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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)

PROFIT WARNING

This announcement is made by GenScript Biotech Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to update the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company on the Company’s financial performance for the year ended 31 December 2020 based on the preliminary assessment of the latest unaudited management accounts of the Group and the information currently available.

- (1) the adjusted net profit in the Group’s business excluding Legend Biotech Corporation (“**Legend Biotech**”) (the non-cell therapy business): the non-cell therapy business is expected to record an adjusted net profit of approximately US\$41.1 million to US\$47.9 million, as compared to approximately US\$21.6 million in the corresponding period in 2019, representing an increase from 90.3% to 121.8%. The increase was mainly derived from the successful commercial operation that focused on COVID-19 related products (such as protein and antibody) and the expanded capacity and productivity in the gene synthesis and customized reagent services;

the adjusted net profit in the Group’s business excludes: (i) share-based payment expenses, (ii) exchange differences, (iii) contingent liability rising from the Investigation (as defined in the announcement of the Company dated 21 September 2020), (iv) consultation expenses for the Investigation, (v) impairment loss on long-term investments, (vi) fair value loss of convertible redeemable Series A Preference Shares (as defined in the announcement of the Company dated 31 March 2020) by Legend Biotech, (vii) service fee for the issuance of Series A Preference Shares, and (viii) spin-off expenses relating to the separate listing of Legend Biotech;

- (2) investment into Legend Biotech (the cell therapy business): Legend Biotech is expected to record an adjusted loss from approximately US\$202.4 million to US\$234.4 million, including research and development expenses of approximately US\$220.7 million to US\$255.6 million, which was mainly caused by the continuous investment into its lead product candidate, ciltacabtagene autoleucel, and other product candidates in Legend Biotech's pipeline; and
- (3) one-time non-cash fair value loss of approximately US\$80.0 million caused by the changes of fair value of the convertible redeemable Series A Preference Shares, which was derived from the automatic conversion of all outstanding Series A Preference Shares (plus any dividends accrued but unpaid on the Series A Preference Shares) into Ordinary Shares (as defined in the announcement of the Company dated 31 March 2020) in the capital of Legend Biotech upon Legend Biotech's listing on the Nasdaq Global Select Market. For details of the automatic conversion, please refer to the announcements of the Company dated 31 March 2020 and 14 April 2020. The changes in fair value led to an increase of share premium, which in essence, had no impact on the net assets of Legend Biotech and its subsidiaries.

Overall, the Group is expected to record an adjusted loss of approximately US\$154.5 million to US\$193.3 million for the year ended 31 December 2020, as compared to an adjusted loss of approximately US\$110.3 million in 2019. Please refer to the following as the detailed reconciliation table for the year ended 31 December 2020:

<i>in US\$ in million</i>	Non-cell therapy business	Cell therapy business	Group
Net profit/(loss)	18.9~22.0	(292.2)~(324.9)	(270.2)~(306.0)
Share-based payment expenses, net	10.1~11.8	4.5~5.2	15.3~16.3
Exchange differences, net	5.9~6.9	(0.1)	5.8~6.8
Contingent liability rising from the Investigation	1.8~2.1	—	1.8~2.1
Consultation expenses for the Investigation	1.0~1.1	—	1.0~1.1
Impairment loss on long-term investments	3.4~4.0	—	3.4~4.0
Fair value loss of convertible redeemable Series A Preference Shares	—	80.0	80.0
Service fee for the issuance of Series A Preference Shares	—	4.0	4.0
Spin-off expenses relating to the separate listing of Legend Biotech	—	1.4	1.4
Adjusted net profit/(loss)	41.1~47.9	(202.4)~(234.4)	(154.5)~(193.3)

The Group is expected to record a loss of approximately US\$270.2 million to US\$306.0 million for the year ended 31 December 2020, as compared to a loss of approximately US\$117.5 million in 2019.

As of 31 December 2020, Legend Biotech had approximately US\$455.7 million of cash and cash equivalents and approximately US\$50.0 million in time deposits.

The information contained in this announcement can only be treated as a preliminary assessment by the Board based on the latest unaudited management accounts of the Group and the information currently available, which are subject to finalisation and other potential adjustments, and is not based on any figures nor information that has been audited, confirmed or reviewed by the auditor of the Company. Shareholders and potential investors of the Company are advised to read the annual results announcement of the Company for the year ended 31 December 2020, which is expected to be published before the end of March 2021.

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

By order of the Board
Genscript Biotech Corporation
Meng Jiange
Chairman and Executive Director

Hong Kong, 19 February 2021

As at the date of this announcement, the executive Directors are Mr. Meng Jiange, Ms. Wang Ye and Dr. Zhu Li; 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, Mr. Pan Jiuan and Dr. Wang Xuehai.

* *For identification purposes only*