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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

ANNUAL RESULTS HIGHLIGHTS

- For the year ended December 31, 2015, the revenue of the Group was approximately US\$86.7 million, representing an increase of 23.9% as compared with approximately US\$70.0 million for the year ended December 31, 2014.
- For the year ended December 31, 2015, the gross profit increased by 29.5% from approximately US\$44.1 million in 2014 to approximately US\$57.1 million.
- For the year ended December 31, 2015, the profit of the Group increased by 182.3% from approximately US\$6.2 million in 2014 to approximately US\$17.5 million. After deducting non-recurring one-off gains and expenses (including listing expenses and the substantial gain arising from the settlement of the dispute in connection with the U.S. Lawsuit (as defined and disclosed in the prospectus of the Company dated December 17, 2015, (the “**Prospectus**”)), the adjusted net profit was approximately US\$14.3 million, representing a year-on-year increase of 130.6% from approximately US\$6.2 million in 2014.
- For the year ended December 31, 2015, profit attributable to owners of the Company increased by 182.3% from approximately US\$6.2 million recorded in 2014 to approximately US\$17.5 million. After deducting the aforesaid two items of non-recurring one-off gains and expenses, the adjusted net profit increased by 130.6% from approximately US\$6.2 million in 2014 to approximately US\$14.3 million.

The board of directors (the “**Directors**”) (the “**Board**”) of Genscript Biotech Corporation (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2015 (the “**Reporting Period**”), together with the comparative figures for the year 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended December 31,	
		2015	2014
	Notes	US\$'000	US\$'000
REVENUE	4	86,709	69,994
Cost of sales		<u>(29,631)</u>	<u>(25,896)</u>
Gross profit		57,078	44,098
Other income and gains	4	12,371	1,468
Selling and distribution expenses		(17,642)	(15,538)
Administrative expenses		(28,535)	(21,446)
Other expenses		(296)	(335)
Finance costs	6	<u>–</u>	<u>(411)</u>
PROFIT BEFORE TAX	5	22,976	7,836
Income tax expense	7	<u>(5,472)</u>	<u>(1,661)</u>
PROFIT FOR THE YEAR		<u>17,504</u>	<u>6,175</u>
Attributable to:			
Owners of the parent		<u>17,504</u>	<u>6,175</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		<u>US1.47 cents</u>	<u>US0.52 cents</u>
Diluted		<u>US1.43 cents</u>	<u>US0.51 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2015	2014
	US\$'000	US\$'000
PROFIT FOR THE YEAR	<u>17,504</u>	<u>6,175</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	4	(9)
Exchange differences on translation of foreign operations	<u>(5,642)</u>	<u>(266)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(5,638)</u>	<u>(275)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(5,638)</u>	<u>(275)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>11,866</u>	<u>5,900</u>
Attributable to:		
Owners of the parent	<u>11,866</u>	<u>5,900</u>

CONSOLIDATED BALANCE SHEET

		Year ended December 31,	
		2015	2014
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	10	37,719	37,530
Advance payments for property, plant and equipment		122	185
Prepaid land lease payments	11	7,581	8,220
Other intangible assets	12	901	349
Deferred tax assets		2,737	2,304
		<hr/>	<hr/>
Total non-current assets		49,060	48,588
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories	14	2,025	1,777
Trade and notes receivables	15	16,914	12,157
Prepayments, deposits and other receivables	16	10,153	1,316
Due from the ultimate holding company		–	34
Available-for-sale investments	13	–	2,526
Pledged short-term deposits		202	345
Cash and cash equivalents		103,720	25,637
		<hr/>	<hr/>
Total current assets		133,014	43,792
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	17	2,414	2,869
Other payables and accruals	18	24,661	15,132
Tax payable		3,786	49
Due to the ultimate holding company		–	2,570
Due to related parties		–	8,173
Government grants	19	33	395
		<hr/>	<hr/>
Total current liabilities		30,894	29,188
		<hr/>	<hr/>
NET CURRENT ASSETS		102,120	14,604
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		151,180	63,192
		<hr/>	<hr/>

		Year ended December 31,	
		2015	2014
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		151,180	63,192
NON-CURRENT LIABILITIES			
Government grants	19	1,932	1,445
Total non-current liabilities		1,932	1,445
NET ASSETS		149,248	61,747
EQUITY			
Equity attributable to owners of the parent			
Share capital	20	1,600	50
Reserves		147,648	61,664
		149,248	61,714
Non-controlling interests		–	33
Total equity		149,248	61,714

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital US\$'000	Merger reserve* US\$'000	Share option reserves* US\$'000	Statutory surplus reserves* US\$'000	Retained earnings* US\$'000	Available-	Exchange fluctuation reserves* US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
						for-sale investment revaluation reserves*				
						US\$'000				
At January 1, 2014	50	15,002	1,729	2,997	28,430	5	4,317	52,530	33	52,563
Profit for the year	–	–	–	–	6,175	–	–	6,175	–	6,175
Other comprehensive income for the year:										
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	(9)	–	(9)	–	(9)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(266)	(266)	–	(266)
Total comprehensive income for the year	–	–	–	–	6,175	(9)	(266)	5,900	–	5,900
Equity-settled share option arrangements	–	–	3,284	–	–	–	–	3,284	–	3,284
Transfer from retained earnings	–	–	–	1,001	(1,001)	–	–	–	–	–
At December 31, 2014	<u>50</u>	<u>15,002</u>	<u>5,013</u>	<u>3,998</u>	<u>33,604</u>	<u>(4)</u>	<u>4,051</u>	<u>61,714</u>	<u>33</u>	<u>61,747</u>

