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, 2018

INTERIM RESULTS HIGHLIGHTS

- Revenue of the Group for the six months ended June 30, 2018 was approximately US$112.2 million, representing an increase of 77.0% as compared with US$63.4 million recorded for the same period of 2017.

- Gross profit of the Group for the six months ended June 30, 2018 was approximately US$81.4 million, representing an increase of 89.7% as compared with US$42.9 million recorded for the same period of 2017.

- Profit of the Group for the six months ended June 30, 2018 was approximately US$17.6 million, representing an increase of 16.6% as compared with US$15.1 million recorded for the same period of 2017. The adjusted net profit (excluding share based payment expenses) was approximately US$21.2 million, representing an increase of 31.7% as compared with US$16.1 million recorded for the same period in 2017.

- Profit attributable to the shareholders of the Group for the six months ended June 30, 2018 was approximately US$15.5 million, representing an increase of 3.3% as compared with US$15.0 million recorded for the same period of 2017.

The board of directors (the "**Board**") of Genscript Biotech Corporation (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2018 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2017 are as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended June 30,	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***US$'000***	*US$'000*
REVENUE	4	**112,221**	63,386
Cost of sales		**(30,855)**	(20,452)
Gross profit		**81,366**	42,934
Other income and gains	4	**4,386**	2,458
Selling and distribution expenses		**(18,990)**	(10,251)
Administrative expenses		**(19,185)**	(9,379)
Research and development expenses		**(27,868)**	(4,784)
Other expenses		**(95)**	(2,854)
Financial costs		**(14)**	–
PROFIT BEFORE TAX	5	**19,600**	18,124
Income tax expense	6	**(1,954)**	(3,007)
PROFIT FOR THE PERIOD		**17,646**	15,117
Attributable to:			
Owners of the parent		**15,519**	14,980
Non-controlling interests		**2,127**	137
		17,646	15,117
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic		**US0.89 cents**	US0.88 cents
– Diluted		**US0.85 cents**	US0.86 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
PROFIT FOR THE PERIOD	**17,646**	15,117
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,861)**	4,788
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(3,861)**	4,788
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(3,861)**	4,788
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**13,785**	19,905
Attributable to:		
Owners of the parent	**12,000**	19,630
Non-controlling interests	**1,785**	275
	13,785	19,905

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Six months ended June 30, 2018 (Unaudited)**	December 31, 2017 (Audited) Restated
		US$'000	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**119,285**	80,508
Advance payments for property, plant and equipment		**5,115**	2,460
Non-current financial assets	13	**1,148**	1,136
Prepaid land lease payments		**9,950**	10,189
Goodwill		**21,525**	1,470
Other intangible assets		**8,264**	2,467
Deferred tax assets		**11,006**	7,525
Investments in associates		**588**	614
Advance payments for investments in associates		**1,285**	–
Total non-current assets		**178,166**	106,369
CURRENT ASSETS			
Inventories	10	**8,072**	6,878
Trade and notes receivables	11	**34,549**	255,351
Prepayments, deposits and other receivables	12	**14,236**	8,329
Other current financial assets	13	**24,937**	3,088
Short-term deposits	14	**185,105**	392
Cash and cash equivalents	14	**452,607**	123,857
Total current assets		**719,506**	397,895

	Notes	**Six months ended June 30, 2018 (Unaudited)**	December 31, 2017 (Audited) Restated
		US$'000	*US$'000*
CURRENT LIABILITIES			
Trade and notes payables	15	**8,912**	8,154
Other payables and accruals	16	**59,367**	42,773
Tax payable		**18,307**	13,377
Interest-bearing loans and borrowings		**605**	–
Contract liabilities		**41,251**	47,183
Government grants	17	**101**	90
Total current liabilities		**128,543**	111,577
NET CURRENT ASSETS		**590,963**	286,318
TOTAL ASSETS LESS CURRENT LIABILITIES		**769,129**	392,687
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**2,000**	342
Contract liabilities		**258,466**	160,039
Government grants	17	**4,219**	2,887
Total non-current liabilities		**264,685**	163,268
NET ASSETS		**504,444**	229,419
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	**1,834**	1,734
Reserves		**485,917**	217,008
		487,751	218,742
Non-controlling interests		**16,693**	10,677
TOTAL EQUITY		**504,444**	229,419

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 is the 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grant Cayman KY1-1002, 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) Bio-science services and products, (ii) Industrial synthetic biology products, and (iii) Cell therapy.

These interim condensed consolidated financial statements are presented in US dollars (US$), unless otherwise stated, and were approved for issue by the Board on August 27, 2018.

