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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
DEEMED DISPOSAL OF EQUITY INTEREST
IN LEGEND CAYMAN

DEEMED DISPOSAL

Purchase Agreement

The Board is pleased to announce that on 31 March 2020 (Hong Kong time) (before trading hours), Legend Cayman entered into the Purchase Agreement with the Purchasers, whereby Legend Cayman agreed to sell and issue, and the Purchasers agreed to purchase an aggregate of 19,308,262 Series A Preference Shares at an aggregate consideration of approximately US\$150.5 million.

After the Initial Closing, the Company may sell up to 1,283,367 Additional Series A Preference Shares, on the same terms and conditions, to one or more purchasers within 14 days after the Initial Closing (or such later date approved by Legend Cayman and the holders of a majority of the Series A Preference Shares then outstanding).

In connection with the Purchase, on 31 March 2020 (Hong Kong time) (before trading hours), (i) Legend Cayman and the Purchasers entered into the Investors' Rights Agreement; (ii) the Company, Legend Cayman, AquaPoint and the Purchasers entered into the Right of First Refusal and Co-sale Agreement; and (iii) the Company and the Purchasers entered into the Guarantee Agreement. According to the Restated Articles, Legend Cayman also granted the Redemption Right to the Purchasers.

The Board further announces that, all conditions precedent have been satisfied on the date of the Purchase Agreement, and the Initial Closing took place on the same date in accordance with the terms and conditions of the Purchase Agreement. Immediately after the Initial Closing, the Purchasers in aggregate hold 100% of the total issued Series A Preference Shares, representing approximately 7.7% of the fully-diluted enlarged issued share capital of Legend Cayman (assuming all the ESOP Shares are allotted and issued).

LISTING RULES IMPLICATIONS

Immediately prior to the Closing, as a non-wholly owned subsidiary of the Company, Legend Cayman was directly owned as to approximately 84.8% by the Company. After the Closing, Legend Cayman is held as to approximately 77.4% by the Company. Therefore, the Purchase as contemplated under the Purchase Agreement constitutes a deemed disposal of the Company's equity interest in Legend Cayman under Rule 14.29 of the Listing Rules.

As the exercise of the Redemption Right is not at the discretion of Legend Cayman, the Redemption Right is being considered as an option granted to the Purchasers under Rule 14.74(1) of the Listing Rules and classified as if it had been fully exercised at the time of the grant. Accordingly, the grant of the Redemption Right would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

Pursuant to the Guarantee Agreement, among others, the Company agreed to ensure that the obligations under the Redemption Right are fulfilled by the Company if they are unable to be fulfilled by Legend Cayman.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Purchase, the grant of the Redemption Right and the Guarantee are more than 5% but less than 25%, the Purchase, the grant of the Redemption Right and the Guarantee constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PURCHASE

(1) Purchase Agreement

Date: 31 March 2020 (Hong Kong time)

Parties:

- (1) Legend Cayman, as the issuer;
- (2) HBC Asia Healthcare Opportunities III;
- (3) Johnson & Johnson Innovation — JJDC, Inc.;
- (4) LAV Biosciences Fund V, L.P.;
- (5) SMALLCAP World Fund, Inc.;
- (6) Vivo Capital Fund IX, L.P.;
- (7) RA Capital Healthcare Fund, L.P.;

(8) Blackwell Partners LLC — Series A; and

(9) RA Capital Nexus Fund, L.P.

Parties (2)–(9), collectively, the “**Purchasers**”, each a “**Purchaser**”.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of the Purchasers and their respective ultimate beneficial owners/investment managers/general partners is an Independent Third Party.

The principal terms of the Purchase Agreement is summarized as follows:

Consideration

According to the Purchase Agreement, the aggregate consideration for the Purchase is approximately US\$150.5 million.

The Purchasers agreed to purchase, and Legend Cayman agreed to sell and issue to each Purchaser, an aggregate of 19,308,262 Series A Preference Shares, par value US\$0.0001 each, at a purchase price of US\$7.792 per share (the “**Series A Original Issue Price**”).

