

金斯瑞生物科技股份有限公司*

GENSCRIPT BIOTECH CORPORATION

(Incorporated in the Cayman Islands with limited liability) | Stock code: 1548 | **2021 Interim Report**



Make People and Nature Healthier
through **Biotechnology**

*For identification purpose only



CONTENTS

Corporate Profile	2
Corporate Information	4
Financial Highlight	6
Management Discussion and Analysis	8
Other Information	21
Independent Review Report	43
Interim Condensed Consolidated Statement of Profit or Loss	44
Interim Condensed Consolidated Statement of Comprehensive Income	45
Interim Condensed Consolidated Statement of Financial Position	46
Interim Condensed Consolidated Statement of Changes in Equity	48
Interim Condensed Consolidated Statement of Cash Flows	50
Notes to Interim Condensed Consolidated Financial Information	53



Corporate Profile

GenScript Biotech Corporation (the “**Company**” or “**GenScript**”, together with its subsidiaries, the “**Group**”) is a well-recognized biotechnology company. Based on our proprietary gene synthesis technology and the other technology and know-hows on life-science research and application, we have four well established major platforms including (i) a leading life-science services and products platform to provide one-stop solutions to global research communities, (ii) a biologics contract development and manufacturing organization (the “**CDMO**”) platform, (iii) an industrial synthetic products platform, and (iv) an integrated global cell therapy platform. The above four internally built platforms have demonstrated their strong growth from research and development to commercial delivery for the six months ended June 30, 2021 (the “**Reporting Period**”) respectively.

The Group has been inspired by the mission “Make People and Nature Healthier through Biotechnology” since it was founded 19 years ago. Our clients’ business need is the Group’s first priority and the ultimate cornerstone for pursuing its long term development. We have been improving our clients’ competitiveness through providing our quality, fast-delivery and cost-effective services and products. Internally, we focus on streamlining our operational workflows and procedures with the aim to strive for the highest quality of end-to-end delivery. Externally, we actively promote the value of strategic collaboration with business partners with the vision to build a healthy biotech eco-system. We would like to contribute more of our efforts to speed up the evolution of the whole biotech and biopharma industry, to realize multi-win among all the participating partners in this industry.

The Group’s business operations span over 100 countries worldwide with our legal entities located in the United States (the “**U.S.**”), Mainland China (“**PRC**”), Hong Kong, Japan, Singapore, Netherlands, Ireland, United Kingdom and Belgium. Our professional workforce has increased to approximately 4,558 headcounts as at June 30, 2021.

The life-science services and products segment is the strong and stable revenue generating foundation for the Group. We have maintained the position as one of the world’s largest molecular biology contract research companies. We offer services and products covering gene synthesis, oligo nucleotide synthesis, peptide synthesis, protein production, antibody development, and convenient and high-put-through equipment and consumables. We have active and healthy interaction with the global life-science research community. Our services and products have been cited in over 64,700 international peer reviewed journal articles as at June 30, 2021.

The biologics development services segment (CDMO platform) provides end-to-end gene and cell therapy development and biologics discovery and development services to pharmaceutical, biotech, government and academic customers worldwide. The team focused on expending the Good Manufacturing Practice (“**GMP**”) capabilities during the Reporting Period. GMP facilities have been under construction according to our strategic plan with phase by phase delivery of the discovery, development, and medium to large scale of manufacturing capacity to meet demands from our customers.

Legend Biotech Corporation ("**Legend**") is the clinical stage biopharmaceutical majority-owned subsidiary of the Group that specifically engages in the discovery and development of novel cell therapies for oncology and other indications. Legend's lead product candidate, ciltacabtagene autoleucel (cilta-cel; JNJ-4528/LCAR-B38M CAR-T cells), is a chimeric antigen receptor T-cell ("**CAR-T**") therapy that Legend is jointly developing with Janssen Biotech, Inc. ("**Janssen**"), for the treatment of multiple myeloma ("**MM**"). Legend's clinical results achieved to date demonstrate that cilta-cel has the potential to deliver deep and durable antitumor responses in patients with relapsed or refractory multiple myeloma ("**RRMM**") with a manageable safety profile. The China Center for Drug Evaluation, National Medical Products Administration granted Breakthrough Therapy Designation for cilta-cel in August 2020. The rolling submission of a Biologics License Application to the U.S. Food and Drug Administration ("**FDA**") for cilta-cel has been initiated in December 2020 and completed in the quarter ended March 31, 2021 together with Legend's collaborator, Janssen. Legend's new pipeline CAR-T programs have been under active development, and the FDA cleared Legend's Investigational New Drug application for LB1901 in relapsed or refractory T-cell lymphoma in December 2020. Please refer to the announcements of the Company dated August 6, 2020, December 14, 2020 and December 21, 2020 for details. Legend was listed on NASDAQ Global Select Market on June 5, 2020.