Attributable to owners of the parent

	Share capital	Share premium*	Merger reserve*	Share option reserves*	Statutory surplus reserves*	Retained earnings*	Available-for-sale investment revaluation reserves*	Exchange fluctuation reserves*	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(note 20)	(note 20)									
At January 1, 2015	50	-	15,002	5,013	3,998	33,604	(4)	4,051	61,714	33	61,747
Profit for the year	-	-	-	-	-	17,504	-	-	17,504	-	17,504
Other comprehensive income for the year:											
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	-	-	4	-	4	-	4
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(5,642)	(5,642)	-	(5,642)
Total comprehensive income for the year:	-	-	-	-	-	17,504	4	(5,642)	11,866	-	11,866
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(33)	(33)
Issue of shares	595	8,602	-	-	-	-	-	-	9,197	-	9,197
Issue of shares for acquisition of GS USA and GS HK	559	35,326	(35,885)	-	-	-	-	-	-	-	-
Shares repurchased	(617)	-	-	-	-	-	-	-	(617)	-	(617)
Issue of new shares upon Global Offering	400	67,208	-	-	-	-	-	-	67,608	-	67,608
Share issue expenses	-	(3,868)	-	-	-	-	-	-	(3,868)	-	(3,868)
Capitalisation issue	613	(613)	-	-	-	-	-	-	-	-	-
Equity-settled share option Arrangements	-	-	-	3,348	-	-	-	-	3,348	-	3,348
Transfer from retained earnings	-	-	-	-	2,419	(2,419)	-	-	-	-	-
At December 31, 2015	1,600	106,655	(20,883)	8,361	6,417	48,689	-	(1,591)	149,248	-	149,248

* These reserve accounts comprise the consolidated reserves of US\$147,648,000 (2014: US\$61,664,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended December 31,	
	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>
Net cash flows from operating activities	<u>19,636</u>	<u>12,206</u>
Net cash flows used in investing activities	<u>(4,099)</u>	<u>(9,114)</u>
Net cash flows from financing activities	<u>65,168</u>	<u>395</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	80,705	3,487
Net foreign exchange difference	(2,622)	(307)
Cash and cash equivalents at beginning of year	<u>25,637</u>	<u>22,457</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>103,720</u></u>	<u><u>25,637</u></u>

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on May 21, 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The address of its registered office was P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company's shares have been listed on the Main Board of the Stock Exchange since December 30, 2015.

The Group is a life sciences research and application service and product provider. The services and products include (i) life sciences research services, (ii) life sciences research catalog products, (iii) preclinical drug development services, and (iv) industrial synthetic biology products (the "**Listing Business**").

These consolidated financial statements are presented in US dollars ("US\$"), unless otherwise stated, and were approved for issue by the Board on March 25, 2016.

2. BASIS OF PREPARATION

2.1. Basis of preparation

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

2.2. Changes in accounting policy and disclosures

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

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. SEGMENT INFORMATION

The segment information for the year ended December 31, 2015 is as follows:

	Life sciences research services US\$'000	Life sciences research catalog products US\$'000	Preclinical drug development services US\$'000	Industrial synthetic biology products US\$'000	Total US\$'000
Segment sales	76,918	2,469	5,967	1,355	86,709
Segment cost of sales	25,394	878	2,078	1,281	29,631
Segment gross profit	<u>51,524</u>	<u>1,591</u>	<u>3,889</u>	<u>74</u>	<u>57,078</u>

The segment information for the year ended December 31, 2014 is as follows:

	Life sciences research services <i>US\$'000</i>	Life sciences research catalog products <i>US\$'000</i>	Preclinical drug development services <i>US\$'000</i>	Industrial synthetic biology products <i>US\$'000</i>	Total <i>US\$'000</i>
Segment sales	63,220	2,044	4,382	348	69,994
Segment cost of sales	<u>23,277</u>	<u>685</u>	<u>1,586</u>	<u>348</u>	<u>25,896</u>
Segment gross profit	<u>39,943</u>	<u>1,359</u>	<u>2,796</u>	<u>–</u>	<u>44,098</u>

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of services provided and goods sold, after allowances for returns and trade discounts during the year.

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

	Year ended December 31,	
	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue		
Rendering of services	82,885	67,602
Sale of goods	3,824	2,392
	<u>86,709</u>	<u>69,994</u>
Other income and gains		
Gain from the settlement of a dispute on intellectual property infringement	8,500	–
Foreign currency exchange gain	3,106	–
Government grants	511	1,167
Investment income	188	207
Bank interest income	60	86
Others	6	8
	<u>12,371</u>	<u>1,468</u>

5. PROFIT BEFORE TAX

	Year ended December 31,	
	2015	2014
	US\$'000	US\$'000
Cost of inventories sold	2,159	1,033
Cost of services provided	27,472	24,863
Depreciation of items of property plant and equipment	4,681	4,703
Amortisation of other intangible assets*	166	76
Amortisation of prepaid land lease payments	170	122
Provision provided for impairment of trade receivables	249	17
Provision (reversed)/provided for impairment of other receivables	(164)	22
Minimum lease payments under operating leases:		
– Land and buildings	885	680
Auditors' remuneration	308	195
Employee benefit expenses (excluding directors' remuneration):		
Wages and salaries	31,792	27,362
Pension scheme contributions (defined contribution schemes)	3,697	2,821
Equity-settled share option expense	2,231	1,243
	<u>37,720</u>	<u>31,426</u>
Research and development costs	7,109	5,589
Listing expenses	5,270	–
Foreign currency exchange loss	–	307
Loss on disposal of items of property, plant and equipment	120	26
Write-down of inventories to net realisable value	347	–

* The amortisation of other intangible assets for the year is included in “Administrative expenses” on the face of the consolidated statement of profit or loss.