After the Initial Closing, the Company may sell up to 1,283,367 Additional Series A Preference Shares on the same terms and conditions, to one or more purchasers within 14 days after the Initial Closing (or such later date approved by Legend Cayman and the holders of a majority of the Series A Preference Shares then outstanding).

The Series A Original Issue Price of US\$7.792 for each Series A Preference Share was arrived at after arm’s length negotiation between the parties with reference to, among other things, (i) recent transactions and valuations of similarly situated immune-oncology companies; (ii) the research and development status of Legend Cayman’s pipeline programs, in particular the LCAR-B38M/JNJ-4528 as a treatment for multiple myeloma; (iii) market conditions at the time of negotiations; and (iv) other factors as set out in the paragraph headed “Reasons for and Benefits of the Deemed Disposal” below. Based on the price per share and the percentage of shares to be issued, the post-transaction valuation of Legend Cayman is approximately US\$1.95 billion on a fully-diluted basis (assuming all the ESOP Share are allotted and issued, and without taking into account any subsequent issue of shares after the Initial Closing).

Closing

The Initial Closing of the Purchase shall take place remotely via the exchange of documents and signatures on the date of the Purchase Agreement, subject to the fulfilment or waiver (as the case may be) of the relevant conditions precedent. Payment of the consideration shall be made at the applicable Closing by wire transfer to a bank account designated by Legend Cayman.

The Closing was subject to the satisfaction or waiver (as the case may be) of, among others, the following conditions precedent:

1. The representations and warranties of Legend Cayman and each of the Purchasers remain true and accurate in all respects as of the Initial Closing;
2. Legend Cayman and the Purchasers have performed and complied with all covenants, agreements, obligations and conditions contained in the Purchase Agreement that are required to be performed or complied with by them on or before the applicable Closing;
3. All authorisations, approvals or permits, if any, of any governmental authority or regulatory body of any applicable jurisdiction that are required in connection with Purchase shall be obtained and effective as of the applicable Closing;
4. The execution and delivery of the Investors' Rights Agreement, and the Right of First Refusal and Co-Sale Agreement;
5. The execution and delivery of the Guarantee Agreement, provided that any purchasers of the Additional Series A Preference Shares shall not be entitled to become a party to such Guarantee Agreement without the prior written consent of each of the Purchasers participating in the Initial Closing;
6. The Restated Articles have been duly adopted by all necessary action of Legend Board and/or the shareholders of Legend Cayman, and such adoption have become effective prior to the Initial Closing; and
7. A minimum of 19,308,262 Series A Preference Shares must be sold at the Initial Closing.

All conditions precedent have been satisfied on the date of the Purchase Agreement, and the Initial Closing took place on the same date in accordance with the terms and conditions of the Purchase Agreement.

The shareholding structure of Legend Cayman before and after the Closing is set out below:

Name of shareholders	Ordinary Shares	Series A Preference Shares	Shareholding percentage prior to the Closing ⁽¹⁾	Shareholding Percentage prior to the Closing on a fully-diluted basis ⁽¹⁾⁽²⁾	Shareholding percentage after the Closing ⁽¹⁾	Shareholding Percentage after the Closing on a fully-diluted basis ⁽¹⁾⁽²⁾
Company	169,680,000	—	84.8%	73.5%	77.4%	67.8%
AquaPoint	30,320,000	—	15.2%	13.1%	13.8%	12.1%
Purchasers		19,308,262	—	—	8.8%	7.7%
— HBC Asia Healthcare Opportunities III	—	5,133,470	—	—	2.3%	2.1%
— Johnson & Johnson Innovation						
— JJDC, Inc.	—	3,208,418	—	—	1.5%	1.3%
— LAV Biosciences Fund V, L.P.	—	1,283,367	—	—	0.6%	0.5%
— SMALLCAP World Fund, Inc.	—	3,907,854	—	—	1.8%	1.6%
— Vivo Capital Fund IX, L.P.	—	3,850,102	—	—	1.8%	1.5%
— RA Capital Healthcare Fund, L.P.	—	1,078,067	—	—	0.5%	0.4%
— Blackwell Partners LLC						
— Series A	—	173,216	—	—	0.1%	0.1%
— RA Capital Nexus Fund, L.P.	—	673,768	—	—	0.3%	0.3%
The ESOP ⁽³⁾	31,000,000	—	—	13.4%	—	12.4%
Total	<u>231,000,000</u>	<u>19,308,262</u>	<u>100.00%</u>	<u>100%</u>	<u>100%</u>	<u>100.00%</u>