Bestzyme Biotech Corporation ("**Bestzyme**") is a subsidiary of the Group engaged in the synthetic biology fields. Bestzyme uses our advanced enzyme engineering technology to develop products for feed processing and food additives markets. Our long-term goals are: (i) to improve the quality of people's daily lives, (ii) to address environmental problems, and (iii) to use enzymes in various industry sectors at a large scale to improve the performance and to reduce costs. We believe synthetic biology offers us new opportunities from both technical and commercial perspectives.

During the Reporting Period, all non-cell therapy business units have achieved external sales growth. The Group invested significantly in talent pool and research and development to improve our technical competitiveness. We are very confident that our persistent investments into technology and management reforms and streamlining will be paid off and enable us to achieve a better future ultimately.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Meng Jiange (*Chairman*)

Ms. Wang Ye (*President*)

Dr. Zhu Li (*Chief Strategy Officer*)

Non-Executive Directors

Dr. Wang Luquan

Mr. Pan Yuexin

Ms. Wang Jiafen

Independent Non-Executive Directors

Mr. Guo Hongxin

Mr. Dai Zumian

Mr. Pan Jiu'an

Dr. Wang Xuehai

AUDIT COMMITTEE

Mr. Dai Zumian (*Chairman*)

Mr. Pan Jiu'an

Mr. Guo Hongxin

REMUNERATION COMMITTEE

Mr. Guo Hongxin (*Chairman*)

Ms. Wang Ye

Mr. Dai Zumian

NOMINATION COMMITTEE

Mr. Meng Jiange (*Chairman*)

Mr. Pan Jiu'an

Mr. Dai Zumian

SANCTIONS RISK CONTROL COMMITTEE

Ms. Wang Ye (*Chairwoman*)

Mr. Meng Jiange

Dr. Eric Wang

Mr. Shawn Wu

COMPANY SECRETARY

Ms. Wong Wai Ling

AUTHORISED REPRESENTATIVES

Mr. Meng Jiange

Dr. Zhu Li

HONG KONG LEGAL ADVISERS

Jones Day

31/F Edinburgh Tower

The Landmark

15 Queen's Road

Central

Hong Kong

AUDITOR

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay,

Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

4th Floor, Harbour Place

103 South Church Street George Town

P.O. Box 10240, Grand Cayman KY1-1002

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 28, Yongxi Road

Jiangning Science Park

Nanjing, Jiangsu Province

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Services (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
George Town
P.O. Box 10240, Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKS

Bank of America, N.A. Hong Kong Branch
20th Floor, Tower 2
Kowloon Commerce Centre
51 Kwai Cheong Road
Kwai Chung
Hong Kong

Bank of America Scotch Plains Office

336 Park Avenue
Scotch Plains
NJ 07076
USA

Yueyahu Branch of China Merchant Bank

No. 88, Mu Xu Yuan Street
Nanjing
PRC

COMPANY WEBSITES

www.genscript.com
www.genscriptprobio.com
www.legendbiotech.com
www.bestzyme.com

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited
— Main Board

STOCK CODE

1548

STOCK NAME

GENSCRIPT BIO

Financial Highlight

- Revenue of the Group for the six months ended June 30, 2021 was approximately US\$229.6 million, representing an increase of 38.0% as compared with approximately US\$166.4 million recorded for the same period of 2020, among which, the external revenue for non-cell therapy business was approximately US\$195.7 million, representing an increase of 36.6% as compared with approximately US\$143.3 million for the same period of 2020, and the revenue for cell therapy business was approximately US\$33.9 million, representing an increase of 46.8% as compared with approximately US\$23.1 million for the same period of 2020.
- Gross profit of the Group for the six months ended June 30, 2021 was approximately US\$138.6 million, representing an increase of 28.1% as compared with approximately US\$108.2 million recorded for the same period of 2020, among which, the gross profit of non-cell therapy business was approximately US\$104.7 million, representing an increase of 23.0% as compared with approximately US\$85.1 million for the same period of 2020, and the gross profit of cell therapy business was approximately US\$33.9 million, representing an increase of 46.8% as compared with approximately US\$23.1 million for the same period of 2020.
- Loss of the Group for the six months ended June 30, 2021 was approximately US\$156.1 million, whilst loss of approximately US\$160.5 million was recorded for the same period of 2020.