2. BASIS OF PREPARATION

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with HKAS 34 Interim Financial Reporting and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2017.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted the following revised HKFRSs for the first time in these interim condensed consolidated financial information.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The Group applies, for the first time, HKFRS 15 Revenue from Contracts with Customers that require restatement of previous financial statements. As required by HKAS 34, the nature and effect of this change are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption. The effect of adopting HKFRS 15 is, as follows:

Impact on the statement of financial position (increase/(decrease)) as at December 31, 2017:

	Adjustments *US$'000*
Liabilities	
Contract liabilities (current)	1,930
Tax payable	(830)
Total current liabilities	1,100
Equity	
Retained earnings	(933)
Non-controlling interests	(167)
Total equity	(1,100)
Revenue from contracts with customers	1,930
Income tax expense	(830)
Profit for the period	1,100
Attributable to:	
Equity holders of the parent	933
Non-controlling interests	167

There is no material impact on the statement of cash flows. The impact on basic and diluted EPS is, as follows:

Basic, profit for the period attributable to ordinary equity holders of the parent	$0.001
Diluted, profit for the period attributable to ordinary equity holders of the parent	$0.001

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

3. SEGMENT INFORMATION

The segment information for the six months ended June 30, 2018 is as follows:

	Bio-science services and products *US$'000*	**Industrial synthetic biology products** *US$'000*	**Cell therapy** *US$'000*	**Total** *US$'000*
Segment sales	**74,633**	**7,171**	**30,417**	**112,221**
Segment cost of sales	**24,625**	**6,169**	**61**	**30,855**
Segment gross profit	**50,008**	**1,002**	**30,356**	**81,366**

The segment information for the six months ended June 30, 2017 is as follows:

	Bio-science services and products *US$'000*	Industrial synthetic biology products *US$'000*	Cell therapy *US$'000*	Total *US$'000*
Segment sales	58,717	4,669	–	63,386
Segment cost of sales	17,299	3,153	–	20,452
Segment gross profit	41,418	1,516	–	42,934

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 Reporting Period.

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

	Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Revenue		
Rendering of services	**70,007**	55,264
Sale of goods	**11,797**	8,122
License and collaboration revenue	**30,417**	–
	112,221	63,386
Other income and gains		
Bank interest income	**3,060**	300
Government grants	**1,210**	2,119
Investment income	**95**	33
Others	**21**	6
	4,386	2,458

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Cost of inventories sold	**1,557**	1,288
Cost of services provided	**13,256**	8,648
Depreciation of items of property, plant and equipment	**4,847**	2,849
Amortization of other intangible assets*	**834**	178
Amortization of prepaid land lease payments	**110**	96
Provision/(Reversal of) provided for impairment of trade receivables	**340**	(170)
Minimum lease payments under operating leases – Land and buildings	**1,428**	774
Auditors' remuneration	**91**	89
Employee benefit expense (excluding directors' remuneration):		
Wage and salaries	**33,583**	21,274
Pension scheme contributions (defined contribution schemes)	**3,914**	2,053
Equity-settled share option expense	**3,453**	931
	40,950	24,258
Loss on disposal of items of property, plant and equipment	**11**	30
Foreign exchange losses	**54**	2,784
Write-down of inventories to net realizable value	**181**	95

* The amortization of other intangible assets for the reporting period is included in "Administrative expenses" on the face of the interim condensed consolidated statement of profit or loss.

6. INCOME TAX

	For the Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current income tax expense	**5,646**	3,302
Deferred income tax expense	**(3,692)**	(295)
Income tax expense	**1,954**	3,007

7. DIVIDENDS

	For the Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Dividends on ordinary shares during the period	**–**	–

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2018 (for the six months ended June 30, 2017: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the reporting period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,749,774,884 (for the six months ended June 30, 2017: 1,702,366,087) in issue during the Reporting Period, as adjusted to reflect the rights issue during the Reporting Period.

The calculation of the diluted earnings per share amount is based on the profit for the reporting period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the reporting period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	For the Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**15,519**	14,980
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,749,774,884**	1,702,366,087
Effect of dilution – weighted average number of ordinary shares:		
Share options	**72,156,138**	33,202,638
	1,821,931,022	1,735,568,725

9. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended June 30, 2018, the Group acquired items of property, plant and equipment with a cost of US$45,286,000 (for the six months ended June 30, 2017: US$16,238,000).

Assets with a net book value of US$11,000 were disposed of by the Group during the six months ended June 30, 2018 (December 31, 2017: US$32,000), resulting in a net loss on disposal of US$11,000 (for the six months ended June 30, 2017: US$30,000).

10. INVENTORIES

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Raw materials	**3,365**	3,109
Work in progress	**1,579**	1,756
Finished goods	**4,465**	3,169
	9,409	8,034
Less: Provision for inventories	**(1,337)**	(1,156)
	8,072	6,878

Inventory provision of US$181,000 was recognized for the six months ended June 30, 2018 (for the six months ended June 30, 2017: US$95,000). Inventory provision has been included in "cost of sales" in the interim condensed consolidated statement of profit or loss.

11. TRADE AND NOTES RECEIVABLES

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Trade receivables	**34,294**	255,156
Notes receivable	**2,205**	1,806
	36,499	256,962
Less: Provision for impairment of trade receivables	**(1,950)**	(1,611)
	34,549	255,351

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Within 3 months	**28,130**	250,841
3 months to 6 months	**967**	2,100
6 months to 12 months	**3,332**	610
Over one year	**1,865**	1,605
	34,294	255,156

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
VAT recoverable*	**5,621**	3,399
Prepayments	**4,754**	3,122
Interest receivable	**1,661**	–
Prepaid expenses	**886**	322
Advance to employees	**674**	633
Other receivables	**666**	878
	14,262	8,354
Less: Impairment of other receivables	**(26)**	(25)
	14,236	8,329

* The Group's domestic sales of goods and rendering of services are subject to China Value Added Tax ("**VAT**"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is mainly the net difference between output and deductible input VAT.