6. FINANCE COST

	Year ended December 31,	
	2015	2014
	US\$'000	US\$'000
Finance costs		
– Interest expense on bank borrowings	<u>–</u>	<u>411</u>

7. INCOME TAX EXPENSE

	Year ended December 31,	
	2015	2014
	US\$'000	US\$'000
Current income tax expense	5,999	2,184
Deferred income tax expense	<u>(527)</u>	<u>(523)</u>
Income tax expense	<u>5,472</u>	<u>1,661</u>

8. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended December 31, 2015.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average numbers of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has only one category of dilutive potential ordinary shares, which is the share option plan.

For the share option plan, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period when the options are outstanding) based on the monetary value of the subscription rights attached to outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options.

	Year ended December 31,	
	2015	2014
	US\$'000	US\$'000
Profit attributable to equity holders of the Company	<u>17,504</u>	<u>6,175</u>
Weighted average number of ordinary shares in issue	1,192,553,021	1,183,326,316
Adjustments for share option plan	<u>35,466,939</u>	<u>31,727,867</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,228,019,960</u>	<u>1,215,054,183</u>
Basic earnings per share	<u>US1.47 cents</u>	<u>US0.52 cents</u>
Diluted earnings per share	<u>US1.43 cents</u>	<u>US0.51 cents</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings US\$'000	Machinery and equipment US\$'000	Motor vehicles US\$'000	Computer and office equipment US\$'000	Construction in progress US\$'000	Total US\$'000
At January 1, 2014:						
Cost	28,384	17,867	331	2,777	544	49,903
Accumulated depreciation and impairment	(1,100)	(9,329)	(102)	(1,101)	–	(11,632)
Net carrying amount	<u>27,284</u>	<u>8,538</u>	<u>229</u>	<u>1,676</u>	<u>544</u>	<u>38,271</u>
At January 1, 2014, net of accumulated depreciation and impairment	27,284	8,538	229	1,676	544	38,271
Additions	67	10	–	24	4,115	4,216
Disposals	–	(27)	–	(2)	–	(29)
Depreciation provided during the year	(623)	(3,546)	(31)	(503)	–	(4,703)
Impairment	–	(75)	–	–	–	(75)
Exchange realignment	(98)	(23)	–	(5)	(24)	(150)
Transfers	–	2,942	–	208	(3,150)	–
At 31 December 2014 and at January 1, 2015, net of accumulated depreciation and impairment	<u>26,630</u>	<u>7,819</u>	<u>198</u>	<u>1,398</u>	<u>1,485</u>	<u>37,530</u>
At December 31, 2014 and at January 1, 2015:						
Cost	28,347	20,578	330	2,984	1,485	53,724
Accumulated depreciation and impairment	(1,717)	(12,759)	(132)	(1,586)	–	(16,194)
Net carrying amount	<u>26,630</u>	<u>7,819</u>	<u>198</u>	<u>1,398</u>	<u>1,485</u>	<u>37,530</u>
At January 1, 2015, net of accumulated depreciation and impairment	26,630	7,819	198	1,398	1,485	37,530
Additions	130	–	–	–	7,391	7,521
Disposals	(118)	–	–	(2)	–	(120)
Depreciation provided during the year	(683)	(3,310)	(30)	(658)	–	(4,681)
Exchange realignment	(1,509)	(357)	(10)	(61)	(594)	(2,531)
Transfers	2,568	3,372	–	467	(6,407)	–
At December 31, 2015, net of accumulated depreciation and impairment	<u>27,018</u>	<u>7,524</u>	<u>158</u>	<u>1,144</u>	<u>1,875</u>	<u>37,719</u>
At December 31, 2015:						
Cost	29,259	22,032	311	3,269	1,875	56,746
Accumulated depreciation and impairment	(2,241)	(14,508)	(153)	(2,125)	–	(19,027)
Net carrying amount	<u>27,018</u>	<u>7,524</u>	<u>158</u>	<u>1,144</u>	<u>1,875</u>	<u>37,719</u>

11. PREPAID LAND LEASE PAYMENTS

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Carrying amount at January 1	8,395	4,520
Additions	–	4,012
Recognised	(170)	(122)
Exchange realignment	(479)	(15)
	<hr/>	<hr/>
Carrying amount at end of year	7,746	8,395
Current portion included in prepayments, deposits and other receivables	(165)	(175)
	<hr/>	<hr/>
Non-current portion	7,581	8,220
	<hr/> <hr/>	<hr/> <hr/>

At December 31, 2015 and 2014, the Group has not obtained certificates of ownership in respect of certain leasehold lands of the Group in China with aggregate net carrying amounts of US\$3,679,000 and US\$3,985,000. The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned leasehold lands. All the land-use rights of the Group are located in China and are held on leases of 50 years.

