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**Genscript Biotech Corporation**  
**金斯瑞生物科技股份有限公司\***  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 1548)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
LEGEND BIOTECH CORPORATION ON NASDAQ GLOBAL MARKET**

**THE PROPOSED SPIN-OFF**

Reference is made to the announcements of the Company dated 10 March 2020, 16 March 2020, 14 May 2020, and 26 May 2020 relating to the Proposed Spin-off and separate listing of Legend Biotech Corporation on Nasdaq Global Market.

The Board is pleased to announce that Legend Biotech filed a Registration Statement in respect of its ADSs with a price range between US\$18.00 (equivalent to approximately HK\$139.55) and US\$20.00 (equivalent to approximately HK\$155.05) with the SEC on 29 May 2020 (New York time). Subject to the final terms of an underwriting agreement to be entered into by Legend Biotech and the Underwriters and market conditions, the Offering is expected to consist of an initial public offering of 18,425,000 new ADSs to be sold by Legend Biotech. The Underwriters will also have the option to purchase up to an additional 2,763,750 ADSs to cover over-allotments. Each ADS will represent two Legend Biotech Shares.

Concurrently with, and subject to, the completion of the Offering, Legend Biotech will issue and sell to the Company a certain number of Legend Biotech Shares with an aggregate price of US\$12.00 million (equivalent to HK\$93.03 million) at the public offering price per share adjusted to reflect the ADS-to-ordinary share ratio (the “Concurrent Private Placement”).

## **DISTRIBUTION IN SPECIE**

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement of a certain number of Distribution ADSs, by way of the Distribution in specie (subject to the consummation of the Proposed Spin-off and the satisfaction of applicable closing conditions). A non-qualifying Shareholder will not receive the Distribution ADSs and, subject to such non-qualifying Shareholder holding the required minimum number of Shares (such number to be determined in due course by the Company) on the relevant record date, will instead receive cash in lieu of the relevant number of Distribution ADSs to which he/she/it would otherwise have been entitled. Notice was given under Rule 13.43 of the Listing Rules pursuant to the announcement of the Company dated 26 May 2020 that a resolution is expected to be passed by the Board on 5 June 2020 for the purpose of considering and approving a declaration of the proposed conditional special dividend to be satisfied by way of the Distribution in specie.

Details of the terms of the Distribution in specie have not yet been finalised as at the date of this announcement. It is currently expected that a further announcement on the terms of the Offering and the Distribution in specie will be made by the Company on or about 5 June 2020.

## **LISTING RULES IMPLICATION**

The Proposed Spin-off will result in a reduction of the percentage shareholding of the Company in Legend Biotech and constitute a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Since two of the relevant percentage ratios of the Proposed Spin-off will exceed 5% but will be less than 25%, the Proposed Spin-off will constitute a discloseable transaction of the Company subject only to reporting and announcement requirements but exempt from shareholders' approval requirement.

**Shareholders should note that the Distribution in specie is conditional upon completion of the Proposed Spin-off, which itself is conditional upon the satisfaction of certain conditions including, without limitation, market conditions, the Nasdaq Global Market granting approval for the listing of the ADSs and the other conditions set forth in the section "The Proposed Spin-off – Conditions to the Offering" below. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the Distribution in specie will not be made. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.**

Reference is made to the announcements of the Company dated 10 March 2020, 16 March 2020, 14 May 2020, and 26 May 2020 relating to the Proposed Spin-off and separate listing of Legend Biotech Corporation on Nasdaq Global Market.

## THE PROPOSED SPIN-OFF

The Board is pleased to announce that Legend Biotech filed a Registration Statement in respect of its ADSs with a price range with the SEC on 29 May 2020 (New York time). Legend Biotech has also applied for the listing of its ADSs on the Nasdaq Global Market.

Subject to the final terms of an underwriting agreement to be entered into by Legend Biotech, the Underwriters, and other parties (if any), and market conditions, the Offering is expected to consist of:

- an initial public offering of 18,425,000 new ADSs to be sold by Legend Biotech (representing approximately 14.24% of the issued share capital of Legend Biotech, as enlarged by the issue of new Legend Biotech Shares (represented by the ADSs) under the Offering and assuming full subscription under the Concurrent Private Placement); and
- an over-allotment option, which may be exercised by the Underwriters, of up to 2,763,750 additional ADSs, such option to be granted by Legend Biotech (“**Over-allotment Option**”).

