech Co., Ltd. (“**Probio Nanjing**”) had a short-term interest-bearing loan from China Citic Bank for discounting notes for a total amount of RMB119.1

million (equivalent to approximately US\$16.5 million) with a fixed interest rate at 1.3%. Probio Nanjing used such loan for daily operation.

As at June 30, 2023, Legend took funding advances with principal amounted to US\$250.0 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, third amounting to US\$49.3 million on December 17, 2021, fourth amounting to US\$5.3 million on March 18, 2022, fifth amounting to US\$60.9 million on June 17, 2022, sixth amounting to US\$60.5 million on September 16, 2022, and seventh amounting to US\$3.6 million on December 16, 2022, by reducing the same amount of other payables due to the collaborator (collectively, the “**Funding Advances**”). As at June 30, 2023, Legend recorded interest payables of US\$20.6 million for the Funding Advances.

These 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 borrowings will not be recouped by the collaborator within one year, and thus the borrowings was classified as a long-term liability.

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

Provision, contingent liabilities and guarantees

The Group did not have any material provision, contingent liabilities or guarantees as at June 30, 2023.

No material adverse change

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group from the information disclosed under Management Discussion and Analysis in the Company’s annual report for the year ended December 31, 2022 up to the date of this announcement.

Charges on group assets

As at June 30, 2023, the building and freehold land located in Tokyo, Japan of approximately JPY1.2 billion (equivalent to approximately US\$8.2 million) was pledged by GS JP to secure a loan of JPY40.0 million (equivalent to approximately US\$277,000).

As at June 30, 2023, bank balances of approximately US\$400,000 were pledged for credit cards' facilities, of approximately US\$20.1 million were pledged for bills payable, and of approximately US\$5.0 million were pledged for the letters of guarantee to suppliers.

As at June 30, 2023, the properties acquired by Jiangsu GenScript Biotech Co., Ltd.* (江蘇金斯瑞生物科技股份有限公司) and Jiangsu GenScript Probio Biotech Co., Ltd* (江蘇金斯瑞蓬勃生物科技股份有限公司) was approximately RMB239.6 million (equivalent to approximately US\$33.2 million) were pledged to an affiliate of the Series B Investor (as defined in the announcement of the Company dated July 4, 2022) so as to secure the performance of the redemption obligation of the Company and Probio Cayman. Please refer to the announcements of the Company dated June 29, 2022 and July 4, 2022 for details.

Save as disclosed above, the Group did not have any other material charges over its assets as at June 30, 2023.

Current ratio and gearing ratio

As at June 30, 2023, the Group's current ratio (current assets to current liabilities) was approximately 5.6 (as at December 31, 2022: approximately 3.2); and gearing ratio (total liabilities to total assets) was approximately 38.4% (as at December 31, 2022: approximately 46.5%).

Subsequent events

As at June 30, 2023, the subsequent events of the Group are set out in note 24 to the interim condensed consolidated financial information headed "Subsequent Event" above.

Saved as disclosed in this announcement, no other important events affecting the Company occurred since June 30, 2023 and up to the date of this announcement.

Future plans for material investments or capital assets

The Group plans to actively build manufacturing capacity globally to satisfy the strong customer demand.

For life-science services and products, the Group plans to continue to invest and upgrade molecular biology and protein production capacity in China and overseas markets, as well as to expand Good Manufacturing Practice (“**GMP**”) grade manufacturing capacity for peptide, oligo and other key reagents in the CGT supply chain.

For biologics development services, the Group plans to expand antibody discovery, process development and GMP manufacturing capacity in China, and build more GMP manufacturing facilities both in China and the U.S. for plasmid and virus production.

For industrial synthetic biology products, the Group plans to further optimize our manufacturing facility in Mainland China, in order to improve our capacity utilization rate. We are also planning to expand our synthetic biology laboratories in order to enhance our research and development (“**R&D**”) capabilities.