12. OTHER INTANGIBLE ASSETS

	Software US\$'000	Patents and licenses US\$'000	Total US\$'000
December 31, 2014			
Cost at January 1, 2014, net of accumulated amortisation	264	–	264
Additions	162	–	162
Amortisation provided during the year (<i>note 5</i>)	(76)	–	(76)
Exchange realignment	(1)	–	(1)
	<u>349</u>	<u>–</u>	<u>349</u>
At December 31, 2014	<u>349</u>	<u>–</u>	<u>349</u>
At December 31, 2014:			
Cost	671	–	671
Accumulated amortisation	(322)	–	(322)
	<u>349</u>	<u>–</u>	<u>349</u>
Net carrying amount	<u>349</u>	<u>–</u>	<u>349</u>
December 31, 2015			
Cost at January 1, 2015, net of accumulated amortisation	349	–	349
Additions	696	31	727
Amortisation provided during the year (<i>note 5</i>)	(162)	(4)	(166)
Exchange realignment	(9)	–	(9)
	<u>874</u>	<u>27</u>	<u>901</u>
At December 31, 2015	<u>874</u>	<u>27</u>	<u>901</u>
At December 31, 2015:			
Cost	1,339	31	1,370
Accumulated amortisation	(465)	(4)	(469)
	<u>874</u>	<u>27</u>	<u>901</u>
Net carrying amount	<u>874</u>	<u>27</u>	<u>901</u>

13. AVAILABLE-FOR-SALE INVESTMENTS

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Current		
Investment in wealth management products, at fair value	<u><u>–</u></u>	<u><u>2,526</u></u>

The available-for-sale investments were investments in wealth management products issued by banks with expected interest rates ranging from 4.20% to 5.90% per annum with a maturity period of 30 to 84 days in China. The fair value of the financial products approximates to their cost plus expected interest.

14. INVENTORIES

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Raw materials	1,228	896
Work in progress	395	409
Finished goods	<u>749</u>	<u>472</u>
	2,372	1,777
Less: Provision for inventories	<u>(347)</u>	<u>–</u>
	<u><u>2,025</u></u>	<u><u>1,777</u></u>

15. TRADE AND NOTES RECEIVABLES

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Trade and notes receivables	18,023	13,017
Less: provision for impairment of trade receivables	<u>(1,109)</u>	<u>(860)</u>
Trade and notes receivables – Net	<u><u>16,914</u></u>	<u><u>12,157</u></u>

As at December 31, 2014 and 2015, the ageing analysis of the trade receivables based on invoice date was as follows:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Within 3 months	14,771	10,055
3 to 6 months	1,510	1,339
6 to 12 months	634	565
Over 12 months	979	957
	<hr/>	<hr/>
	17,894	12,916
	<hr/> <hr/>	<hr/> <hr/>

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Other receivables	8,927	591
Prepayments	798	444
VAT recoverable	277	217
Prepaid expense	207	214
Advance to employees	87	157
	<hr/>	<hr/>
	10,296	1,623
Less: Impairment of other receivables	(143)	(307)
	<hr/>	<hr/>
	10,153	1,316
	<hr/> <hr/>	<hr/> <hr/>

17. TRADE PAYABLES

As at December 31, 2014 and 2015, the ageing analysis of the trade payables based on invoice date is as follows:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Within 3 months	2,340	2,813
3 to 6 months	21	10
6 to 12 months	20	19
Over 1 year	33	27
	<hr/>	<hr/>
	2,414	2,869
	<hr/> <hr/>	<hr/> <hr/>

Trade payables are non-interest bearing and are generally on terms of 60 days.

18. OTHER PAYABLES AND ACCRUALS

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Accrued payroll	7,603	5,657
Advances from customers	6,696	5,197
Other payables	4,923	973
Accrued expenses	2,477	1,101
Payables for purchases of machinery and construction of buildings	2,150	1,403
Taxes payable other than corporate income tax	812	801
	<hr/>	<hr/>
	24,661	15,132
	<hr/> <hr/>	<hr/> <hr/>

19. GOVERNMENT GRANTS

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
At January 1,	1,840	2,207
Grants received during the year	616	459
Amount released	(397)	(818)
Exchange realignment	(94)	(8)
	<u>1,965</u>	<u>1,840</u>
At end of year	<u>1,965</u>	<u>1,840</u>
Current	33	395
Non-current	<u>1,932</u>	<u>1,445</u>
	<u>1,965</u>	<u>1,840</u>

The grants were related to the subsidies received from local government authorities for the purpose of compensation for expenditure on certain facilities and were credited to a deferred income account. The grants were released to the statement of profit or loss over the expected useful lives of the relevant assets. The Group also received certain financial subsidies from local government authorities to support local business. There were no unfulfilled conditions and other contingencies attached to these government grants. These government grants were recognised in the statement of profit or loss upon receipt.