Each ADS will represent two Legend Biotech Shares.

Concurrently with, and subject to, the completion of the Offering, Legend Biotech will issue and sell to the Company a certain number of Legend Biotech Shares with an aggregate price of US\$12.00 million (equivalent to HK\$93.03 million) at the public offering price per share adjusted to reflect the ADS-to-ordinary share ratio (the “**Concurrent Private Placement**”).

Assuming full exercise of the Over-allotment Option by the Underwriters and full subscription by the Company pursuant to the Concurrent Private Placement (assuming an initial public offering price of US\$19.00 per ADS), the number of new Legend Biotech Shares described above being allotted and issued, the shareholding of the Company in Legend Biotech will be diluted and reduced from the current 76.92% to 64.69% (without taking into account shares to be issued under the employee share option schemes and the effect of the Distribution in specie) on a fully diluted basis upon completion of the Offering. Legend Biotech will continue to be a direct non-wholly owned subsidiary of the Company, and the financial results of Legend Biotech will continue to be consolidated into the financial statements of the Company upon completion of the Offering and the Distribution in specie.

### Offer Price

The initial public offering price of each ADS is expected to be between US\$18.00 (equivalent to approximately HK\$139.55) and US\$20.00 (equivalent to approximately HK\$155.05). Based on the current price range, the equity valuation of Legend Biotech on a diluted basis using the treasury stock method will, immediately upon completion of the Offering, be between approximately US\$2,660 million (equivalent to approximately HK\$20.62 billion) and approximately US\$2,995 million (equivalent to approximately HK\$22.91 billion) (assuming the Over-allotment Option is fully exercised and full subscription under the Concurrent Private Placement).

It is expected that Legend Biotech and the Underwriters will determine the final offer price and enter into an underwriting agreement in respect of the Offering on or about 4 June 2020 (New York time).

## Intended Use of Proceeds

Assuming the Over-allotment Option is not exercised and assuming the Offer Price is fixed at US\$19.00 per ADS (being the mid-point of the indicative range of the Offer Price of US\$18.00 to US\$20.00 per ADS), we estimate that the net proceeds of the Offering, after deducting the estimated underwriting fees and expenses payable by Legend Biotech in connection with the Offering, will be approximately US\$321.9 million.

The net proceeds to be received by Legend Biotech from the Offering and the Concurrent Private Placement, together with existing cash and cash equivalents are currently expected to be used for the following purposes:

<b>Intended Application</b>	<b>Approximate Amount in US\$</b>
(a) Clinical development of LCAR-B38M/JNJ-4528 <sup>(note)</sup>	160 million to 185 million
(b) Construction of manufacturing facilities	60 million to 75 million
(c) Commercialization of LCAR-B38M/JNJ-4528 <sup>(note)</sup>	15 million to 20 million
(d) Development of pipeline programs, as well as working capital and other general corporate purposes	41.9 million to 86.9 million

### *Note:*

LCAR-B38M identifies the investigational product in China and JNJ-68284528 (JNJ-4528) identifies the investigational product being studied in the US/EU/JP. Both of which are representatives of the same BCMA targeted CAR-T cell therapy for treating patients with multiple myeloma.

## Conditions to the Offering

The Offering is conditional on, among other things, the following:

- the Registration Statement being declared effective by the SEC and Nasdaq Global Market granting approval for the listing of the ADSs; and
- the entering into by Legend Biotech, the Underwriters and other relevant parties, if any, of an underwriting agreement for the initial purchase by the Underwriters of the number of ADSs to be specified therein, the satisfaction of certain conditions to closing set forth in the underwriting agreement and the underwriting agreement not being terminated in accordance with its terms or otherwise, on or before the date and time to be specified therein.

If these or any other applicable conditions are not fulfilled or waived (if applicable) prior to the dates and times to be specified, the Offering and thus the Proposed Spin-off will lapse and a notice will be published by the Company as soon as practicable after such lapse.

## INFORMATION ON THE GROUP AND THE SPIN-OFF 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-recognised 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.