For cell therapy business, the Group plans to aggressively expand manufacturing capacity for CARVYKI in both North America and Europe in anticipation of an enlarged addressable patient population following the expected approval of the recently submitted supplemental Biologics License Application (sBLA) for treating earlier line multiple myeloma (MM) patients.

The Group also plans to invest in upgrading supply chain and IT infrastructures as well as other supporting functions to improve operating efficiency and accommodate the strong business growth.

Save as disclosed above, there was no other specific plan for material investments or capital assets as at June 30, 2023.

RISK MANAGEMENT

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 the exchange rate between the U.S. dollar against RMB and Euro, respectively. Foreign exchange risk arises from mismatch of currencies we receive from customers and currencies we use to pay to our employees and suppliers, as well as foreign currencies held in certain overseas subsidiaries. The Group seeks to limit its exposure to foreign currency risk by closely monitoring cashflows of the PRC entities. Since January 2019, the Group has engaged in a series of forward contracts to manage the Group's foreign exchange risk.

The Group adopts a hedging policy to manage our exposure to foreign exchange risk in relation to RMB, aiming to control foreign exchange risk to an acceptable level by ensuring that we will only consider hedging cashflows. As at June 30, 2023, the Group had outstanding foreign currency forward contracts in respect of U.S. dollar against RMB of notional principal amounts of approximately US\$44.8 million (as at December 31, 2022: approximately US\$22.0 million). The management of the Company will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

The changes in fair value of the foreign currency forward contracts were recognised in the consolidated statement of profit or loss. All of the foreign currency forward contracts are to be settled within one year.

Cash flow and fair value interest rate risk

As at June 30, 2023, other than bank balances with variable interest rates and short-term deposits, the Group has financial products of approximately US\$243.5 million related to fair value interest rate risk. The Directors consider that the exposure of fair value interest rate arising from financial products is insignificant because of the relatively short duration, 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 has not entered into any hedging instrument for either the fair value interest rate risk or cash flow interest rate risk. The sensitivity analysis for cash flow interest rate risk is prepared on the exposure to interest rates for interest-bearing bank loans and other borrowings at the end of the Reporting Period. If the interest rates had been 50 basis point higher or lower and all other variables were held constant, our post-tax loss would have been approximately US\$0.6 million higher or lower for the six months ended June 30, 2023.

Credit risk

The carrying amounts of cash and bank balances, restricted cash, time deposits, trade and other receivables and non-current part of financial assets at fair value through profit or loss 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 rating is performed on customers and counterparties. These evaluations focus on the counterparty's business performance, including but not limited to, financing activities, financial position, market economic environment, and past history of payment punctuality. Prepayment requirement is determined and credit limit is granted based on the credit rating and historical contracting amount, which will be reviewed quarterly. Monitoring procedures have been implemented to ensure that follow-up actions will be taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual transaction and accounts' revenue volume, outstanding balances, long-time past due invoices and payment records semi-yearly 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. On March 7, 2022, the second plenary session of the first session of the National People's Congress announced the reform plan of The State Council of the PRC. The China Center for Biotechnology Development, formerly under the Ministry of Science and Technology, was placed under the National Health Commission, and the China Human Genetic Resources Management Office under the center was also put under the administration of the Health Commission. The Implementing Rules for the Administrative Regulation on Human Genetic Resources issued by Ministry of Science and Technology (《人類遺傳資源管理條例實施細則》) was promulgated by the PRC Ministry of Science and Technology on June 1, 2023 and came into effect on July 1, 2023. We believe that future approvals will be more professional, faster and more conducive to the development of the biopharmaceutical industry.

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 January 17, 2023, Probio Cayman entered into the subscription agreement with certain investors (including the Company), pursuant to which Probio Cayman sold 319,998,370 series C preferred shares of Probio Cayman at an aggregate consideration of approximately US\$224.0 million. The initial closing and additional closing of the Probio Series C Financing took place on February 10, 2023 and April 21, 2023, respectively. Please refer to the announcements of the Company dated January 17, 2023, February 10, 2023 and April 21, 2023 for details.

