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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)

**INSIDE INFORMATION – THE SECOND AND THIRD
SUPPLEMENTAL AGREEMENTS TO THE INVESTMENT
AGREEMENT WITH ZHENJIANG COMMITTEE**

The Board is pleased to announce that on 11 May 2018 after trading hours, Genscript HK (an indirect wholly-owned subsidiary of the Company) and Zhenjiang Committee entered into the second and third supplemental agreements to the Investment Agreement in relation to (i) the lease of a factory for conducting projects on plasmid products, and for providing office and warehouse facilities for gene synthesis services and polypeptide projects in the Zhenjiang New Area, and (ii) the increase of the total area of reserved land and amendment to the subsidies to be provided by Zhenjiang Committee, respectively (respectively, the “**Second Supplemental Agreement**” and the “**Third Supplemental Agreement**”).

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Reference is made to the announcements of the Company dated 20 June 2016, 21 June 2016 and 20 October 2016 in relation to the Investment Agreement and the first supplemental agreement to the Investment Agreement (the “**First Supplemental Agreement**”) (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board is pleased to announce that on 11 May 2018 after trading hours, Genscript HK and Zhenjiang Committee entered into the Second Supplemental Agreement and the Third Supplemental Agreement in relation to (i) the lease of a factory for conducting projects on plasmid products, and for providing office and warehouse facilities for gene synthesis services and polypeptide projects in the Zhenjiang New Area, and (ii) the increase of the total area of reserved land and amendment to the subsidies to be provided by Zhenjiang Committee, respectively.

THE SECOND SUPPLEMENTAL AGREEMENT

Under the Second Supplemental Agreement, Genscript HK will conduct the plasmid, gene synthesis services, and polypeptide projects in the Zhenjiang New Area. The major terms of the Second Supplemental Agreement are set out as below:

Lease of factory:	Zhenjiang Committee shall provide Genscript HK with a factory of 7,899.6m ² (the “ Factory ”) at nil rent for five years with an option for Genscript HK to acquire the Factory at the then market price as appraised after the five-year period.
Registered capital:	The registered capital of the Project Company shall be increased from US\$30,000,000 to US\$33,000,000, to be paid up by 20 December 2018.
Renovation period:	Genscript HK shall commence renovation of the Factory after the date of the lease agreement that may be entered into in relation to the Factory and shall be completed in six months.
Commencement of operation:	Operation shall commence before October 2018.
Scope of business:	The Factory is intended to be used for conducting projects on plasmid products, and for providing office and warehouse facilities for gene synthesis services and polypeptide projects in the Zhenjiang New Area.

Rights and Obligations of Zhenjiang Committee

Pursuant to the Second Supplemental Agreement, Zhenjiang Committee shall, amongst others:

- (a) have the right to supervise, oversee and examine the provision of the funds to the Project Company, progress of the relevant projects and the performance of other obligations by Genscript HK or the Project Company;

- (b) actively assist Genscript HK or the Project Company in handling the feasibility study, security assessment, environmental impact assessment, energy consumption assessment, social stability assessment, verification and approval and other approval application formalities necessary for the filing of the lease, and to assist Genscript HK or the Project Company in timely completion of the renovation application formalities in accordance with the relevant PRC rules and regulations;
- (c) designate two officers to assist Genscript HK or the Project Company in the approval process and the renovation process;
- (d) actively assist Genscript HK in resolving issues encountered by the Project Company in connection with staff recruitment, accommodation, medical and schooling of executives; and
- (e) provide the Project Company with support in talent importation, technological innovation and industrial transformation and upgrading and other aspects.

Major Rights and Obligations of Genscript HK

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

- (a) enjoy the subsidies under the Second Supplemental Agreement;
- (b) complete in a timely manner the relevant documents for approval, such as feasibility study, security assessment, environmental impact assessment, energy consumption assessment, and verification and approval report necessary for the capital increase in and filing by the Project Company; and complete in a timely manner the construction application formalities in accordance with the relevant PRC rules and regulations;
- (c) fulfill such obligations as capital increase in, provision of the funds to, and entry into production by the Project Company subject to the time, period, amount and scale etc. agreed under the Second Supplemental Agreement (including further supplemental agreements), and actively cooperate with Zhenjiang Committee in its supervision, oversight and examination of the lease; and
- (d) designate one officer as coordinator.