Note:

- (1) The shareholding percentages have been adjusted by rounding;
- (2) The shareholding percentages are calculated on a fully-diluted basis assuming all the ESOP Shares are allotted and issued;
- (3) The employee stock ownership plan (the “ESOP”) includes (i) the share option scheme of Legend Cayman adopted and approved by the Company on 21 December 2017, pursuant to which a maximum of 20,000,000 Ordinary Shares may be issued upon exercise of the options granted thereunder; and (ii) a share incentive plan of Legend Cayman proposed to be adopted, pursuant to which a maximum of 11,000,000 Ordinary Share may be issued pursuant to the vesting of the restricted stock units granted thereunder. The exercise of the options granted or to be granted, and the vesting of the restricted stock units to be granted under the ESOP shall be subject to a vesting schedule as specified in the relevant scheme documents.

(2) Terms of the Series A Preference Shares

According to the Restated Articles, the principal terms of the Series A Preference Shares are summarized as follows:

Voting Rights

Holders of Series A Preference Shares shall have the right to vote at any general meeting of Legend Cayman on an as-converted basis, and not as a separate class, except that the consent of a majority of the holders of Series A Preference Shares shall be required for certain matters, including but not limited to the following:

- (a) effect any alteration of the Restated Articles, the Investors' Rights Agreement or the Right of First Refusal and Co-Sale Agreement, or take any action that adversely alters, changes or otherwise has any other adverse effect on the voting or any powers, preferences, or other special rights, preferences or privileges of the Series A Preference Shares;
- (b) issue, authorize or designate, any new shares having rights senior to or *pari passu* with the Series A Preference Shares;
- (c) purchase or redeem or pay or declare any dividend or make any other distribution with respect to Ordinary Shares or Preference Shares, except as otherwise authorized in the Restated Articles;
- (d) liquidate or dissolved, including any change of control of Legend Cayman; and
- (e) create, or authorize the creation of, or issue, or authorized the issuance of, any debt security, or create any lien or security interest (subject to customary exceptions), or incur other indebtedness for borrowed money.

From and after 30 September 2021 (U.S. time), if a Qualified IPO has not occurred by such date, and provided that the total number of outstanding Series A Preference Shares represents at least 5% of Legend Cayman's capitalization at such time (without taking into consideration any issuance of equity securities by Legend Cayman after the Closing), the holders of the Series A Preference Shares voting as a separate class shall be entitled to elect one director of the Legend Board.

Cumulative Dividend

From and after the date of the issuance of any Series A Preference Shares, dividends at the rate of 8% of the Series A Original Issue Price per annum per share shall accrue on such Series A Preference Shares (subject to appropriate adjustment in the event of any recapitalization with respect to the Series A Preference Shares). Such dividends (i) shall be declared by the Legend Board and paid to the holders of Series A Preference Shares each fiscal quarter, or (ii) if not declared and, with respect to any fiscal quarter, paid to the holders of Series A Preference Shares within thirty days after such fiscal quarter, such undeclared and unpaid dividends shall accrue day to day from the last day of such fiscal quarter, shall be cumulative and compound annually, and shall only be paid in accordance with the Restated Articles.