20. SHARE CAPITAL AND SHARE PREMIUM

Shares

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Issued and fully paid:		
1,600,000,000 (2014: nil) ordinary shares	<u><u>1,600</u></u>	<u><u>–</u></u>

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

	Number of shares in issue	Share capital <i>US\$'000</i>	Share premium account <i>US\$'000</i>	Total <i>US\$'000</i>
At January 1, 2015	–	–	–	–
Issuance of shares	1,204,125,000	1,204	43,928	45,132
Shares repurchased	(617,500,000)	(617)	–	(617)
Capitalisation issue	613,375,000	613	(613)	–
Issuance of shares for the IPO	<u>400,000,000</u>	<u>400</u>	<u>67,208</u>	<u>67,608</u>
Share issuance expenses	<u>–</u>	<u>–</u>	<u>(3,868)</u>	<u>(3,868)</u>
At December 31, 2015	<u><u>1,600,000,000</u></u>	<u><u>1,600</u></u>	<u><u>106,655</u></u>	<u><u>108,255</u></u>

POSITIONING OF THE COMPANY

The Group is a well-recognized life sciences research and application service and product provider with comprehensive portfolio coverage in the world. It has achieved world market leadership in the global gene synthesis service market with recognized stature in synthetic biology. The broad and integrated life sciences research and application service and product portfolio comprises four segments, namely, (i) life sciences research services, (ii) life sciences research catalog products, (iii) preclinical drug development services, and (iv) industrial synthetic biology products.

“Genscript” is a well-known and trusted brand underpinned by its high quality life sciences research and application services and products. The Company has established a highly diversified customer base, including pharmaceutical and biotech companies, colleges and universities, research institutes, government bodies (including government testing and diagnostic centers), and distributors.

SUCCESSFUL LISTING IN DECEMBER 2015

2015 is a milestone year for the Group. The shares of the Company (the “**Shares**”) have been listed on the Main Board of the Stock Exchange since December 30, 2015 (the “**Listing Date**”). The successful listing marked a huge step of the Group towards capital internationalization, enhanced the capital strength and corporate governance of the Company, and laid a solid foundation for its future development.

During the Reporting Period, the Group achieved sound operation performance and maintained a stable growth primarily due to (i) the Group’s continuous investment in research and development activities which enabled the continuous launch of new services and products to meet the market demand, such as Geneplus services and gene synthesis related bundled services, and allowed further customization of services, and (ii) the enhanced key accounts management program that resulted into better customer experience and satisfaction and improved customer loyalty.

BUSINESS REVIEW

During the Reporting Period, the overall revenue of the Group was approximately US\$86.7 million, representing an increase of 23.9% as compared with US\$70.0 million for 2014. The gross profit was approximately US\$57.1 million, representing an increase of 29.5% as compared with approximately US\$44.1 million for the year ended December 31, 2014. The increase in both revenue and gross profit margin was primarily attributable to (i) continuous research and development activities, which enabled the launch of more advanced or improved services and products to meet customers’ requirements on one hand, and the adoption of advanced technologies that significantly improved production efficiency and lowered production cost on the other hand, and (ii) the increase of the number of large orders and repeated orders received as a result of the enhanced key accounts management program.

During the Reporting Period, the profit was approximately US\$17.5 million, representing an increase of 182.3% as compared with approximately US\$6.2 million for the year ended December 31, 2014. After deducting non-recurring one-off gains and expenses (including listing expenses and the substantial gain arising from the settlement of the dispute in connection with the U.S. Lawsuit (as defined and disclosed in the Prospectus)), the adjusted net profit was approximately US\$14.3 million, representing a year-to-year increase of 130.6% from approximately US\$6.2 million for the year ended December 31, 2014.

The profit attributable to owners of the Company was approximately US\$17.5 million, representing an increase of 182.3% as compared with approximately US\$6.2 million for the year ended December 31, 2014. After deducting the aforesaid two items of non-recurring one-off gains and expenses, the adjusted net profit was approximately US\$14.3 million, representing an increase of 130.6% from approximately US\$6.2 million for the year ended December 31, 2014.

During the Reporting Period, the Company generated approximately US\$76.9 million, US\$2.5 million, US\$6.0 million, and US\$1.3 million from the four segments, namely, (i) life sciences research services, (ii) life sciences research catalog products, (iii) preclinical drug development services, and (iv) industrial synthetic biology products, representing approximately, 88.7%, 2.8%, 6.9%, and 1.6% of total revenue, respectively.

Results Analysis of the Four Business Segments

1. Life sciences research services

Results

During the Reporting Period, the revenue generated from life sciences research services was approximately US\$76.9 million, representing an increase of 21.7% as compared with approximately US\$63.2 million for the year ended December 31, 2014. During the same period, the gross profit margin was approximately US\$51.5 million, representing an increase of 29.1% as compared with approximately US\$39.9 million for the year ended December 31, 2014. The increase in both revenue and gross profit margin was primarily attributable to (i) the leading technology in molecular biology which allowed the offer of high put-through gene synthesis services and other bundled services, (ii) the increased marketing activities in expanding the customer base of the gene synthesis services and other service packages, such as mammalian cell line services and products, which well consolidated customers' loyalty and greatly increased the competitiveness of the Group's services and products, and (iii) the continuous improvement of production process, which significantly improved the utilization of raw materials and thereby reduced the cost of raw materials.