On April 19, 2023 (New York Time), Legend Biotech entered into the subscription agreement with an investor, pursuant to which Legend Biotech sold 7,656,968 Legend Biotech Shares in a private placement at a purchase price of US\$26.12 per share. The closing of the private placement took place on April 24, 2023 (New York Time). Please refer to the announcements of the Company dated April 20, 2023 and April 25, 2023.

On April 26, 2023 and May 19, 2023 (New York Time), Legend Biotech entered into subscription agreements with an investment vehicle of Hillhouse Investment Management, Ltd., pursuant to which Legend Biotech sold 484,992 Legend Biotech Shares at a purchase price of US\$26.12 per Legend Biotech Share and 692,782 Legend Biotech Shares at a purchase price of US\$32.00 per Legend Biotech Share in private placements, respectively. Please refer to the announcements of the Company dated May 7, 2023 and May 21, 2023 for details.

On May 5, 2023 (U.S. Eastern Time), Legend Biotech entered into the purchase agreement with an investment adviser and certain purchasers (through the investment adviser), pursuant to which Legend Biotech sold an aggregate of 5,468,750 ADSs, representing 10,937,500 Legend Biotech Shares, at a purchase price of US\$64.00 per ADS in a registered direct offering. The closing of Registered Direct Offering took place on May 11, 2023 (U.S. Eastern Time). Please refer to the announcements of the Company dated May 8, 2023 and May 12, 2023 for details.

On May 11, 2023 (after trading hours in Hong Kong), LGN Holdings Limited exercised in full the Legend Warrant it held to purchase 10,000,000 Legend Biotech Shares, at an exercise price of US\$20.00 per Legend Biotech Share for an aggregate exercise price of US\$200,000,000, and as a result, Legend Biotech issued 10,000,000 Legend Biotech Shares to LGN Holdings Limited. Please refer to the announcement of the Company dated May 14, 2023 for details.

On May 25, 2023, the third amended and restated memorandum and articles of association (the "M&A") of the Company was adopted by a special resolution of the Shareholders. Please refer to the announcements of the Company dated April 6, 2023 and May 25, 2023 and the M&A displayed on the website of the Stock Exchange for details.

On May 26, 2023, BSJ Nanjing entered into the capital increase agreement with certain investors, pursuant to which the investors subscribed for the additional registered capital of BSJ Nanjing of RMB37,609,070 for a total consideration of RMB250.0 million to acquire approximately 10.4168% equity interest in BSJ Nanjing. The completion of BSJ Series A Capital Increase took place on June 25, 2023. Please refer to the announcements of the Company dated May 28, 2023 and June 25, 2023 for details.

In early August 2023, Legend received a milestone payment in the amount of US\$15.0 million for the European Medicines Agency's acceptance of the Type II variation application for CARVYKI and earned a milestone payment in the amount of US\$20.0 million in connection with the U.S. Food and Drug Administration's acceptance of the supplemental Biologics License Application (sBLA), respectively, in accordance with the Janssen Agreement. Please refer to the announcement of the Company dated August 15, 2023.

PROSPECTS

During the first half of 2023, the healthcare industry continues to confront a range of challenges, including geographic tensions, inflation, decreased biotech funding, regulatory pressures, and other uncertainties stemming from the post-COVID-19 era.

Nevertheless, our strategic focus remains on the CGT industry. Alongside our partner Janssen, our CAR-T product for treating Relapsed or Refractory Multiple Myeloma has achieved promising sales since its initial launch. Our investments in CGT-related services and products have also enabled our customers to enhance their R&D and cost efficiency. Over the long term, CGT holds the potential to significantly improve healthcare cost efficiency while delivering precision and efficacy for next-generation therapy.

The life science business serves as the cornerstone of our Group, offering a unique perspective that allows us to closely monitor industry trends. Since our inception in 2002, we have served over 200,000 customers in academic and industrial settings with various application areas. Our business footprint has expanded to more than 100 countries and regions. Our ongoing efforts involve enhancing our technological platform and developing enabling tools and services, all aimed at facilitating research within the life science community. Our life science business has become deeply intertwined with the industry and helps the group seize emerging opportunities for the future.