The adjusted net loss was approximately US\$134.3 million, whilst the adjusted net loss of approximately US\$68.7 million was recorded for the same period in 2020, among which, the adjusted net profit of non-cell therapy business was approximately US\$27.9 million, representing an increase of 14.8% as compared with approximately US\$24.3 million for the same period of 2020, and the adjusted net loss of cell therapy business was approximately US\$162.2 million, whilst the adjusted net loss of the cell therapy business was approximately US\$93.0 million for the same period of 2020.

The adjusted net loss in the Group's business excludes: (i) share-based payment expenses, (ii) exchange gains or losses, (iii) consultation expenses and other related costs for the Investigation (as defined in the announcement of the Company dated September 21, 2020), (iv) impairment loss on long-term investments and related non-current financial assets, (v) fair value loss of Legend Warrant (as defined in the announcement of the Company dated May 14, 2021) liabilities, (vi) fair value loss of convertible redeemable Series A Preference Shares (as defined in the announcement of the Company dated March 31, 2020) by Legend, (vii) service fee for the issuance of Legend Series A Preference Shares, and (viii) spin-off expenses relating to the separate listing of Legend.

- During the Reporting Period, the Group invested significantly into research and development activities as well as talent recruitment, and both of which are key drivers for a sustainable business growth in the long run. For the six months ended June 30, 2021, the Group's research and development expense was approximately US\$175.1 million, representing an increase of 51.6% as compared with approximately US\$115.5 million for the same period in 2020, in which the total investment in research and development was approximately US\$154.5 million on cell therapy for the six months ended June 30, 2021, representing an increase of 52.1% as compared with approximately US\$101.6 million for the same period of 2020.

- Loss attributable to the shareholders of the Company for the six months ended June 30, 2021 was approximately US\$91.1 million, whilst the loss attributable to the shareholders of the Company of approximately US\$113.1 million was recorded for the same period of 2020.

Note:

	For the six months ended June 30, 2021		
	(Unaudited)		
	Non-cell therapy US\$'000	Cell therapy US\$'000	Total US\$'000
Net profit/(loss)	16,334	(172,483)	(156,149)
Excluding:			
Share-based payment expenses, net of tax	5,965	8,033	13,998
Exchange gains or losses, net of tax	1,904	703	2,607
Consultation expenses and other related costs for the Investigation, net of tax	2,419	—	2,419
Impairment loss on long-term investments and related non-current financial assets	1,237	—	1,237
Fair value loss of Legend Warrant liabilities	—	1,600	1,600
Adjusted net profit/(loss)	27,859	(162,147)	(134,288)

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

For the six months ended June 30, 2021, the Group's overall revenue increased by 38.0% to approximately US\$229.6 million (the same period in 2020: approximately US\$166.4 million). Gross profit was approximately US\$138.6 million, representing an increase of 28.1% from approximately US\$108.2 million for the same period in 2020. The loss attributable to the shareholders of the Company (the "Shareholders") was approximately US\$91.1 million, whilst the loss attributable to the Shareholders of approximately US\$113.1 million was recorded for the same period of 2020.

During the Reporting Period, the external revenue of (i) life-science services and products, (ii) biologics development services, (iii) industrial synthetic biology products, (iv) cell therapy, and (v) operation unit accounted for approximately 63.7%, 13.6%, 7.8%, 14.8%, and 0.1%, respectively, of the total revenue of the Group.

Results Analysis of the Four Business Segments

1. Life-science Services and Products

During the Reporting Period, revenue of life-science services and products amounted to approximately US\$152.0 million, representing an increase of 32.2% (the same period in 2020: approximately US\$115.0 million). The gross profit was approximately US\$91.7 million, representing an increase of 17.6% as compared with approximately US\$78.0 million for the same period in 2020. During the Reporting Period, the segment operating profit of life-science services and products was approximately US\$52.2 million, representing an increase of 25.5% from approximately US\$41.6 million for the same period in 2020.

