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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE INVESTMENT AGREEMENT**

The Board is pleased to announce that on 20 June 2016 after trading hours, Genscript HK (an indirect wholly-owned subsidiary of the Company) and Zhenjiang Committee entered into the Investment Agreement, in relation to the set-up of its gene synthesis services outsourcing base in Zhenjiang New Area by the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Zhenjiang Committee and its ultimate beneficial owners is an Independent Third Party.

This announcement is also made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions.

IMPLICATIONS UNDER THE LISTING RULES

Given that the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment exceed 5% and all applicable percentage ratios are less than 25%, the investment constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

THE INVESTMENT

The Board is pleased to announce that on 20 June 2016 after trading hours, Genscript HK (an indirect wholly-owned subsidiary of the Company) and Zhenjiang Committee entered into the Investment Agreement, in relation to the set-up of its biotechnology services outsourcing project base in Zhenjiang New Area by the Group.

The major terms of the Investment Agreement are set out below:

Date

20 June 2016 (after trading hours)

Parties

- (1) Genscript HK; and
- (2) Zhenjiang Committee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Zhenjiang Committee and its ultimate beneficial owners is an Independent Third Party.

Biotechnology Services Outsourcing Project

Genscript HK shall launch a new gene synthesis services outsourcing project which will comprise of two phases (the "**Project**") by setting up the Project Company in Zhenjiang New Area, and shall choose Zhenjiang New Area on an exclusive basis as its outsourcing base for any newly launched gene synthesis services.

Establishment of the Project Company

Registered capital: US\$30 million (in two phases)

Genscript HK shall be responsible for funding and holding the entire registered capital of the Project Company

Scope of business: (including without limitation) technical services and technical developments relating to the biological engineering, biomedical medical engineering and biological agricultural engineering; manufacturing of related products; sales of self-produced products and after-sale technical services, the scope of business is subject to the content of the agreement

Land: Within 20 business days from the effective date of the Investment Agreement, Zhenjiang Committee shall provide to Genscript HK a plant of 6,776.58 m², and a standard warehouse for class A hazardous chemicals of roughly 100 m² (the “**Phase I Land**”) at nil rent for five years with an option for Genscript HK to acquire the Phase I Land at the then market price as appraised after the five-year period.

Reserved land for Phase II: Zhenjiang Committee shall further reserve up to 31 December 2019 an industrial-use land with an area of 100 Mu for Genscript HK’s Phase II of the Project.

During the above reservation period, when Genscript HK intends to use the reserved land, it shall make an application six months in advance. Zhenjiang Committee shall enter into a supplement agreement with Genscript HK in respect of the reserved parcel of land and shall actively cooperate with Genscript HK or the Project Company in obtaining the land use rights through bidding, auction and listing, and assist Genscript HK or the Project Company in signing the Contract for State-Owned Construction Land Use Right Assignment at the final bidding, auction and listing price of the land, and apply for the state-owned land use right certificate for the assigned parcel.

Phase I

Registered capital: US\$30 million (shall be paid up with thirty-six months)

Genscript HK shall be responsible for funding and holding the entire registered capital of the Project Company.

Scope of business: Gene synthesis services outsourcing

Location: Standard plant No. 54 in the R&D area of the Science & Technology New Town*, Zhenjiang (科技新城中心研發區)

Renovation period: Genscript HK shall commence renovation of the plant within four months upon signing of the Investment Agreement and complete in seven months.

Commencement of production: Production shall commence by August 2017.

Subsidies by the Zhenjiang Committee

Lease of plant: Zhenjiang Committee shall provide Genscript HK the Phase I Land free of rent for a period of five years.

Upon expiry of the five-year rent-free period, Genscript HK shall have the option to purchase the Phase I Land at the then current market value as appraised.

Within seven days from the effective date of the Investment Agreement, Zhenjiang Committee shall provide to Genscript HK or the Project Company an office premise of roughly 60 m² and three standard apartment rooms at nil rental payment for preparation of the Project, until Genscript HK moves into its formal leased premises

Research and Development center (“**R&D center**”): Zhenjiang Committee shall provide full assistance to the Project Company in obtaining approval at municipal and provincial levels for the set-up of an R&D center in Zhenjiang New Area.