Optional Conversion

Holders of Series A Preference Shares shall have the option to convert Series A Preference Shares (plus any dividends accrued but unpaid on the Series A Preference Shares) into Ordinary Shares at the conversion price in effect on the date of the notice of conversion. The initial conversion price per Series A Preference Shares shall be US\$7.792. The conversion price shall be subject to adjustments for certain dilutive issuances, splits and combinations.

Automatic Conversion

All outstanding Series A Preference Shares (plus any dividends accrued but unpaid on the Series A Preference Shares) shall automatically be converted immediately prior to, but conditioned upon, the closing of a Qualified IPO into Ordinary Shares at the conversion price applicable to such Series A Preference Share and in effect on the date of the Qualified IPO.

Liquidation Preference

The Series A Preference Shares shall carry a preferential entitlement to distributions on a winding up of Legend Cayman. Upon any liquidation, dissolution or winding up or other liquidation events of Legend Cayman, before any distribution or payment shall be made to the holders of any Ordinary Shares, the holders of Series A Preference Shares shall be entitled to, an amount per Series A Preference Share equal to the sum of (i) the Series A Original Issue Price, plus (ii) any accrued but unpaid dividends on each Series A Preference Share.

Redemption Right

At any time on or after the occurrence of a Trigger Event (as defined below), each holder of Series A Preference Shares have the right (the “**Redemption Right**”) to require Legend Cayman to redeem the Series A Preference Shares at the Redemption Price (as defined below).

The “Redemption Price” shall equal to the sum of (i) the Series A Original Issue Price, plus (ii) an amount equal to 8% per annum accruing on the Series A Original Issue Price, calculated on an annualized basis from the date of issuance thereof through and including the redemption date, plus (iii) any dividends accrued but unpaid on each Series A Preference Share as of the redemption date.

A “Trigger Event” means the occurrence of one or more of the following events: (A) as of 30 September 2021 (U.S. time), Legend Cayman has not consummated a Qualified IPO, (B) Legend Cayman consummates a non-Qualified IPO, (C) the License Agreement (x) is terminated as a result of a material breach by any party thereto or (y) is amended in such a way that with (or without) the passage of time would reasonably be expected to adversely affect the value of Legend Cayman or the Series A Preference Shares in any material respect and (D) there occurs or it is discovered that there is a material adverse issue with respect to the Legend IP, which is not capable of being cured within a reasonable period (or, if curable, such issue has not been cured in full within 30 days of the issue arising).

The Company will ensure compliance with Rule 14.74 of the Listing Rules upon exercise of the Redemption Right.

(3) The Guarantee Agreement

In connection with the Purchase and the Redemption Right, the Company and the Purchasers entered into the Guarantee Agreement on 31 March 2020 (Hong Kong time).

Pursuant to the Guarantee Agreement, the Company has agreed that, in the event that Legend Cayman is unable to fulfill the Guaranteed Obligation (as defined below), the Company will fulfil such obligations by making the applicable payment pursuant to the terms and conditions of the Guarantee Agreement.

Guaranteed Obligation means, (a) the obligations of Legend Cayman to reimburse the Purchasers for the costs and expenses of the Purchasers incurred in connection with the Purchase, and (b) (i) the redemption payment amount applicable to each Purchaser in connection with the exercise of their Redemption Right; and (ii) the reasonable costs and expenses incurred by such Purchaser to enforce the Company's payment of such Guaranteed Obligation; provided, however that "Guaranteed Obligations" shall not exceed US\$215,000,000 in aggregate to all Purchasers.

The Guarantee Agreement will terminate upon the consummation of a Qualified IPO.

(4) The Investors' Rights Agreement

In connection with the Purchase, Legend Cayman and the Purchasers entered into the Investor's Rights Agreement on 31 March 2020 (Hong Kong time). The principal terms of the Investors' Rights Agreement are summarized as follows:

Registration Rights

The Purchasers will have the right to require Legend Cayman to effect registration of Series A Preference Shares (or the underlying Ordinary Shares) of Legend Cayman under the Securities Act of 1933 of the U.S., or equivalent registration in any non-U.S. jurisdiction where Legend Cayman's shares are listed for trading.