13. FINANCIAL ASSETS

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Equity instruments at fair value through OCI		
Unlisted equity investments	**1,148**	1,136
Financial assets at fair value through profit or loss		
Financing products	**24,937**	3,088
	26,085	4,224
Total current	**24,937**	3,088
Total non-current	**1,148**	1,136

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Cash and bank balances	**452,607**	123,857
Short-term deposits	**185,105**	392
	637,712	124,249
Less: Pledged short-term deposits for letters of credit	**(462)**	(202)
Pledged short term deposits for notes payables	**(4,643)**	(190)
Cash and cash equivalents	**632,607**	123,857

15. TRADE AND NOTES PAYABLES

As at June 30, 2018 and December 31, 2017, the ageing analysis of the trade payables based on the invoice date, is as follows:

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Within 3 months	**8,503**	7,539
3 months to 6 months	**78**	122
6 months to 12 months	**14**	105
Over 1 year	**317**	388
	8,912	8,154

Trade payables are non-interest-bearing and are normally settled on 60–90 day terms.

16. OTHER PAYABLES AND ACCRUALS

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Payables for purchases of machinery and construction of buildings	**22,734**	14,615
Accrued payroll	**12,160**	9,746
Accrued expenses	**10,830**	3,120
Advances from customers	**8,433**	9,188
Other payables	**4,223**	4,641
Taxes payable other than corporate income tax	**987**	1,463
	59,367	42,773

17. GOVERNMENT GRANTS

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
At January 1,	**2,977**	2,393
Grants received during the year	**1,653**	505
Amount released	**(275)**	(66)
Exchange realignment	**(35)**	145
At end of year	**4,320**	2,977
Current	**101**	90
Non-current	**4,219**	2,887
	4,320	2,977

The grants were related to the subsidies received from local government authorities for the purpose of compensation for expenditure on certain facilities, and they 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 or other contingencies attached to these government grants. These government grants were recognized in the statement of profit or loss upon receipt.

18. SHARE CAPITAL AND SHARE PREMIUM

Shares

	June 30, 2018 (Unaudited) *US$'000*	December 31, 2017 (Audited) *US$'000*
Authorized:		
Ordinary shares (of US$0.001 each)	**5,000**	5,000
Issued and fully paid:		
Ordinary shares (of US$0.001 each)	**1,834**	1,734

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

	Number of shares in issue	**Share capital** *US$'000*	**Share premium** *US$'000*	**Total** *US$'000*
At January 1, 2018	1,733,606,187	1,734	120,770	122,504
Purchases of minority interest of the subsidiary	–	–	(297)	(297)
Acquisition of equity by minority shareholders	–	–	399	399
Issue of shares under the share placing option	75,000,000	75	251,218	251,293
Share options exercised	24,999,762	25	2,551	2,576
At June 30, 2018 (unaudited)	1,833,605,949	1,834	374,641	376,475

POSITIONING OF THE COMPANY

As a leading global biotechnology company, the Group's proprietary gene synthesis technology has not only contributed to our leadership as a provider of gene synthesis services and products, but it has also integrated its gene synthesis services and products with its oligo synthesis and DNA sequencing capabilities to establish the one-stop life science CRO (Contract Research Organization) platform, along with services of protein production, antibody development, and peptide synthesis.

Our one-stop life science CRO business have laid down a solid foundation that enabled "GenScript" to have become one of the reputable and trustworthy strategic partners in the life science research community, with services and products delivered to our customers in a timely manner. As of June 30, 2018, over 33,700 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products, among which many leading scientists and researchers in the life sciences research community were indicated to be frequent users of our services and products.

Aspired and driven by the Group's mission to "Make People and Nature Healthier through Biotechnology", the Group has been continuously investing into research and development activities to incubate more advanced technology platforms based on its gene synthesis core competencies and its CRO platform. We believe this technology incubation strategy may fully exploit our technical advantages and therefore extend our operational experience into the relevant bio-technology industries. Through this approach, the Group is able to access more market opportunities and therefore to achieve its sustainable business growth and success in the long run.

Our leading biologic drug discovery and development platform, CDO (Contracted Development Organization) Platform, has been successfully established with years of commitments and investment made in research and development activities. This advanced technology platform features applying our proprietary technology to provide bi-specific single domain antibody drug discovery and development services to pharmaceutical customers, thus we are able to facilitate customers to accelerate their drug development process by providing one-stop solution from drug target to clinical trials. The performance of our CDO platform has been recognized by our customers in the bio-pharmaceutical industry, and more and more strategic partnerships have been built up with our customers that brought almost doubled sales revenue and an increase of approximately 197% of sales orders during the Reporting Period.

With the GMP (Good Manufacturing Practice) facilities currently going through the design stages and will be under construction in the near future, this CDO platform may enable our customers to benefit from the full cycle of the CDMO (Contracted Development and Manufactory Organization) services covering the drug discovery, development, and manufacture. We strongly believe that this CDMO business line will become another engine to drive significant business growth.

This CDMO platform, together with the life science CRO platform, form our bio-science service and products business segment that aims to "Make Research Easy."