Development Strategies

The Company intends to: (a) increase its research and development force, develop in-house and in licensing new technologies, and implement novel instruments for the faster provision of gene synthesis services; (b) provide more diverse synthetic biology services and products and expand the applications of synthetic biology technology in pathway assembly, microbial knock-out and knock-in, genome modification, and protein/antibody engineering for biologics drug development application; (c) develop cutting-edge technologies and improve production processes for industry cell line engineering, and the antibody and protein production; and (d) invest in strengthening the technical capabilities in providing such services and products.

2. *Life sciences research catalog products*

Results

During the Reporting Period, the revenue generated from life sciences research catalog products was approximately US\$2.5 million, representing an increase of 25.0% as compared with approximately US\$2.0 million for the year ended December 31, 2014. During the same period, the gross profit margin was approximately US\$1.6 million, representing a slight increase of 14.3% as compared with approximately US\$1.4 million for the year ended December 31, 2014. The increase in both the revenue and the gross profit margin was primarily attributable to (i) the increase of numbers of the bulk orders from customers, and (ii) the integration and optimization of the production and sales teams which significantly improved production efficiency and lowered production cost.

Development Strategies

The Company intends to: (a) expand the off-the-shelf products by leveraging the strength of the life sciences research service segment and build on the current growing product lines in protein expression and analysis, including precast gels, protein purification reagents, and recombinant proteins; and (b) invest in new product development to differentiate from other competitors by offering cutting edge products.

3. *Preclinical drug development services*

Results

During the Reporting Period, the revenue generated from preclinical drug development services was approximately US\$6.0 million, representing an increase of 36.4% as compared with approximately US\$4.4 million for the year ended December 31, 2014. During the same period, the gross profit margin was approximately US\$3.9 million, representing an increase of 39.3% as compared with approximately US\$2.8 million for the year ended December 31, 2014. The increase in both revenue and gross profit margin was primarily attributable to (i) the rapid growth of the large molecular drug market, (ii) the increasing demand for preclinical drug development services from large pharmaceutical companies, particularly in the PRC and Japan, (iii) the strengthened communication with strategic customers, and (iv) the application of improved technology which shortened the order delivery time and allowed more value-added services to be developed.

Development Strategies

The Company is upgrading its capability in biologics drug discovery to keep abreast of the standards of the global pharmaceutical community for target validation, lead identification and optimization, and candidate recommendation. It is also constantly acquiring cutting-edge technologies to strengthen its service platform. For example, in addition to humanization of rodent antibodies, it is pursuing technologies that allow it to generate human antibodies directly. In addition, it will continue to extend its platform to multi-targeting therapies with its single domain antibody technology. Furthermore, it is building comprehensive capability in cancer immunotherapy, including the construction of libraries of antibodies and cell lines, and the development of well validated *in vitro* and *in vivo* assays.

4. Industrial synthetic biology products

Results

During the Reporting Period, the revenue generated from industrial synthetic biology products was approximately US\$1.3 million, representing an increase of 225.0% as compared with approximately US\$0.4 million for the year ended December 31, 2014. During the same period, the gross profit margin was approximately US\$0.1 million, as compared with nil for the year ended December 31, 2014. The increase in both revenue and gross profit margin was primarily attributable to (i) the focus on building direct relationship with strategic customers, (ii) the development and sales of new series of products, and (iii) the enhanced cooperation with suppliers to ensure the production efficiency of industrial synthetic biology products.

Development Strategies

The Company intends to apply synthetic biology principles and techniques to modify and improve the industrial enzyme producing microorganisms, such that the microbes are able to produce industrial enzymes with a higher yield and/or better performance properties. It intends to continue research and development on industrial enzymes applied in the food industry, as well as to expand into other fields of applications, such as the feed, pharmaceutical, and chemical industries.

FINANCIAL REVIEW

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>	Change
Revenue	86,709	69,994	16,715
Gross profit	57,078	44,098	12,980
Profit after income tax	17,504	6,175	11,329
Net profit excluding investment income, listing and share-based payment expenses	25,934	9,252	16,682
Profit attributable to shareholders of the Company	17,504	6,175	11,329
Profit attributable to shareholders of the Company, excluding investment income, listing and share-based payment expenses	25,934	9,252	16,682
Earnings per share (<i>US cent per share</i>)	<u>1.47</u>	<u>0.52</u>	<u>0.95</u>

Revenue

In 2015, the Group recorded revenue of US\$86.7 million, representing an increase of 23.9% from US\$70.0 million in 2014. This is primarily attributable to continuous research and development activities, which enabled the launch of more advanced or improved services and products to meet customers' requirements, and (ii) the increase of the number of large orders and repeated orders received as a result of the enhanced key accounts management program.

Gross Profit

In 2015, the Group's gross profit increased by 29.5% to US\$57.1 million from US\$44.1 million in 2014. This is primarily attributable to the adoption of advanced technologies which improved production efficiency and reduced production cost.

Selling and distribution expenses

The selling and distribution expenses increased by 13.5% to US\$17.6 million in 2015 from US\$15.5 million in 2014. This is mainly attributable to (i) the continuous investment in training and maintaining the top talents in the Company and further streamlining their functionalities, (ii) the expansion of the direct sales network dedicated to serving the industrial synthetic biology products segment, and (iii) the increased business development activities for the industrial synthetic biology products.