The growth of revenue was mainly attributable to the (i) expanded capacity and productivity in molecular biology and oligo synthesis, (ii) continued growth in protein and reagent antibody production services, (iii) successful development of new accounts, and partially offset by (iv) the decrease in COVID-19 related products. The decrease in gross profit margin was primarily attributable to the (i) significant decrease of exchange rate of USD against RMB as compared to the same period of last year, caused an increase of converted cost as most part of production cost occurs in Mainland China, (ii) change of product portfolio strategy which caused higher proportion of products with lower gross profit margin, and (iii) increased freight and duty costs. The increase in operating profit was primarily attributable to the (i) increased revenue, (ii) increased efficiency and profitability of oligo synthesis service resulted from capacity development, and (iii) continuous improvement of operation efficiency in both commercial and management team. The increase in operating profit was partly offset by unfavorable exchange rate movements.

2. Biologics Development Services

During the Reporting Period, revenue of biologics development services amounted to approximately US\$31.5 million, representing an increase of 65.8% (the same period in 2020: approximately US\$19.0 million). The gross profit was approximately US\$10.0 million, representing an increase of 112.8% as compared with approximately US\$4.7 million for the same period in 2020. The gross profit margin increased from 24.7% for the same period last year to 31.7% this year. During the Reporting Period, the operating loss of biologics development services was approximately US\$2.4 million.

The rapid growth of revenue was mainly attributable to the (i) significant increase of customer projects for antibody and protein drug development, (ii) significant increase in plasmid and viral vector revenue from the booming development in gene and cell therapies (“GCT”) and mRNA vaccines, (iii) improved capacity for pre-clinical and clinical development, (iv) improvement of delivery quality and turnaround time, and (v) new and upgraded service offering and integrated service package which contributed to extra opportunities and better market awareness. The operating loss was primarily attributable to the (i) continuous investment in selling and distribution to build a robust pipeline of future projects, and (ii) investment into research and development for the establishment of adeno-associated virus (“AAV”) platform and optimization of lentivirus (“LVV”) platform and plasmid platform, as well as development and optimization of antibody production process platform.

3. Industrial Synthetic Biology Products

During the Reporting Period, revenue for industrial synthetic biology products increased by 60.7% to approximately US\$18.0 million (the same period in 2020: approximately US\$11.2 million). The gross profit was approximately US\$5.1 million, representing an increase of 18.6% as compared with approximately US\$4.3 million for the same period in 2020. During the Reporting Period, the operating loss of industrial synthetic biology products was approximately US\$0.4 million.

The growth of the revenue was mainly attributable to the (i) launch of innovative products such as Catalase and Amylase, (ii) increased penetration into big industrial customers by providing upgraded marketing strategy from a product seller to a solution provider, and (iii) business development in overseas area. The operating loss was primarily attributable to the (i) significant investment in research and development activities, especially in labor costs led by the recruitment of highly-skilled persons, (ii) reinforcement in marketing activities for our core products and sales force expansion to enhance coverage and market share for our products quickly, and (iii) investment into synthetic biology area such as using enzymatic process to produce high value industrial products.

4. Cell Therapy

During the Reporting Period, revenue of cell therapy increased by 46.8% to approximately US\$33.9 million (the same period in 2020: approximately US\$23.1 million). The gross profit was approximately US\$33.9 million, representing an increase of 46.8% as compared with approximately US\$23.1 million for the same period in 2020. During the Reporting Period, the operating loss of cell therapy was approximately US\$172.5 million.

The increase in both revenue and gross profit was primarily attributable to additional milestones achieved in December 2020 and May 2021 and thus further recognition of contract revenue from the collaboration with Janssen on developing cilta-cel. The operating loss was primarily attributable to the (i) higher number of clinical trials with more patients enrolled and a higher number of research and development product candidates, (ii) expansion of Legend’s supporting administrative functions to aid continued research and development activities, and (iii) growth in the cost associated with commercial preparation activities for cilta-cel.

Management Discussion and Analysis

FINANCIAL REVIEW

	For the six months ended June 30,		Change
	2021 (Unaudited) US\$'000	2020 (Unaudited) US\$'000	
Revenue	229,568	166,394	38.0%
Gross profit	138,619	108,173	28.1%
Net loss	(156,149)	(160,509)	(2.7)%
Adjusted net loss	(134,288)	(68,710)	95.4%
Loss attributable to owners of the Company	(91,122)	(113,092)	(19.4)%
Adjusted net loss attributable to owners of the Company	(73,304)	(50,400)	45.4%
Loss per share (US cent per share)	(4.61)	(6.01)	(23.3)%

REVENUE

During the Reporting Period, the Group recorded revenue of approximately US\$229.6 million, representing an increase of 38.0% from approximately US\$166.4 million for the same period of 2020. This is mainly attributable to (i) the continued increase from life-science services and products from major strategic customers and new competitive services and products, (ii) the growth in biologics development services as project numbers continued to increase, and (iii) the increase of contract revenue derived from Legend's collaboration with Janssen with new milestones achieved.