Legend Biotech Corporation and its subsidiaries ("**Legend Group**"), belonging to our cell therapy segment, has successfully developed its proprietary CAR-T technology platform that was evolved from our CDO Platform. This platform integrates the advanced bi-specific single domain antibody development technology to fight against cancer cells by targeting multiple targets, which has achieved notifiable efficacy and safety profiles, and ultimately will create a potential curable solution to cancers and other diseases. Our LCAR-B38M CAR-T cell therapy product has been approved for a clinical trial as the CAR-T product in China, and has been authorized as the China originated CAR-T product (JNJ 68284528) to start a Phase 1b/2 clinical trial in the United States as well, which has been moving forward jointly with scientists from Janssen Biotech, Inc. ("**Janssen**").

To smoothly fulfill the implementation of the clinical trial for the Legend Group's LCAR-B38M product in China, the United States, and Europe, and the anticipated commercialization, a number of experienced professional and managerial members have joined Legend Group. Their expertise and commitment will constitute the backbone of Legend Group's operation to enable Legend Group to be transformed from a biotech group into a bio-pharmaceutical group in the future.

Bestzyme Biotech Corporation and its subsidiaries ("**Bestzyme Group**"), belonging to our industrial synthetic biology products segment, delivers innovative and affordable products to our customers to assist them to improve their performance and profitability. Our featured enzyme expression systems, built upon the strong and integrated biotechnology platform of the Group, are both GRAS (Generally Recognized As Safe)-graded and eco-friendly with the aim to create value and improve the quality of people's daily lives and to address environmental problems. Currently, our products have been well recognized by our customers in the food processing and feed additive industries. We believe that the synthetic biology fields have potentials from the technical and commercial perspectives, while we continuously implement our research and development strategy and further strengthen our efforts in the production and commercialization management.

Originally founded in New Jersey in the United States in 2002, the Group has been aiming at the global market and has established an extensive direct sales network, reaching over 100 countries in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan) and Japan. We have 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. With the CAR-T cell therapy stepping into the commercialization stage in the future, it is believed that cancer patients will be able to benefit from our cell therapy products and solutions.

BUSINESS REVIEW

For the six months ended June 30, 2018, the Group's overall revenue increased by 77.0% to US$112.2 million (the same period in 2017: US$63.4 million). Gross profit was approximately US$81.4 million, representing an increase of 89.7% from approximately US$42.9 million for the same period in 2017. Gross profit margin maintained at a relatively stable level of 72.5% (the same period in 2017: 67.7%). The profit attributable to the shareholders of the Company (the "**Shareholders**") was approximately US$15.5 million, increased by 3.3% as compared with approximately US$15.0 million for the same period as of June 30, 2017.

During the Reporting Period, the revenue of (i) bio-science services and products, (ii) industrial synthetic biology products, and (iii) cell therapy accounted for approximately 66.5%, 6.4%, and 27.1%, respectively, of the total revenue of the Group.

Results Analysis of the Three Business Segments

Bio-Science Services and Products

During the Reporting Period, revenue of bio-science services and products amounted to approximately US$74.6 million, representing an increase of 27.1% (the same period in 2017: US$58.7 million). The gross profit was approximately US$50.0 million, representing an increase of 20.8% as compared with approximately US$41.4 million for the same period in 2017. The gross profit margin varied from 70.5% for the same period last year to 67.0% this year.

The growth of revenue was mainly attributable to the (i) significant increase in revenue derived from the biologics business subsequent to years of development of both novel antibody drugs and biosimilar development services, (ii) fully operational Zhenjiang production facility, along with the automated production line of the peptide business, increased production capacity of bio-science business that brought additional steady revenue stream to the segment, (iii) (a) establishment of Genscript Biotech (Netherlands) B.V. ("**GS EU**") to cope with the extensive market investment strategy, (b) reinforced the sales team by recruiting more experienced sales person and engaging them in more exhibitions as well as advertising on diverse media platforms with new packaging launched to enhance brand image and visibility, (c) enhanced implementation of a wide range of user-friendly online service and their continuous upgrades so as to attract new customers and improve customers' loyalty of our services and products, and (iv) continued research and development investment that enabled more competitive new products and services to be launched onto the market, thereby expanding the customer range and reinforcing customers' loyalty, in addition to the enhancement of our core competitiveness.

The Group launched a series of new services and products, including (i) oligonucleotide for molecular diagnostic and pharmaceutical industry, including NGS (Next Generation Sequencing), STR (Short Tandem Repeat), DEL (DNA Encoded Library), (ii) SMAB (Single-domain antibody fused to Monoclonal Antibody), a novel bi-specific antibody platform with complete Intellectual right, and (iii) magnetic beads for bio-magnetic separation of therapeutic antibodies and epitope tagged proteins.

The slight decrease in the gross profit margin was mainly due to:

(i) the Company's investment in talents, which on the one hand had increased the labor costs, and therefore in the short term had impaired the gross profit margin, but on the other hand, had laid a solid foundation to stabilize the frontline workforce and motivate them to further improve work efficiency in the future; and

(ii) the Company's continuous investment in work process optimization to further improve the quality and efficiency of our services and products to customers in a timely manner, which we believe is critical to build up a long term strategic partnership with our customers and therefore will improve our customers' loyalty and satisfaction to our bio-science services and products.