The slowdown in biotech funding had a profound impact on the CDMO industry. Emerging biotech companies have to optimize their pipelines and review R&D priorities to cut down costs. Some biotech companies that previously built manufacturing capacities for their own pipeline programs are now looking to sell such assets or use them for CDMO purposes. The CDMO industry in aggregate now has an oversupply of manufacturing capacity, particularly in Mainland China. Nevertheless, we believe our unwavering emphasis on quality and global commercial network offer unique value proposition. Our disciplined approach to capacity expansion and financing also positioned us favorably. We believe the industry participants are now much more rational, and we have the opportunity to gain market share and accelerate growth as the macro environment improves.

After years of dedicated efforts on product optimization and production efficiency improvements, Bestzyme has successfully achieved healthy growth and profitability. We are also developing new synthetic biologic products through our syn-bio platform to explore potential opportunities in these areas. With the synthetic biology platform, we believe our technology will serve more industrial applications and enable our customer to achieve a healthier and environmentally friendly growth.

In the cell therapy field, our top priority is to accelerate the clinical and commercial development of CARVYKI to bring it to earlier lines of patients. We will also continue to push forward Legend's pipeline programs through our internal resources and potential collaborations with external partners. Legend plans to continue to utilize investigator initiated trials (“IIT”) in Mainland China to generate clinical data in a fast and cost effective way and plans to continue to pursue Investigational New Drug-based trials in the U.S., which may, where beneficial, leverage data generated from these IITs.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2023, the Group had a total of approximately 6,414 employees. The Group had entered into employment contracts covering positions, employment conditions and terms, compensation, responsibility for breach of contractual obligations, and reason for termination with its employees. The remuneration package of the Group's employees includes basic salary, subsidies, other employee benefits, short-term and long-term incentives, which are determined with reference to their capability, responsibility, performance, and other general factors.

During the Reporting Period, the Group's total expenses on the remuneration of employees (including the Directors and the chief executives) was approximately US\$260.9 million, representing approximately 66.7% of the total revenue of the Group. This significant increase in labor costs had been viewed by the Group as the necessary long-term investment in our talents pool.

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**", together with the Pre-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 August 23, 2021, the Company adopted the restricted share award scheme (as amended on May 26, 2022) (the "**2021 RSA Scheme**", together with the 2019 RSA Scheme, the "**RSA Schemes**").

No further 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, no options have been granted under the Post-IPO Share Option Scheme.

During the Reporting Period, 74,645 restricted shares, 1,002,343 restricted shares and 6,315,784 restricted shares were granted and accepted under the 2019 RSA Scheme on January 18, 2023, April 3, 2023 and June 1, 2023, respectively. Please refer to our announcements dated January 18, 2023, April 3, 2023, June 1, 2023 and June 15, 2023 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, 2,619,525 restricted shares, 965,155 restricted shares and 5,072,636 restricted shares were granted and accepted under the 2021 RSA Scheme on January 18, 2023, April 3, 2023 and June 1, 2023, respectively. Please refer to our announcements dated January 18, 2023, April 3, 2023, June 1, 2023 and June 15, 2023 for details. Save as disclosed, no other restricted shares have been granted under the 2021 RSA Scheme during the Reporting Period.

The number of employees of the Group categorized by function as at June 30, 2023 is set forth as follows:

| Function | Number of employees | Percentage of Total |
|--------------------------|----------------------------|----------------------------|
| Production | 3,183 | 49.6% |
| Sales and marketing | 592 | 9.2% |
| Administration | 1,146 | 17.9% |
| Research and development | 677 | 10.6% |
| Management | 816 | 12.7% |
| Total | 6,414 | 100.0% |

The Group’s remuneration policy and structure for remuneration of the Directors and senior management of the Group are based on the Group’s operating results, individual performance and comparable market statistics and are reviewed by the remuneration committee of the Company (the “**Remuneration Committee**”) periodically.