GROSS PROFIT

During the Reporting Period, the Group's gross profit increased by 28.1% to approximately US\$138.6 million from approximately US\$108.2 million for the same period of 2020. The increase in gross profit was mainly attributable to the (i) rapid growth of revenue, especially in life sciences, biologics CDMO and cell therapy business, and (ii) improved capacity utilization and production efficiency. The increase in gross profit was partially offset by unfavorable exchange rate fluctuation and increased shipping costs.

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, the Group's selling and distribution expenses increased by 41.8% to approximately US\$58.3 million from approximately US\$41.1 million for the same period in 2020. This increase is mainly driven by the (i) increased investment into the commercial talent pool by recruiting more experienced personnel and improved incentive packages, (ii) increased marketing and advertising expenses, primarily attributable to the global expansion of our business, and (iii) increased marketing expenses related to Legend's collaboration with Janssen.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the administrative expense increased by 54.7% to approximately US\$56.3 million from approximately US\$36.4 million for the same period in 2020. This is mainly attributable to the (i) reinforcement of some key administrative functions such as information technology, supply chain and legal to build up capable and professional administrative team to support the Group's overall business expansion, and (ii) one-time consultation expenses and other costs related to the Investigation.

RESEARCH AND DEVELOPMENT EXPENSES

During the Reporting Period, the research and development expenses increased by 51.6% to approximately US\$175.1 million from approximately US\$115.5 million for the same period in 2020. This is mainly attributable to the (i) increase in clinical trial expenses and preclinical study costs, especially in the cell therapy segment related to Legend's collaboration with Janssen, (ii) investment in new challenging research and development projects, which will significantly strengthen our competitiveness in the GCT market and related supply chain, (iii) investment in development projects that improved our production efficiency, and (iv) increase in compensation package including shared-based payment for research and development personnel.

INCOME TAX EXPENSE

During the Reporting Period, the income tax expense increased from approximately US\$2.5 million for the same period in 2020 to approximately US\$5.9 million in 2021. The Group applied a tax refund under the tax preferences issued because of the outbreak of COVID-19 in 2020, which was not applicable in 2021.

FAIR VALUE LOSS OF WARRANT LIABILITIES

On May 13, 2021 (New York time), Legend entered into a subscription agreement with an investor relating to the offer and sale of 20,809,850 ordinary shares of Legend in a private placement at a purchase price of US\$14.41625 per ordinary share of Legend (the "**Legend Offering**"). The total proceeds from the Legend Offering is US\$300.0 million. Pursuant to the subscription agreement, Legend also issued concurrently with the Legend Offering a warrant (the "**Warrant**") exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend (such transaction together with the Legend Offering, the "**Legend Subscription**"). The completion of the Legend Subscription took place on May 21, 2021 (the "**Closing Date**"). The Warrant will be exercisable, in whole or in part, at an exercise price of US\$20.0 per ordinary share of Legend. The Warrant is exercisable after the Closing Date and prior to the two-year anniversary of the Closing Date. Please refer to the announcements of the Company dated May 14, 2021 and May 23, 2021 for details.

The Warrant is accounted for as a financial liability because the Warrant may be net share settleable at the holder's option. The fair value of the warrant liability is assessed at US\$81.7 million and is recognized upon closing of the transaction. As of June 30, 2021, its fair value is assessed at US\$83.3 million. A fair value loss of US\$1.6 million is recorded for the six months ended June 30, 2021 due to change in fair value.

Management Discussion and Analysis

NET LOSS

During the Reporting Period, net loss of the Group was approximately US\$156.1 million, whilst the net loss for the same period of 2020 was approximately US\$160.5 million.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

Deemed disposal of equity interest in Legend

On May 21, 2021, the Legend Subscription was completed (the “**Closing**”). The Closing resulted in a reduction of the percentage shareholding of the Company in Legend and constituted a deemed disposal of the Company’s equity interests in Legend under Rule 14.29 of the Listing Rules. Please refer to the announcements dated May 14, 2021 and May 23, 2021 for details.

Legend remains a non-wholly owned subsidiary of the Company and the financial results of Legend continues to be consolidated into the financial statements of the Group.