Industrial Synthetic Biology Products

During the Reporting Period, revenue of industrial synthetic biology products increased by 53.2% to US$7.2 million (the same period in 2017: US$4.7 million). The gross profit was approximately US$1.0 million, representing a decrease of 33.3% as compared with approximately US$1.5 million for the same period in 2017. Gross profit margin varied from 31.9% for the same period last year to 13.9% this year.

The growth of the revenue was mainly attributable to:

(i) the new manufacture facility that improved the quality of products and stable supply of products to meet customers' demands, although the production system is under further optimization process;

(ii) the reinforced sales force that expanded the sales networks and enhanced customers' loyalty through improved key accounts management programs;

(iii) the successful launch of a number of new products that brought additional sales to the portfolio;

(iv) the efforts to expand the business to overseas market has been paid off with growing export sales revenue.

The decrease of gross profit was mainly due to the additional materials consumed during the test run of the newly completed production facilities, which caused additional material cost and short term efficiency impairment during the test run. With the foreseeable completion of optimization process as planned by the end of 2018, it is expected that well-controlled and stable massive production may become possible. Thus, full exploitation of the increased production capacity with high level of automation will lead to a new level of competitive strength. It is believed that the gross margin of this business segment will be significantly improved after the completion of the process optimization.

Cell Therapy

During the Reporting Period, revenue of cell therapy amounted to approximately US$30.4 million (the same period in 2017: nil). The gross profit was approximately US$30.4 million as compared with nil for the same period in 2017. Gross profit margin varied from nil for the same period last year to 100.0% this year. The growth of the revenue and gross profit was mainly attributable to the collaboration with Janssen. For details of the collaboration, please refer to our announcement dated December 22, 2017.

During the Reporting Period, significant progress has been made on LCAR-B38M targeting BCMA against multiple myeloma with the smooth collaboration with Janssen. CFDA (China Food and Drug Administration 國家食品藥品監督管理局) and FDA (The Food and Drug Administration of the United States) have granted their authorization for the commencement of clinical trials in both China and the United States with the involvement of teams from Legend Biotech and Janssen. Further commitments from both Legend Biotech and Janssen will be made so as to accelerate the clinical trial process in the forthcoming months in a well-designed and coordinated manner.

Our newly established research and development center in Ireland had expanded the impact in European Union and facilitated the PCT (Patent Cooperation Treaty) approval and further IND (Investigational New Drug) submission in the European Union.

With the collaboration project pushed forward and milestone achieved, it is believed that continuous revenue will be recognized in following years.

A new CAR-T product treating DLBCL (Diffuse large B cell lymphoma) has undergone the ethic committee's approval and started the recruitment of patients for the clinical study in a domestic hospital, which is developed with Nanjing Legend Biotechnology Co. Ltd.'s 南京傳奇生物科技有限公司 proprietary CAR-T technology characterized with the Chimeric Antigen Receptor (CAR) constructed with the Bi-Specific Single Domain Antibody, instead of the conventional CAR constructed with scFv.

FINANCIAL REVIEW

	Six months ended June 30,		
	2018	2017	Change
	US$'000	*US$'000*	
Revenue	**112,221**	63,386	77.0%
Gross profit	**81,366**	42,934	89.7%
Net profit	**17,646**	15,117	16.6%
Profit attributable to the Shareholders	**15,519**	14,980	3.3%
Basic earnings per share *(US$)*	**0.0089**	0.0088	1.1%
Diluted earnings per share *(US$)*	**0.0085**	0.0086	(1.2%)

Revenue

During the Reporting Period, the Group recorded revenue of approximately US$112.2 million, representing an increase of 77.0% from approximately US$63.4 million for the same period of 2017. This is mainly attributable to (i) the recognition of the upfront payment from Janssen to Legend Biotech, (ii) growth of orders in biopharmaceutical (CDO) business, (iii) advanced new technologies combined with updated processes that improved the quality of products delivered bringing additional sales to the traditional business, and (iv) cost reduction that enabled business expansion at a more competitive price to acquire additional orders.

Gross Profit

During the Reporting Period, the Group's gross profit increased by 89.7% to approximately US$81.4 million from approximately US$42.9 million for the same period of 2017. Gross profit margin varied from 67.7% for the same period last year to 72.5% this year. The is mainly attributable to revenue recognized with much higher gross profit margin, which was derived from the collaboration with Janssen.

Selling and distribution expenses

The selling and distribution expenses increased by 84.5% to approximately US$19.0 million during the Reporting Period, compared with US$10.3 million for the same period in 2017. This increase is mainly driven by:

(i) increased investment into the commercial talent pool by recruiting more experienced personnel and improved incentive packages to enable our services and products to be able to penetrate into the key markets and improve the business;

(ii) the establishment of GS EU to provide efficient services and further expand the European market that has resulted in promising progress;

(iii) participating in high-profile exhibitions and industry conferences, publishing articles in leading industry publications and journals to further enhance the brand awareness of our brands covering our bio-science services and products, cell therapy and industrial synthetic products;

(iv) continuous improvement and upgrading of our online platform to enhance the accessibility and usability, and therefore improved the willingness of our customers to place repeated orders and raised their inquiries through our electronic system. Through providing online seminars featured with our strategic technological advancement, we also enhanced the communication and interaction with our customers; and

(v) enhanced advertisements placed to improve the Group's brand image among the targeted audiences in the bio-science and industrial synthetic products industries.