Restrictions on Transfer

The Series A Preference Shares shall not be sold, pledged, or otherwise transferred, except upon the conditions specified in the Investors' Rights Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act of 1933 of the U.S..

A holder of Series A Preference Share may freely sell, pledge or otherwise transfer such holder's Series A Preference Shares without the Legend Cayman's prior written consent if such sale, pledge, or transfer complies with the provisions of the Investors' Rights Agreement and all applicable securities laws.

Upon the request of the managing underwriters for the IPO, the Purchasers will enter into a lock-up agreement with the managing underwriters of the IPO, pursuant to which the Purchasers will undertake not to transfer or dispose of the securities of Legend Cayman received upon conversion of the Series A Preference Shares for a period of up to 180 days following the date of the final prospectus relating to the IPO of Legend Cayman, subject to certain exceptions.

Information and Inspection Rights

Subject to customary exceptions, Legend Cayman shall (1) deliver to the Purchaser the relevant financial statements or such other information relating to Legend Cayman's financial condition, business, etc.; and (2) permit each Purchaser to visit and inspect the Legend Cayman's properties, examine its books of account and records, etc. These rights expire upon Legend Cayman's consummation of an IPO.

Right to Future Share Issuances

Subject to customary exceptions, the Purchasers have a right of first offer in the event Legend Cayman proposes to offer or issue any new securities. These rights expire upon Legend Cayman's consummation of an IPO that results in the conversion of the Series A Preference Shares into Ordinary Shares.

(5) Right of First Refusal and Co-Sale Agreement

In connection with the Purchase, Legend Cayman, the Purchasers, the Company and AquaPoint (the Company and AquaPoint, collectively, the "**Key Holders**") entered into the Right of First Refusal and Co-Sale Agreement on 31 March 2020 (Hong Kong time).

Right of First Refusal

Each Key Holder grants to Legend Cayman a right of first refusal to purchase all or any portion of Ordinary Shares that such Key Holder may propose to transfer, at the same price and on the same terms and conditions as those offered to the prospective transferee; provided that, in no event, shall the number of shares transferred by any Key Holder and its affiliates in any fiscal quarter exceed 2% of the total number of shares then outstanding.

Each Key Holder grants to each of the Purchasers a secondary refusal right to purchase all or any portion of the shares not purchased by the Legend Cayman pursuant to its right of first refusal.

Right of Co-sale

In the event that the Purchaser does not exercise its secondary refusal right, the Purchaser shall have a right of co-sale to participate in such sale on the same terms and conditions.

GENERAL INFORMATION

Information on the Purchasers

HBC Asia Healthcare Opportunities III

HBC Asia Healthcare Opportunities III is a fund incorporated in Delaware and managed by Hudson Bay Capital Management LP (“**HBC**”). HBC is a multi-billion dollar asset management firm operating in New York and London. With over 80 employees, HBC has been managing assets on behalf of outside investors since 2006. The firm invests across multiple strategies by utilizing rigorous fundamental analysis, and seeks to identify value and growth opportunities that are uncorrelated to each other and market indices.

HBC promotes an integrated team culture emphasizing collaboration and cross-pollination of ideas across sectors and strategies. The dedicated investment team seeks to achieve outstanding performance by investing in companies that are poised for growth or are undervalued while maintaining a focus on risk management.

Johnson & Johnson Innovation — JJDC, Inc.

JJDC is a company incorporated in the state of New Jersey, United States. JJDC is the strategic venture capital arm of Johnson & Johnson. JJDC pursues opportunities to solve critical healthcare needs. Its portfolio companies benefit from the full global capabilities of Johnson & Johnson as we collaborate to drive innovation.

LAV Biosciences Fund V, L.P.

LAV Biosciences Fund V, L.P. (“**LAV**”) is an exempted limited partnership incorporated in Cayman Islands. LAV is a life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services.

SMALLCAP World Fund, Inc.