Legend Biotech is an exempted company incorporated under the laws of the Cayman Islands with limited liability. Legend Biotech principally engages in the development of CAR-T cell therapies. As of the date of this announcement, it is directly held as to 76.92% by the Company.

Set out below is certain financial information in relation to the Spin-off Group for the two years ended 31 December 2019 as disclosed in the Registration Statement:

	<b>For the year ended 31 December,</b>	
	<b>2018</b>	<b>2019</b>
	<b>Audited (US\$ in thousands)</b>	
Loss before tax	1,616	130,370
Net loss attributable to ordinary shareholders	2,784	132,972

As at 31 December 2019, the audited net liability value of Legend Biotech was approximately US\$122.9 million.

Shareholders should note that the figures above are extracted from the public filing of the Registration Statement of Legend Biotech and the audited consolidated financial statements therein contained have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”), which comprise all standards and interpretations approved by the IASB.

## FINANCIAL IMPACT OF DEEMED DISPOSAL

Immediately prior to the Proposed Spin-off, Legend Biotech is owned as to 76.9% by the Company. After the Proposed Spin-off, assuming full exercise of the Over-allotment Option by the Underwriters and full subscription by the Company pursuant to the Concurrent Private Placement (assuming an initial public offering price of US\$19.00 per ADS), the number of new Legend Biotech Shares described in the section headed “The Proposed Spin-off” being allotted and issued, the shareholding of the Company in Legend Biotech will be diluted and reduced to 64.69% (without taking into account shares to be issued under the employee share option schemes and the effect of the Distribution in specie) on a fully diluted basis upon completion of the Offering. Legend Biotech will continue to be a direct non-wholly owned subsidiary of the Company. The results of operations and financial position of Legend Biotech will continue to be recorded in the Group’s consolidated financial statements. As the effect of the Proposed Spin-off will not cause a loss of the Group’s control over Legend Biotech, the deemed disposal due to the Proposed Spin-off will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss.

## **REASONS FOR, AND BENEFITS OF, THE PROPOSED SPIN-OFF**

The Board believes that the separate listing of the Spin-off Group will be beneficial to both the Company and the Spin-off Group, for the following reasons:

- (a) the Proposed Spin-off is expected to strengthen the operational management ability of both the Remaining Group and the Spin-off Group, where the management teams can focus more effectively on their respective businesses which is expected to enable a more focused development, strategic planning and better allocation of resources for the Remaining Group and the Spin-off Group with respect to their respective businesses;
- (b) the Proposed Spin-off is expected to enhance the operational and financial transparency and improve the corporate governance through public scrutiny of the Company and Legend Biotech and provide shareholders, investors, financial institutions and rating agencies with greater clarity on the businesses and financial status of each of the Remaining Group and the Spin-off Group on a standalone basis, and such improvements would help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of each of the Remaining Group and the Spin-off Group. The financial results of the Spin-off Group will continue to be consolidated in the financial statements of the Company following the Proposed Spin-off, which will allow the Company to benefit from any future growth in the Spin-off Group's financial performance;
- (c) the Proposed Spin-off is expected to improve the ability of the Company and Legend Biotech to recruit, motivate and retain key management personnel, as well as to enhance its management incentives (the shares being issued under the current share option scheme would be listed), decision-making process and responsiveness to market changes;
- (d) the Proposed Spin-off would provide the Company and Legend Biotech and their respective shareholders an opportunity to realise the fair value of their investment in the Company and Legend Biotech; and allow both the Company and Legend Biotech to target their respective shareholder bases more effectively, which would in turn improve capital raising on a competitive basis and capital allocation to enhance growth within each of the Company and Legend Biotech;
- (e) the Proposed Spin-off would provide a separate fund-raising platform for the Company and Legend Biotech, thereby enabling each of them to raise the capital required to finance its respective future growth and expansion without reliance on each other. Such platform would allow Legend Biotech to gain direct access to the capital market for equity and/or debt financing to fund its existing operations and future expansion, thereby accelerating its development and improving its operating and financial performance, which in turn will provide better reward for the shareholders of the Company and Legend Biotech; and
- (f) the Proposed Spin-off is expected to enhance the brand value and market influence of the Legend Biotech amongst its customers, suppliers and other business partners, as well as its ability to recruit good talents.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Shareholders as a whole.