Administrative expenses

During the Reporting Period, the general and administrative expense increased by 104.3% to approximately US$19.2 million from approximately US$9.4 million for the same period in 2017. This is mainly attributable to:

(i) competitive compensation package including shared-based payment provided to recruit experienced talents for all business segment;

(ii) the reinforcement of some key functions such as human resources, quality control, and finance to build up capable and professional administrative team to support the Group's overall business expansion, especially in the cell therapy segment, to push forward its current implementation of clinical trials and upcoming commercialization; and

(iii) the setup of European operations in the Netherlands and Ireland to accelerate the Group's global market penetration strategy that resulted in increase in professional service costs, such as legal fees, consulting fees, audit fees for the purpose of meeting with the local compliance requirements.

Research and development expenses

During the Reporting Period, the research and development expenses increased by 481.3% to approximately US$27.9 million from approximately US$4.8 million for the same period in 2017. This is mainly attributable to:

(i) the fair share of the joint research and development costs incurred by both Legend Biotech and Janssen, to move forward the clinical trials in both the United States and China, according to the global licensing and collaboration agreement signed in December 2017;

(ii) continuous investment in research and development of secondary generation of BCMA CAR-T product and other new targets to build up our own CAR-T pipelines to fight other liquid and solid tumors;

(iii) continuous efforts on research and development service of novel antibody drugs and biosimilar research projects;

(iv) the increase in our research and development activities in connection with the improvement of the automation and high throughput technology in our CRO business; and

(v) our participation in certain new challenging research and development projects under the industrial synthetic biology products segment, which significantly strengthened our competitiveness in the market and improved our production efficiency.

Income tax expense

During the Reporting Period, the income tax expense decreased from US$3.0 million in 2017 to US$2.0 million in 2018. The actual tax rate decreased from 16.6% in 2017 to 10.0% in 2018, mainly because of (i) the impact of tax reform in the United States which led to the drop in federal income tax rate from 35% to 21%, (ii) the impact of lower income tax rate for Ireland's operations at 12.5%, and (iii) increased tax credit obtained due to the increase in the research and development expenses incurred by the PRC subsidiaries.

Net profit

During the Reporting Period, net profit of the Group increased by 16.6% from approximately US$15.1 million for the same period of 2017 to approximately US$17.6 million.

Significant investments held, material acquisitions and disposals

On January 11, 2018, the Group completed the acquisition of 100.0% of the entire issued share capital of CustomArray, Inc. from the selling shareholders, the details of which are set out in the announcements of the Company dated December 27, 2017 and January 12, 2018.

On May 11, 2018, the Company's indirect wholly-owned subsidiary, GenScript (Hong Kong) Limited 金斯康(香港)有限公司 and Zhenjiang New Area Administrative Committee* 鎮江新區管理委員會 (the "**Zhenjiang Committee**") entered into the second and third supplemental agreements to the investment agreement dated June 20, 2016 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 Economic and Technical Development Zone* 中國鎮江經濟技術開發區, and (ii) the increase of the total area of reserved land and amendment to the subsidies to be provided by Zhenjiang Committee, respectively. Please refer to the announcements dated June 20, 2016, June 21, 2016, October 20, 2016 and May 13, 2018 for details.

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

Contingent liabilities and guarantees

As of June 30, 2018, the Group did not have any material contingent liabilities or guarantees.

Current ratio and gearing ratio

As at June 30, 2018, the Group's current ratio (current assets to current liabilities) was approximately 5.6 (as at December 31, 2017: 3.6); and gearing ratio (total liabilities to total assets) was approximately 43.8% (as at December 31, 2017: 54.5%).

Bank loans

As at June 30, 2018, Jinan Bestzyme Biological Engineering Co., Ltd* 濟南百斯杰生物工程有限公司 ("**Jinan Bestzyme**") borrowed short-term interest-bearing loans from Shanghe Branch Bank of China Post and Reserve Bank for a total amount of RMB4,000,000 (equivalent to approximately US$605,000), which were secured by credit. Jinan Bestzyme used such loans to purchase raw material and replenish working capital.

Future plans for material investments or capital assets

The Group plans to (i) build a GMP biologics manufacture facility in Nanjing with a total investment amount of approximately US$28.0 million, to meet the small scale biologics manufactory demand for clinical trials, (ii) construct a GMP qualified biologics manufacture facility in Zhenjiang with a total investment amount of approximately US$75.0 million, that will be spread in the upcoming two and half years in two phases, which may meet the customers' demand for mid to large scale of biologic drugs production for commercialization purpose, and (iii) a GMP qualified facility for CAR-T processing so as to meet the clinical trial requirement in China with a total investment of up to approximately US$18.0 million jointly with Janssen, 70.0% of it will be borne by Legend Biotech; (iv) jointly with Janssen, to renovate a GMP manufacture facility located in the United States, with estimated investment of approximately US$100.0 million, in which Legend Biotech will be responsible for 50.0% of the capital spending, (v) jointly with Janssen, to build a GMP manufacturing facility located in Europe, with estimated investment of approximately US$150.0 million, in which Legend Biotech will be responsible for 50.0% of the capital spending.