SMALLCAP World Fund, Inc. is a registered investment company incorporated in the State of Maryland, United States. Capital Research and Management Company (CRMC), an experienced investment management firm founded in 1931 and incorporated in the State of Delaware, United States, serves as the investment adviser to SMALLCAP World Fund, Inc. and to other funds, including the American Funds family of funds. CRMC is a wholly owned subsidiary of Capital Group, which, since 1931, has been singularly focused on delivering superior results for long-term investors using high-conviction portfolios, rigorous research and individual accountability. As of December 31, 2019, Capital Group manages more than US\$2.0 trillion in equity and fixed income assets for millions of individual and institutional investors around the world.

Vivo Capital Fund IX, L.P.

Vivo Capital Fund IX, L.P. is a limited partnership incorporated in Delaware, which is managed by Vivo Capital LLC (“**Vivo Capital**”). Vivo Capital is a limited liability company incorporated in California. It is a healthcare investment firm focused on investing in and building high quality companies around the world. Vivo Capital employs a distinctive multi-pronged strategy of identifying and working with companies that are developing and commercializing products and technology.

RA Capital Healthcare Fund, L.P., Blackwell Partners LLC — Series A and RA Capital Nexus Fund, L.P.

RA Capital Healthcare Fund, L.P. is a limited partnership formed in Delaware. Blackwell Partners LLC — Series A is a limited liability company formed in Delaware. RA Capital Nexus Fund, L.P. is a limited partnership formed in Delaware.

Each of RA Capital Healthcare Fund, L.P. and RA Capital Nexus Fund, L.P. is an affiliate of RA Capital Management, L.P.. Blackwell Partners LLC — Series A is a separately managed account. RA Capital Management, L.P. serves as investment manager of RA Capital Healthcare Fund, L.P., RA Capital Nexus Fund, L.P. and Blackwell Partners LLC — Series A. RA Capital Management L.P. is a limited partnership formed in Delaware. The firm is a multi-stage investment manager dedicated to evidence-based investing in public and private healthcare and life science companies developing drugs, medical devices, and diagnostics.

Information on the Group

The Company was incorporated on 21 May 2015 in the Cayman Islands as an exempted company with limited liability. Originally founded in New Jersey, United States in 2002, the Group has grown into a well-recognized life sciences research and application service and product provider that applies its proprietary technology to various fields from basic life sciences research to translational biomedical development, industrial synthetic products, and cell therapeutic solutions.

Information on AquaPoint

AquaPoint is an exempted limited partnership established in the Cayman Islands, which directly held as to 15.2% equity interest in Legend Cayman prior to the Purchase. AquaPoint is held as to 1.0%, 33.0%, and 66.0% by Genscript Corporation, the 2017 Wang Ye Family Trust (an irrevocable discretionary family trust set up by Ms. Wang Ye (王燁)), and Mr. Frank Fan (范曉虎), respectively. Genscript Corporation is the general partner of AquaPoint, and the 2017 Wang Ye Family Trust and Mr. Frank Fan are the limited partners. The principal activity of AquaPoint is investment holding.

Information on Legend Cayman

Legend Cayman is an exempted company incorporated under the laws of the Cayman Islands with limited liability. Legend Cayman principally engages in the development of CAR-T cell therapies. Prior to the Closing, it was directly held as to 84.8% by the Company.

The audited consolidated financial information prepared in accordance with the International Financial Reporting Standards of Legend Cayman for the year ended 31 December 2018, and the unaudited consolidated financial information prepared in accordance with the International Financial Reporting Standards of Legend Cayman for the year ended 31 December 2019 is set forth below:

	For the years ended	
	31 December, 2018	2019
	US\$000 (audited)	US\$000 (unaudited)
Revenue	49,133	57,402
Net loss before tax	(1,616)	(130,369)
Net loss after tax	(2,784)	(132,971)

As at 31 December 2019, the unaudited net liability value of Legend Cayman was approximately US\$122,869,000.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL

The proceeds to be generated from the Purchase will increase the financial flexibility of Legend Cayman and enhance its independent capability to continue developing its product candidates, as well as consider future development opportunities.