Administrative expenses

In 2015, the administrative expenses increased by 33.2% to US\$28.5 million (including the research and development expenses) from US\$21.4 million (including the research and development expenses) in 2014. This is mainly due to the listing expenses of US\$5.3 million, the increase of approximately US\$1.5 million in research and development expenses, and the improved compensation packages for employees.

Research and development expenses

The research and development expenses increased by 26.8% to US\$7.1 million from US\$5.6 million in 2014. This is mainly due to the continuous investment in securing and maintaining top research and development talents which significantly strengthened the competitiveness of the preclinical drug development services and the industrial synthetic biology products, given their respective immense potential in further business development.

Income tax expenses

The income tax expenses increased from US\$1.7 million in 2014 to US\$5.5 million in 2015. The actual tax rate increased from 21.2% in 2014 to 23.8% in 2015, mainly because the total expenses of approximately US\$3.3 million for share-based payment are not likely to be deductible for income tax and no deferred income tax asset was recognized on tax losses of certain subsidiaries.

Net profit and unaudited adjusted net profit

Due to the aforementioned reasons, the net annual profit of the Group amounted to US\$17.5 million in 2015, representing an increase of 182.3% from US\$6.2 million in 2014. To supplement the consolidated financial statements which are presented in accordance with the HKFRS, the Group also used the unaudited adjusted net profit as an additional financial measure to evaluate the Group's financial performance by eliminating the impact of items that the Group does not consider indicative of the Group's business performance. The Group's unaudited adjusted net profit for the Reporting Period, derived by excluding non-recurring and one-off items comprising the listing expenses of US\$5.3 million and the substantial gain arising from the settlement of the dispute in connection with the U.S. Lawsuit, representing an increase of 130.6% from the adjusted net profit in 2014.

Trade receivables

	2015	2014
Trade receivables turnover (<i>day</i>)	<u>65</u>	<u>59</u>

The trade receivables of the Group remained stable under the ongoing control and management of the Company.

Inventories

	2015	2014
Inventory turnover (<i>day</i>)	<u>26</u>	<u>22</u>

The inventory turnover of the Group remained stable with constant control and management.

Property, plant and equipment

Property, plant and equipment include buildings, machinery equipment and construction in progress. As at December 31, 2015, the property, plant and equipment of the Group amounted to US\$37.7 million, representing an increase of US\$0.2 million from the property, plant and equipment of US\$37.5 million as at December 31, 2014. This is mainly due to improvement works for a newly rented plant, certain pile foundation engineering, and additions of machinery and equipment.

Intangible assets

Intangible assets include software, patents and license. As at December 31, 2015, the Group's net intangible assets amounted to US\$0.9 million, representing an increase of US\$0.6 million from US\$0.3 million as at December 31, 2014. The increase in intangible assets is mainly due to the adoption of SAP system by the Company.

Working capital and financial resources

As at December 31, 2015, the cash and cash equivalents of the Group amounted to US\$103.7 million (2014: US\$25.6 million). There is no restricted fund or loan.

Cash flow analysis

For the Reporting Period, the Group recorded an annual net cash inflow of US\$19.6 million generated from operating activities.

For the Reporting Period, the annual cash outflow used in investing activities of the Group was US\$4.1 million. This is mainly due to (i) purchases of property, plant, and equipment and other intangible assets for the purpose of enlarging production capability of US\$7.4 million, (ii) purchases of available-for-sale investments of US\$4.1 million, (iii) proceeds from disposal of available-for-sale investments of US\$6.8 million, and (iv) the receipt of government grants of US\$0.6 million.

For the Reporting Period, the cash inflow in financing activities of the Group was US\$65.2 million. This is mainly due to the net proceeds of approximately US\$58.5 million from the initial public offering. All of the remaining amount generated from the initial public offering was remitted to the Company's account on December 30, 2015.

Capital expenditure

For the Reporting Period, the expenditure of purchasing intangible assets, namely software, patents and license, was US\$0.7 million, while the expenditure of purchasing property, plant and equipment amounted to US\$6.7 million.

Material acquisitions and disposals

For the Reporting Period, the Company did not have any material acquisitions.

Contingent liabilities and guarantees

As at December 31, 2015, the Group did not have any material contingent liabilities or guarantees.

Foreign exchange risk

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar. Foreign exchange risk arises from foreign currencies held in certain overseas subsidiaries. The Group did not hedge against any fluctuation in foreign currency during the Reporting Period. The management of the Group may consider entering into currency hedging transactions to manage the Group's exposure towards fluctuations in exchange rates in the future.

Cash flow and fair value interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. The management of the Group does not anticipate any significant impact to interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Credit risk

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

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

Prospects

The Year is a year of heightened biotech activities. In 2015, the Food and Drug Administration (“**FDA**”) of the United States approved 45 novel drugs as new molecular entities (“**NMEs**”) under new drug applications (“**NDAs**”) or as new therapeutic biologics under biologics license applications. This was the second highest number of approvals, just behind the approvals numbers in 1996. According to the FDA, novel drugs are often innovative products that serve previously unmet medical needs or otherwise significantly help to advance patient care and public health, and NMEs have chemical structures that have never been approved before.

In the United States, there were 59 biotech IPOs, raising a total amount of funds of approximately US\$4,950 million in 2015. An average biotech company raised 14% more proceeds than last year. There were approximately 160 biotech IPOs in the last three years, nearly 30% more than the biotech IPOs in the prior 13 years combined. With the inspiring performance in the capital markets, there were a lot of exciting developments, such as the immune oncology therapy development. In China, there is a boom in biotech. The growth in China was about twice that of the overseas market.