Zhenjiang Committee shall provide certain financial subsidies based on the costs of procurement of the R&D equipment incurred in the previous fiscal year by the Project Company upon obtaining accreditation from each of the municipal and provincial authorities. The aggregate amount of subsidies shall not exceed RMB10 million. If the Project Company fails to obtain the accreditation from the provincial authority within two years after the municipal accreditation is granted, the Project Company shall refund the subsidies received (except in the case of cancellation of the accreditation by the government authorities).

Public Service Platform: The Project Company shall provide life science R&D services to enterprises in Zhenjiang New Area at a discount of 20% of the market rate for two years. Zhenjiang Committee shall grant full subsidies for the discounted portion to Project Company.

Talent/team supporting and attraction funds: Zhenjiang Committee shall prioritize in assisting the Project Company in its application for various talents funding support made available by the municipal and provincial authorities.

Zhenjiang Committee shall provide certain housing allowances to the employees of Genscript HK and/or the Project Company in accordance with the relevant prevailing rules and regulations.

Phase II

Investment: US\$30 million on top of the registered capital for Phase I (shall be contributed within forty-eight months in different stages)

Genscript HK shall be responsible for the funding and holding the entire registered capital of the Project Company.

Scope of business: Bio-medical projects, like gene synthesis outsourcing services

Commencement of Investment: Within two years of the commencement of production of Phase I and in any event before 31 December 2019

Subsidies by the Zhenjiang Committee

Equipment subsidies: Upon obtaining the land use right by the Project Company through bidding, auction and listing process, subsidy of roughly RMB30 million will be provided for procurement of new equipment in three instalments.

High-end talents support funds:

Zhenjiang Committee shall provide the Project Company with high-end talents funding of RMB10 million for both Phases I and II at specified stages.

The high-end talents funds are for the attraction and placement of high-end talents in fields of life science, new drug development and bio-environmental protection. The specific usages include introduction of high-end talents, provision of incentives, housing subsidies, car subsidies, special R&D supporting fund, etc.

Other Major Terms

Environmental Protection and Planning

Genscript HK and/or the Project Company shall comply with planning, environmental protection, firefighting, safety, energy consumption and other industrial specifications during the process of design, construction, manufacturing and the like.

Major Rights and Obligations of Zhenjiang Committee

Pursuant to the Investment Agreement, Zhenjiang Committee shall, amongst others:

- (i) have the rights to supervise, oversee and examine the provision of the funds, progress of the Project and the performance of the obligations under the Investment Agreement by Genscript HK;
- (ii) actively assist Genscript HK with completing the registration of the Project Company in Zhenjiang New Area, obtaining the relevant approval certificates and business certificate, and communicating with banks, tax and other departments to complete the registration of business operation;
- (iii) actively assist Genscript HK or the Project Company in handling the feasibility study, security assessment, environmental impact assessment, energy consumption assessment, social stability assessment, project verification and approval and other filing and approval formalities necessary for the approval of the projects, and to assist Genscript HK and the Project Company in timely completing the filing and construction formalities during the construction of the projects in accordance with the relevant PRC rules and regulations;
- (iv) designate two officers to assist Genscript HK or the Project Company in the approval process and the construction process of the Project;
- (v) actively assist Genscript HK in resolving the issues encountered by the Project Company in connection with staff recruitments, accommodation, medical and schooling of executives;

- (vi) actively assist the Project Company in coordinating the import and export declaration formalities with the local customs, ensuring Genscript HK's smooth clearance to ensure creating no adverse effect on Genscript HK's normal business;
- (vii) actively assist the Project Company in applying for the high-tech enterprise qualification, and striving for the high-tech enterprise qualification within 2017; and
- (viii) provide the Project Company with the support, based on specific situation and the relevant local policies, in the talent importation, technological innovation and industrial transformation and upgrading and other aspects.