Save as disclosed above, there was no specific plan of material investments or capital assets as of June 30, 2018.

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 U.S. 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 and short-term deposits with fixed interest rates, the Group has no other significant interest-bearing assets. The management of the Group does not anticipate any significant impact on 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 notes receivables, other receivables and other current financial assets are the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparties' financial position, past history of making payments, and take into account information specific to the counterparties as well as pertaining to the economic environment in which the counterparties operates. Monitoring procedures have been implemented to ensure that follow-up actions will be taken to recover overdue debts. Credit limits were granted to certain customers in consideration of their payment history and business performance. Prepayment agreements were sometimes entered into with certain customers from food companies, colleges, universities, and research institutes in China, as well as 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.

Charges on group assets

As at June 30, 2018, the Group had no charges over its lands, property, plant, equipment, or other assets.

Working capital and financial resources

As at June 30, 2018, the cash and cash equivalents of the Group amounted to US$632.6 million (as at December 31, 2017: US$123.9 million).

Capital expenditure

During the Reporting Period, the expenditure incurred in purchasing intangible assets, namely software, patents and license was US$0.5 million, while the expenditure incurred in purchasing property, plant and equipment and construction in process amounted to US$45.3 million.

Employees and remuneration policies

As of June 30, 2018, the Group had a total of approximately 2,020 employees. The Group had entered into employment contracts covering positions, employment conditions and terms, salaries, 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.

During the Reporting Period, the Group's total expenses on the remuneration of employees was approximately US$38.3 million (excluding share-based payment of approximately US$3.6 million), representing 34.1% of the 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. This investment has demonstrated the Group's desires and resolutions to continue to strengthen its talent uplifting strategy. This talent uplifting strategy not only involves the recruitment of experienced professional and managerial personnel to fulfill the front line posts of research and development, commercial and production functions, but also systematically increases the overall salary and benefits packages to sustain the stability of the employees to drive for long term commitment and performance improvement as well.

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 a post-IPO share option scheme (the "**Post-IPO Share Option Scheme**"). On December 21, 2017, the Company approved and adopted the share option scheme of Legend Biotech Corporation ("**Legend Cayman**"), being the direct non-wholly owned subsidiary of the Company (the "**Subsidiary Share Option Scheme**", together with the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, the "**Share Option Schemes**"). No further options have been granted under the Pre-IPO Share Option Scheme since the Company was listed on the Stock Exchange.

On May 4, 2018, under the Post-IPO Share Option Scheme, 13,950,000 share options to subscribe for an aggregate of 13,950,000 ordinary shares of US$0.001 each of the Company were granted to certain employees with validity period of the options from May 4, 2018, to May 3, 2028, and exercise price of HK$26.46. Save as disclosed, no other options have been granted under the Post-IPO Share Option Scheme during the Reporting Period.

During the Reporting Period, no share options were granted under the Subsidiary Share Option Scheme.

The number of employees of the Group categorized by function as of June 30, 2018 is set forth as follows:

Function	**Number of employees**	**Percentage of Total**
Production	**992**	49.1%
Sales and marketing	**294**	14.5%
Administration	**333**	16.5%
Research and development	**260**	12.9%
Management	**141**	7.0%
Total	**2,020**	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.

USE OF NET PROCEEDS FROM LISTING

Net proceeds from the listing of the Company (after deducting the underwriting fee and relevant expenses) amounted to approximately HK$527.3 million (equivalent to US$68.0 million). Such amounts are proposed to be used according to the allocation set out in the prospectus of the Company dated December 17, 2015 (the "**Prospectus**"). A detailed breakdown and description of the use of net proceeds from the listing of the Company is set forth as follows:

Item	**Unutilized amount as at January 1, 2018** *US$ million*	**Utilized amount During the Reporting Period** *US$ million*	**Unutilized amount as at June 30, 2018** *US$ million*	**Intended year of application**
Expand life sciences research and application service and product portfolio	–	–	–	–
Expand production capacity	–	–	–	–
Enhance information technology capability	0.2	0.2	–	–
Acquire interests in or business of companies to complement existing operations	2.2	2.2	–	–
Reinforce the sales and marketing team	7.2	2.8	4.4	2019
Supplement working capital and for general corporate purposes	6.8	6.8	–	–
Total	16.4	12.0	4.4	

PROSPECTS

Within the Reporting Period, we achieved major milestones in all business segments, which includes but not limited to the following aspects:

- There has been evident market demand for our bio-science services and products. Our biologic drug discovery and development platform has recorded a significant growth of 104% in revenue and 169% in sales order for the six months ended June 30, 2018 as compared with the revenue and sales recorded for the same period of 2017, respectively. The construction of a new research and development laboratory facility is currently underway. Upon completion, it will cover a floor area of approximately 9,300 m^2 that will facilitate market expansion in the future.

- Our biologic drug development business, fueled by rising market demand, has shown growth momentum. To support related clinical trials and future commercialization, we have developed phase-by-phase plans to set up our GMP manufacture facilities. We expect to capitalize the market prospects for our antibody drug development platform by delivering a full-coverage of CDMO services, from discovery, development to manufacturing of biologic drugs.