In December 2015, President Barack Obama, the president of the United States, has requested a US\$2 billion boost for the National Institutes of Health’s (“**NIH**”) budget to US\$33.1 billion and a supplemental request for US\$1.8 billion in emergency funds to fight the Zika virus. This is the most encouraging budget outcome in 12 years. In particular, the Zika epidemic issue has raised the public awareness for healthcare. There are funds which are flowing into the biotech space from the government and private sectors.

Future Development Strategies

Looking forward to 2016, the Group remains focused on implementing the following business strategies:

- increase investment in research and development projects to expand the research and application service and product portfolio;
- enhance production capacity to capitalize on the strong demand for the life sciences research and application services and products;
- increase penetration into the overseas and PRC markets by expanding and strengthening the sales and marketing team; and
- pursue strategic acquisitions to complement organic growth.

EMPLOYEES

As of December 31, 2015, the Group had a total of approximately 1,300 employees. The Group had entered into employment contracts covering positions, employment conditions and terms, salary, employees' benefits, 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, and other employees' benefits, which are determined with reference to experience, number of years with the Group, and other general factors.

USE OF THE NET PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date by way of International Offer Shares (the “**International Offering**”) and Hong Kong Public Offer Shares (the “**Hong Kong Public Offering**”, together with the International Offering, the “**Global Offering**”) of a total of 400,000,000 Shares at the offer price of HK\$1.31 per Offer Share. On January 26, 2016, the over-allotment option in relation to the Global Offering was fully exercised by the Joint Global Coordinators, on behalf of the International Underwriters of the Global Offering, in which an aggregate of 60,000,000 Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering before any exercise of the over-allotment option, have been allotted and issued by the Company at HK\$1.31 per Share. The net proceeds from the Global Offering are intended to be applied in the manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at December 31, 2015, no such proceeds has been utilised.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended December 31, 2015.

CORPORATE GOVERNANCE PRACTICES

The Group 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 and the Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance.

Save as the deviation from A.1.8 and A.2.1 of the CG Code, respectively, the Company has complied with the applicable code provisions as set out in the CG Code since the Listing Date and up to the date of this announcement.

A.1.8 of the CG Code provides that the Company should arrange appropriate insurance coverage in respect of legal action against the Directors. The Company deviated from this provision for the period from the Listing Date to December 31, 2015. However, the Company has arranged an insurance commencing from January 1, 2016 in respect of potential legal actions against the Directors and officers.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and performed by different individuals.

The Company deviates from this provision because Dr. Zhang Fangliang has been assuming the roles of both the chairman of the Board and the chief executive officer of the Company since the Listing Date. The Board believes that resting the roles of both the chairman and the chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Although these two roles are performed by the same individual, certain responsibilities are shared with the executive Directors to balance power and authority. In addition, all major decisions are made in consultation with members of the Board, as well as with the senior management. The Board has three independent non-executive Directors who offer different independent perspectives. Therefore, the Board is of the view that the balance of power and safeguards in place are adequate. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transaction by Directors and Specified Individual (the “**Code**”) on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 of the Listing Rules. Specific inquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the Code from the Listing Date to December 31, 2015.

The Code is also applicable to the Company’s relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company’s securities. No incident of non-compliance with the Code by the Directors and the relevant employees of the Company were noted by the Company from the Listing Date up to December 31, 2015.

SHARE OPTION SCHEMES

The Board has reviewed the matters in relation to the exercise of share options granted/to be granted to the grantees under the share option scheme (the “**Share Option Scheme**”) adopted on July 15, 2015 and the post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”) adopted on December 7, 2015, details of the said Share Option Scheme and Post-IPO Share Option Scheme as disclosed in the prospectus dated December 17, 2015 of the Company.

As at the date of this announcement, options to subscribe for 302,260,940 Shares had been granted under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

From the Listing Date to December 31, 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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), Ms. Zhang Min, and Mr. Guo Hongxin, all being independent non-executive Directors. The principal duties of the Audit Committee are (i) to review and monitor the Company's financial reporting system, risk management, and internal control systems, (ii) to maintain the relations with the external auditor of the Company, and (iii) to review the financial information of the Company.

The Audit Committee has, together with the management and external auditors, reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended December 31, 2015.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**AGM**”) of the Company is scheduled to be held on June 1, 2016. A notice convening the AGM will be issued and disseminated to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of shareholders to attend and vote at the AGM to be held on June 1, 2016, the register of members of the Company will be closed from May 30, 2016 to June 1, 2016 (both dates inclusive), during which period no transfer of shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on May 27, 2016.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2015 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.genscript.com), and the 2015 annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Genscript Biotech Corporation
Dr. Zhang Fangliang
Chairman

Hong Kong, March 28, 2016

As at the date of this announcement, the executive Directors are Dr. ZHANG Fangliang, Ms. WANG Ye and Mr. MENG Jiange; the non-executive Directors are Dr. WANG Luquan, Mr. HUANG Zuie-Chin and Mr. PAN Yuexin; and the independent non-executive Directors are Mr. GUO Hongxin, Mr. DAI Zumian and Ms. ZHANG Min.

* *For identification purposes only*