The multiple myeloma market continues to grow worldwide. Although Legend Cayman had received and may further receive milestone payments pursuant to the terms of the License Agreement, Legend Cayman requires further capital. It shall continue to incur substantial amount of expenses to fund its ongoing research and development activities in order to expedite LCAR-B38M/JNJ-4528 as a therapy for earlier lines of multiple myeloma, as well as Legend's internal pipeline programs. Legend Cayman also intends to utilize the net proceeds from the Purchase to advance the research and development and commercialization of its pipeline programs and expansion of manufacturing facilities, enhancement of research and development platform, as well as general corporate expenses.

The terms of the Transaction Agreements, have been arrived at after arm's length negotiations among the parties. The Directors (including independent non-executive Directors) are of the view and have confirmed that the terms of the Transaction Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE PURCHASE

Legend Cayman intends to utilize the net proceeds from the Purchase for working capital purposes, primarily for use in the research and development and commercialization of its pipeline programs and expansion of manufacturing facilities, enhancement of research and development platform, as well as general corporate expenses.

THE FINANCIAL IMPACT OF DEEMED DISPOSAL

Immediately prior to the Closing, Legend Cayman was owned as to 84.8% by the Company. After the Closing, Legend Cayman is held as to 77.4% by the Company. Legend Cayman will continue to be a direct non-wholly owned subsidiary of the Company. The results of operations and financial position of Legend Cayman will continue to be recorded in the Group's consolidated financial statements. As the effect of Purchase and Deemed Disposal will not cause a loss of the Group's control over Legend Cayman, the Deemed Disposal due to the Purchase will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss.

LISTING RULES IMPLICATIONS

Immediately prior to the Closing, as a non-wholly owned subsidiary of the Company, Legend Cayman was directly owned as to approximately 84.8% by the Company. After the Closing, Legend Cayman is held as to approximately 77.4% by the Company. Therefore, the Purchase as contemplated under the Purchase Agreement constitutes a deemed disposal of the Company's equity interest in Legend Cayman under Rule 14.29 of the Listing Rules.

As the exercise of the Redemption Right is not at the discretion of Legend Cayman, the Redemption Right is being considered as an option granted to the Purchasers under Rule 14.74(1) of the Listing Rules and classified as if it had been fully exercised at the time of the grant. Accordingly, the grant of the Redemption Right would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

Pursuant to the Guarantee Agreement, among others, the Company agreed to ensure that the obligations under the Redemption Right are fulfilled by the Company if they are unable to be fulfilled by Legend Cayman.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the Purchase, the grant of the Redemption Right and the Guarantee are more than 5% but less than 25%, the Purchase, the grant of the Redemption Right and the Guarantee constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Transaction Agreements and the transactions contemplated thereunder. The Board (including the independent non-executive Directors) has approved the Transaction Agreements, and the transactions contemplated thereunder. The Directors (including independent non-executive Directors) are of the view and have confirmed that the terms of the Transaction Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Additional Series A Preference Shares”	the Series A Preference Shares that Legend Cayman may sell, on the same terms and conditions as those contained in the Purchase Agreement, up to a limit of 1,283,367 Series A Preference Shares, to one or more purchasers, within 14 days after the Initial Closing (or such later date approved by Legend Cayman and the holders of a majority of the Series A Preference Shares then outstanding) pursuant to the Purchase Agreement;
“AquaPoint”	AquaPoint L.P., an exempted limited partnership established in the Cayman Islands, which directly held as to 15.2% equity interest in Legend Cayman prior to the Purchase;
“Board”	the board of Directors;
“Closing”	the Initial Closing, and in the event there is more than one closing, also includes each such subsequent closing;
“Company”	Genscript Biotech Corporation 金斯瑞生物科技股份有限公司 * (Stock Code: 1548), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Deemed Disposal”	the deemed disposal of 7.4% equity interest in Legend Cayman by the Company as a result of the Purchase;