Save for the amendments contained in the Second Supplemental Agreement as stated above and corresponding consequential changes, all other major terms of the Investment Agreement and the First Supplemental Agreement shall remain in full force and effect.

THE THIRD SUPPLEMENTAL AGREEMENT

Under the Third Supplemental Agreement, Zhenjiang Committee undertakes to provide Genscript HK the Total Reserved Land (as defined below) for, in addition to the purposes stipulated in the Announcements, bio-related projects (details being subject to project feasibility studies to be performed). The major terms of the Third Supplemental Agreement are set out as below:

Total Reserved Land: The total area of the Phase II Land and Further Reserved Land shall now be amended as a total area of 300 Mu (the “**Total Reserved Land**”).

Registered capital: The registered capital of the relevant project company, being a wholly-owned subsidiary of the Company to be identified, shall be increased by US\$60,000,000.

Commencement of investment: Genscript HK undertakes to commence the construction on or before 31 December 2020. Zhenjiang Committee undertakes to reserve the Total Reserved Land until 31 December 2020.

Scope of business: Bio-related projects (details being subject to project feasibility studies to be performed).

Subsidies by Zhenjiang Committee

Subsidies will, in principle, be similar to those under the Investment Agreement, First Supplemental Agreement and Second Supplemental Agreement. However, they are subject to separate negotiation and execution of a further supplemental agreement by and between Zhenjiang Committee and Genscript HK.

Amendments to the existing subsidies by Zhenjiang Committee

Housing allowances Zhenjiang Committee will set up a housing incentive fund for the employees of the relevant project company who purchase properties in the Zhenjiang New Area and fulfil all the other conditions stipulated in a separate specific incentive plan that will be formulated by Genscript HK and be subject to the review and approval of Zhenjiang Committee.

Equipment subsidies Zhenjiang Committee shall provide the Project Company with a subsidy equivalent to no more than 30% of the amount incurred by the relevant project company for purchasing research and development equipment in the year preceding, subject to other terms and conditions.

Amendments to the Investment Agreement and the First Supplemental Agreement

On the signing date of the Third Supplemental Agreement, provisions that have not yet been fulfilled under the following headings of the announcement of the Company dated 20 June 2016 in relation to the Investment Agreement will no longer be in force:

- “*Phase I – Subsidies by the Zhenjiang Committee – Research and Development center*”;
- “*Phase II – Subsidies by the Zhenjiang Committee – Equipment subsidies*”;
- “*Phase II – Subsidies by the Zhenjiang Committee – High-end talents support funds*”; and
- “New Projects”.

On the signing date of the Third Supplemental Agreement, provisions under the following headings of the announcement of the Company dated 20 October 2016 in relation to the First Supplemental Agreement will no longer be in force:

- “*Subsidies by the Zhenjiang Committee*”

Save for the amendments contained in the Third Supplemental Agreement as stated above and corresponding consequential changes, all other major terms of the Investment Agreement and the Supplemental Agreement shall remain in full force and effect.

Potential investors and shareholders of the Company are advised to exercise caution when dealing in shares of the Company.

DEFINITIONS

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

- “Project Company” Jiangsu Genscript Biotech Company Limited* (江蘇金斯瑞生物科技股份有限公司), a limited liability company incorporated on 31 August 2016 under the laws of the PRC, which was a direct wholly-owned subsidiary of Genscript HK, and thus an indirect wholly-owned subsidiary of the Company; and
- “Zhenjiang New Area” Zhenjiang Economic and Technical Development Zone*, the PRC (中國鎮江經濟技術開發區).

By Order of the Board
Genscript Biotech Corporation
Dr. Zhang Fangliang
Chairman and Chief Executive Officer

Hong Kong, 13 May 2018

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 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*