- Our CAR-T program targeting BCMA against refractory/relapsed multiple myeloma has obtained the approvals for clinical trials by CFDA and FDA, respectively, within the Reporting Period. The implementation of the clinical trial has already commenced in the U.S. and is planned in the second half of 2018 in China, with the joint efforts and commitments from both Legend Biotech and Janssen. We are confident that the clinical trial will move forward smoothly in the upcoming months, especially when professional and experienced employees have joined Legend Biotech to meet the Group's objectives.

- To release the full potential of our industrial synthetic biology products, we have established a new production facility with 720 m^3 annual fermentation capacity. Currently, the facility has started its test run, and is expected to contribute to the stable supply and continuous quality improvement of our products.

In general, the Group will be concentrating on sound and solid implementation of the following key business strategies:

- Prioritize the investment in research and development projects to provide more effective and efficient solutions to satisfy customers' demands.

- Further strengthen the production capacity to capitalize on the demand for our services and products under our business portfolios.

- Continue our investment in the talent recruitment and enhance the professional and management training programs covering our research and development, commercial, production and administrative functions, so as to uplift the operational excellence and efficiency.

- Pursue strategic merger and acquisition to further integrate our current technology platforms with the more advanced technologies to fuel up our future business growth.

The Board is confident about the future development of the Group and believes that we can create greater rewards to the Shareholders when the above strategies can be successfully implemented.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended June 30, 2018, 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 of the date of this announcement.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

TOP-UP PLACING

On June 7, 2018, the Company, Genscript Corporation, one of the controlling shareholders of the Company (the "**Vendor**"), and J.P. Morgan Securities (Asia Pacific) Limited and Goldman Sachs (Asia) L.L.C. (the "**Placing Agents**") completed a placing of the Vendor's 75,000,000 ordinary shares in the Company by the Placing Agents on a fully underwritten basis to not less than six placees at the price of HK$26.50 per share (the "**Vendor Placing**") pursuant to a placing and subscription agreement dated June 5, 2018 (the "**Placing and Subscription Agreement**"). On June 13, 2018, the Vendor completed the subscription of an aggregate of 75,000,000 shares of the Company at the price of HK$26.50 per share pursuant to the Placing and Subscription Agreement (the "**Subscription**", together with the Vendor Placing, the "**Top-Up Placing**"). The net proceeds, after deducting commissions, fees and expenses payable to the Placing Agents and other incidental expense, is HK$1,971,702,660.50 (equivalent to approximately US$251.3 million). A detailed breakdown and description of the use of the net proceeds from the Top-Up Placing is set forth as follows:

Item	**Amount expected to be utilized** *US$ million*	**Utilized amount during the Reporting Period** *US$ million*	**Unutilized amount as at June 30, 2018** *US$ million*	**Intended year of application**
Building up CAR-T R&D and production facility in China, the US and Europe	125.0	–	125.0	2018 to 2020
Global team building for the Group's talent program and CAR-T therapies, including regulatory, R&D, production and commercialization	25.0	–	25.0	2018 to 2020
Building up the GMP manufactory facilities for plasmid and biologics products	75.0	–	75.0	2018 to 2020
General working capital purpose	26.3	–	26.3	2018 to 2020
Total	251.3	–	251.3	

Please refer to the announcements dated June 4, 2018, June 5, 2018, June 8, 2018, June 13, 2018 and June 14, 2018 for details of the Top-Up Placing.

On June 7, 2018, Ms. Wang Ye 王燁, an executive director, the president and one of the controlling shareholders of the Company ("**Ms. Wang**"), and the Placing Agents completed a placing of Ms. Wang's 15,000,000 ordinary shares in the Company by the Placing Agents on a fully underwritten basis to not less than six placees at the price of HK$26.50 per share pursuant to a placing agreement dated June 5, 2018 (the "**Wang Placing**"). Please refer to the announcements dated June 4, 2018, June 5, 2018, June 8, 2018, June 13, 2018, June 14, 2018 for details of the Wang Placing.

MODEL CODE FOR SECURITIES TRANSACTIONS OF THE DIRECTORS

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

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

CORPORATE GOVERNANCE

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 Listing Rules as its own code of corporate governance.

The Company has been in compliance with the code provisions of the CG Code throughout the six months ended June 30, 2018, except for the deviation of code provision A.2.1.

As required by code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Yet, 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 date of listing. 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.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**"). The Audit Committee currently consists of three members, namely Mr. Dai Zumian (Chairman), Ms. Zhang Min and Mr. Guo Hongxin, all of whom are independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee has together with the management and external auditors reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Group's unaudited consolidated interim results for the six months ended June 30, 2018.

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 three meetings on March 15, 2018, July 5, 2018 and August 23, 2018 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.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information on the Directors are as follows:

Mr. Huang Zuie-Chin resigned as a non-executive director of the Company with effect from January 5, 2018 in order to devote more time to his other work commitments. Please refer to the announcement dated January 5, 2018 for details.

Ms. Zhang Min was appointed as the Independent Director of Onesmart Education Group Ltd. since March 2018.

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

This unaudited consolidated interim 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.

ACKNOWLEDGMENT

The steady development of the Group has always been trusted and supported by the Shareholders, investors and business partners 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
Zhang Fangliang
Chairman and Chief Executive Officer

Hong Kong, August 27, 2018

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 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*