“Director(s)”	the director(s) of the Company;
“ESOP Shares”	an aggregate of 31,000,000 Ordinary Shares that have been or would be reserved for (i) the share option scheme of Legend Cayman adopted and approved by the Company on 21 December 2017, pursuant to which a maximum of 20,000,000 Ordinary Shares may be issued upon exercise of the options granted thereunder; and (ii) a share incentive plan of Legend Cayman proposed to be adopted, pursuant to which a maximum of 11,000,000 Ordinary Share may be issued pursuant to the vesting of the restricted stock units granted thereunder;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IPO”	initial public offering;
“Initial Closing”	the initial purchase and sale of Series A Preference Shares on the date of the Purchase Agreement;
“Independent Third Party(ies)”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company;
“Investors’ Rights Agreement ”	the investors’ rights agreement entered into by Legend Cayman and the Purchasers on 31 March 2020 (Hong Kong time);
“Guarantee”	the guarantee provided by the Company pursuant to the Guarantee Agreement;
“Guarantee Agreement”	the guarantee agreement entered into by each Purchaser and the Company on 31 March 2020 (Hong Kong time), pursuant to which, among others, the Company agreed to ensure that the obligations under the Redemption Right are fulfilled by the Company if they are unable to be fulfilled by Legend Cayman;
“Legend Board”	the board of directors of Legend Cayman;

“Legend Cayman”	Legend Biotech Corporation, an exempted company incorporated under the laws of the Cayman Islands with limited liability, which is owned as to 84.8% by the Company prior to the Purchase;
“Legend IP”	the patents, know-how and all other intellectual property owned or controlled by Legend Cayman or its affiliates and licensed to Janssen Biotech, Inc. under the License Agreement;
“License Agreement”	the Collaboration and License Agreement by and among Janssen Biotech, Inc., Legend Biotech USA, Inc. and Legend Biotech Ireland Limited, dated as of 21 December 2017;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ordinary Shares”	means an ordinary share in the capital of Legend Cayman of US\$0.0001 nominal or par value designated as an Ordinary Share and having the rights provided for under the Restated Articles;
“Preference Shares”	means a share in the capital of Legend Cayman designated as a Preference Share and having the rights provided for under the Restated Articles, and includes the Series A Preference Shares;
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of China and Taiwan;
“Purchase”	the purchase of 19,308,262 Series A Preference Shares of Legend Cayman by the Purchasers;
“Purchase Agreement”	the Series A Preference Shares Purchase Agreement entered into among the Legend Cayman and the Purchasers on 31 March 2020 (Hong Kong time), pursuant to which Legend Cayman agreed to issue and the Purchasers agreed to purchase 19,308,262 Series A Preference Shares of Legend Cayman;
“Qualified IPO”	Legend Cayman’s first sale of its Ordinary Shares (or other securities of Legend Cayman) in a firm commitment underwritten public offering pursuant to a registration statement after which the Ordinary Shares (or other securities of Legend Cayman) are listed on the New York Stock Exchange, the NASDAQ global market or The Stock Exchange of Hong Kong Limited, and in which the public offering price results in aggregate gross proceeds to Legend Cayman at an amount not less than as specified under the Restated Articles;

“Restated Articles”	the Second Amended and Restated Memorandum and Articles of Association of Legend Cayman adopted by special resolution on 31 March 2020 (Hong Kong time);
“Right of First Refusal and Co-sale Agreement ”	the right of first refusal and co-sale agreement entered into by Legend Cayman, the Purchasers, the Company and AquaPoint on 31 March 2020 (Hong Kong time);
“Series A Preference Shares”	Preference Share designated as a Series A Preference Share and having the rights provided for under the Restated Articles;
“Shareholders”	the holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction Agreements”	the Purchase Agreement, the Investors’ Rights Agreement, the Right of First Refusal and Co-sale Agreement and the Guarantee Agreement;
“U.S.”	The United States;
“US\$”	United States Dollar, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 31 March 2020

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

* *For identification purposes only*