Major Rights and Obligations of Genscript HK

Pursuant to the Investment Agreement, Genscript HK and/or the Project Company shall, amongst others:

- (i) enjoy the policy incentives under the Investment Agreement;
- (ii) timely complete in accordance with the requirement of the Zhenjiang Committee and in light of the nature of its industry, the relevant documents for approval, such as feasibility study, security assessment, environmental impact assessment and energy consumption assessment, and complete the approval procedures for the Project in accordance with the relevant rules and regulations of China;
- (iii) comply with the requirements of the Investment Agreement (including any supplemental agreement) and actively cooperate with Zhenjiang Committee in its supervision and examination of the Project; and
- (iv) designate two officers as coordinators.

Pursuant to the Investment Agreement, Genscript HK shall refund the corresponding subsidies, preferential supporting grants received if it withdraws the investment without the authorization of Zhenjiang Committee or otherwise breaches the Investment Agreement.

New Projects

Pursuant to the Investment Agreement, if Genscript HK further develops new projects in Zhenjiang New Area, Zhenjiang Committee shall provide additional corresponding support and shall reserve an additional plant in the R&D area of the Science & Technology New Town*, Zhenjiang (科技新城中心研發區), for two years from the date of the Investment Agreement.

INFORMATION ABOUT THE ZHENJIANG COMMITTEE

The Zhenjiang Committee is the governmental authority in charge of the administration of the Zhenjiang New Area, Jiangsu Province, the PRC.

INFORMATION ABOUT THE GROUP

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.

REASONS FOR AND BENEFITS OF THE INVESTMENT

With the rapid development of the Company's biotechnology services business, the current plant and equipment in Nanjing are not sufficient to support the further growth of the Company. As a result, the Company decides to transfer part of the mature production line to Zhenjiang to take advantage of the resources, support and preferential treatments from Zhenjiang Committee. Meanwhile, the lower costs of living in Zhenjiang, together with the housing allowances to be granted by Zhenjiang Committee, are expected help to enhance the stability and loyalty of the employees. The Board considers that the Investment can (i) expand the Group's scale of operation and production efficiency in its biotechnology services businesses; and (ii) enhance the Group's overall competitiveness in the biotechnology services industry in the PRC to achieve better financial performance; and which, in turn, the Board considers would be beneficial and in the interests of the Company and its shareholders as a whole.

Taking into account the above factors, the Directors believe that the terms of the Investment Agreement are fair and reasonable and the Investment will be in the interest of the Group and the shareholders of the Company as a whole.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Genscript Biotech Corporation (金斯瑞生物科技股份有限公司) (stock code: 1548), a limited company incorporated in the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
“connect person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Genscript HK”	GenScript (Hong Kong) Limited (金斯康 (香港) 有限公司), a company incorporated in Hong Kong on January 8, 2009, which is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and connected persons of the Company
“Inside Information Provisions”	has the meaning ascribed to it under the Listing Rules

“Investment”	the investment by the Group in Zhenjiang New Area by establishment of the Project Company
“Investment Agreement”	the Investment Agreement dated 20 June 2016 entered into between Genscript HK and Zhenjiang Committee in respect of the Investment
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“percentage ratios”	the percentage ratios set out in the Rule 14.07 of the Listing Rules, being assets ratio, profits ratio, revenue ratio, consideration ratio and equity capital ratio
“Project Company”	the project company to be set up by Genscript HK in Zhenjiang New Area under the Investment Agreement in respect of biotechnology services outsourcing
“RMB”	Renminbi, the lawful currency of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United State Dollar, the lawful currency of the United States
“Zhenjiang Committee”	Zhenjiang New Area Administrative Committee* (鎮江新區管理委員會), the governmental authority in charge of the administration of the Zhenjiang New Area
“Zhenjiang New Area”	Zhenjiang Economic and Technical Development Zone*, the PRC (中國鎮江經濟技術開發區)

“%”

per cent.

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

Hong Kong, 20 June 2016

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

* *for identification purposes only*