## **ASSURED ENTITLEMENT**

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement of a certain number of Distribution ADSs, by way of the Distribution in specie (subject to the consummation of the Proposed Spin-off and the satisfaction of applicable closing conditions). A non-qualifying Shareholder will not receive the Distribution ADSs and, subject to such non-qualifying Shareholder holding the required minimum number of Shares (such number to be determined in due course by the Company) on the relevant record date, will instead receive cash in lieu of the relevant number of Distribution ADSs to which he/she/it would otherwise have been entitled. Notice was given under Rule 13.43 of the Listing Rules pursuant to the announcement of the Company dated 26 May 2020 that a resolution is expected to be passed by the Board on 5 June 2020 for the purpose of considering and approving a declaration of the proposed conditional special dividend to be satisfied by way of the Distribution in specie.

Details of the terms of the Distribution in specie have not yet been finalised as at the date of this announcement. It is currently expected that a further announcement on the terms of the Offering and the Distribution in specie will be made by the Company on or about 5 June 2020.

## **LISTING RULES IMPLICATIONS**

The Proposed Spin-off will result in a reduction of the percentage shareholding of the Company in Legend Biotech and constitute a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Since two of the relevant percentage ratios of the Proposed Spin-off will exceed 5% but will be less than 25%, the Proposed Spin-off will constitute a discloseable transaction of the Company subject only to reporting and announcement requirements but exempt from shareholders' approval requirement.

## **GENERAL**

**Shareholders should note that the Distribution in specie is conditional upon completion of the Proposed Spin-off, which itself is conditional upon the satisfaction of certain conditions including, without limitation, market conditions, the Nasdaq Global Market granting approval for the listing of the ADSs and the other conditions set forth in the section "The Proposed Spin-off – Conditions to the Offering" above. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the Distribution in specie will not be made. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“ADS(s)”	American depositary shares to be issued pursuant to a deposit agreement between Legend Biotech and JPMorgan Chase Bank, N.A., each representing two Legend Biotech Shares, which are expected to be listed on the Nasdaq Global Market;
“Board”	the board of Directors of the Company;
“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;
“Concurrent Private Placement”	the concurrent purchase by the Company (subject to the completion of the Offering) of a certain number of Legend Biotech Shares with an aggregate value of US\$12.00 million (equivalent to HK\$93.03 million) at the public offering price per share adjusted to reflect the ADS-to- ordinary share ratio;
“Director(s)”	the director(s) of the Company;
“Distribution ADS(s)”	the ADSs to be distributed to qualifying Shareholders pursuant to the Distribution in specie;
“Distribution in specie”	the proposed special dividend of the Company, to be satisfied by the distribution in specie of ADSs to qualifying Shareholders (together with a cash alternative election);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Legend Biotech”	Legend Biotech Corporation, an exempted company incorporated under the laws of the Cayman Islands with limited liability, which is owned as to 76.92% by the Company as of the date of this announcement;
“Legend Biotech Shares”	ordinary shares of par value US\$0.0001 each in the capital of Legend Biotech;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;



“Offering”	the proposed initial public offering of ADSs in connection with the Proposed Spin-Off;
“PN15”	Practice Note 15 of the Listing Rules;
“PRC”	the People’s Republic of China;
“Proposed Spin-off”	the proposed spin-off listing of the Company’s majority-owned Legend Biotech involving the Offering and the proposed separate listing of the ADSs on the Nasdaq Global Market;
“Registration Statement”	the Registration Statement on Form F-1 filed by Legend Biotech with the SEC in connection with the Offering, as may be amended from time to time;
“Remaining Group”	the Group, excluding the Spin-off Group following completion of the Offering;
“SEC”	the United States Securities and Exchange Commission;
“Securities Act”	the United States Securities Act of 1933, as amended;
“Shareholder(s)”	the holders of shares of the Company;
“Spin-off Group”	Legend Biotech and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.”	The United States;
“Underwriters”	the underwriters to the Offering;
“US\$”	United States Dollar, the lawful currency of the United States of America; and
“%”	per cent.

*For illustrative purpose of this announcement, US\$1 = HK\$7.7525.*

**Genscript Biotech Corporation**  
**Zhang Fangliang**  
*Chairman and Chief Executive Officer*

Nanjing, People’s Republic of China

29 May 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*