The remuneration of the non-executive Directors is recommended by the Remuneration Committee and is decided by the Board, while the remuneration of the executive Directors and senior management members is determined by the Remuneration Committee, having regard to their merit, qualifications and competence, the Group’s operating results and comparable market statistics.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

During the six months ended June 30, 2023, neither the Directors nor any of their close associates had any interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient public float of more than 25% of the Company’s issued share capital as required under the Listing Rules as at the date of this announcement.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2023.

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 the subscription under general mandate

On May 14, 2021, the Company and GNS Holdings Limited 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 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 | Unutilized amount as at January 1, 2023 <i>US\$ million</i> | Utilized amount during the Reporting Period <i>US\$ million</i> | Unutilized amount as at June 30, 2023 <i>US\$ million</i> | Intended year of application |
|---------------------------------------|---|---|---|-------------------------------------|
| Expansion of manufacturing facilities | <u>8.1</u> | <u>8.1</u> | <u>-</u> | Not applicable |

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 Reporting Period 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 “**Model 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 Model Code during the Reporting Period.

The Model 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 Model Code by the Directors and the relevant employees of the Company were noted by the Company during the Reporting Period.

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 Juan 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’s unaudited condensed interim results for the six months ended June 30, 2023.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2023 and was of the opinion that such interim results had been prepared in accordance with the relevant accounting standards, laws and regulations, and that adequate disclosures have been made in accordance with the requirements of the Listing Rules.

SANCTIONS RISK CONTROL COMMITTEE

During the Reporting Period to the date of this announcement, the sanctions risk control committee of the Company (the “**Sanctions Risk Control Committee**”) held two meetings on March 24, 2023 and May 31, 2023 to review the activities, relevant policies and procedures in relation to economic sanctions, the guidance on the compliance with contractual covenants including those made in connection with the Global Offering and Listing of Shares on the Stock Exchange, the use of proceeds, and the internal control policies and procedures with respect to the sanctions risks. The Sanctions Risk Control Committee reviewed the activities of the Group that may be subject to economic sanctions for the Reporting Period and monitored the Group’s exposure to risks of sanctions violations. The Sanctions Risk Control Committee resolved that the activities that may be subject to economic sanctions were being monitored effectively and was satisfied with the effectiveness of the relevant policies, procedures, guidance, and internal control measures.

CLARIFICATION TO THE 2022 ANNUAL REPORT

Reference is made to the annual report of the Company for the year ended December 31, 2022 (the “**2022 Annual Report**”). Unless otherwise defined in this section of this announcement, terms used in this section of this announcement shall have the same meanings as those defined in the 2022 Annual Report.

The Board noted an inadvertent error in the 2022 Annual Report and would like to clarify that the fifth paragraph on page 57 under the section headed “Report of the Directors - Remuneration Policies” in the 2022 Annual Report shall be amended and replaced as follows:

“During the Reporting Period, the number of Shares that may be issued in respect of all of the restricted shares granted by the Company under the 2019 RSA Scheme and 2021 RSA Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is approximately 0.2%.”

Reference is made to the section headed “Report of Directors – Restricted Share Award Schemes” in the 2022 Annual Report. The Board would like to supplement that there was no restriction on the maximum entitlement of each participant under the 2019 RSA Scheme and the 2021 RSA Scheme.

Save as disclosed above, all other information and contents set out in the 2022 Annual Report remain unchanged. This clarification and supplemental should be read in conjunction with the 2022 Annual Report.

PUBLICATION OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS AND INTERIM REPORT FOR THE REPORTING PERIOD ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This unaudited interim condensed consolidated results announcement for the Reporting Period is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.genscript.com), and the interim report for the Reporting Period containing all the information required by the Listing Rules will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

PRESS RELEASE OF UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR 2023 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 second quarter, half year 2023 and recent business highlights. The press release is available at the website of Legend at <https://investors.legendbiotech.com/node/8161/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, August 20, 2023

As at the date of this announcement, the executive Directors are Dr. Zhang Fangliang, 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*