Deemed disposal of equity interest in Probio Cayman

On August 18, 2021 (New York time), Probio Technology Limited (“**Probio Cayman**”), an indirectly wholly owned subsidiary of the Company before the closing of the Probio Cayman Purchase, entered into a purchase agreement (the “**Probio Cayman Purchase Agreement**”) with certain investors, whereby Probio Cayman agreed to sell certain series A preferred shares of Probio Cayman and a warrant exercisable for ordinary shares of Probio Cayman (the “**Probio Cayman Purchase**”). On September 3, 2021 (after trading hours, Hong Kong time), the closing of the Probio Cayman Purchase took place. Since the closing of the Probio Cayman Purchase resulted in a reduction of the percentage shareholding of the Company in Probio Cayman, it constituted a deemed disposal of the Company’s equity interests in Probio Cayman pursuant to Rule 14.29 of the Listing Rules. Please refer to the announcements of the Company dated August 19, 2021 and September 5, 2021 for details. Probio Cayman has become a non-wholly owned subsidiary of the Company and the financial results of Probio Cayman and its subsidiaries would continue to be consolidated into the financial statements of the Group after the closing.

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

PROVISION, CONTINGENT LIABILITIES AND GUARANTEES

On September 17, 2020, the Customs Anti-Smuggling Department (the “**Authority**”) of the People’s Republic of China inspected the Group’s places of business in Nanjing and Zhenjiang, China. The inspections were in connection with what the Company understood to be an investigation (the “**Investigation**”) relating to suspected violations of import and export regulations under the laws of the PRC.

In May 2021, certain subsidiaries and employees of the Company and Dr. Zhang Fangliang had been informed by the Authority that the Investigation has been completed, and the respective matter had been handed over to the Zhenjiang Municipal People's Procuratorate (the "**Procuratorate**") for examination and prosecution. Please refer to our announcement dated May 25, 2021 for details.

As at June 30, 2021 and as at the date of this report, bank balances of RMB10.0 million (equivalent to approximately US\$1.5 million) were frozen by the Authority related to the Investigation.

As at the date of this report, to the best of the Company's knowledge, no formal charges have been made or filed against any entity or individual. There is uncertainty in what the final penalty and charges may be, if there is any, which depends on the development and closure of the case. The Group did not provide any contingent liability for the Investigation for the Reporting Period as the Group is not able to make a sufficiently reliable estimate of the amount of the obligation.

The Company will make further announcement in a timely manner on any important development of the case. As at the date of this report, the Group's business operations remained normal.

As at June 30, 2021, the Group did not have any material contingent liabilities or guarantees.

CURRENT RATIO AND GEARING RATIO

As at June 30, 2021, the Group's current ratio (current assets to current liabilities) was approximately 3.3 (as at December 31, 2020: 3.0), and gearing ratio (total liabilities to total assets) was approximately 38.6% (as at December 31, 2020: 43.7%).

BANK LOANS AND OTHER BORROWINGS

As at June 30, 2021, Nanjing GenScript Biotech Co., Ltd. ("**GS China**") borrowed a short-term interest-bearing loan from Citi Bank for an amount of RMB36.0 million (equivalent to approximately US\$5.6 million) with a fixed annual interest rate at 3.4%, which was secured by credit. GS China used such loan to purchase raw materials and replenish working capital.

As at June 30, 2021, Jiangsu GenScript Biotech Co., Ltd. ("**GS Jiangsu**") borrowed a short-term interest-bearing loan from CITIC Bank for an amount of RMB48.0 million (equivalent to approximately US\$7.4 million) with a fixed annual interest rate at 3.2%, which was secured by credit. GS Jiangsu used such loan to purchase raw materials and replenish working capital.

As at June 30, 2021, GenScript (Hong Kong) Limited ("**GS HK**") borrowed a short-term interest-bearing loan from Citi Bank for a total amount of US\$7.0 million with a floating interest rate at the one-month LIBOR (London Interbank Offered Rate) rate plus 0.6%. GS HK used such loan to purchase goods and replenish working capital.

As at June 30, 2021, GenScript Japan Inc. ("**GS JP**") borrowed a long-term interest-bearing loan from Mizuho Bank for a total amount of JYP160.0 million (equivalent to approximately US\$1.5 million) with a floating interest rate at the TIBOR (Tokyo interbank Offered Rate) rate plus 0.25%, which was secured by the building and freehold land held by GS JP. GS JP used such loan to purchase building and freehold land.

Management Discussion and Analysis

As at June 30, 2021, Legend took a funding advance amounted to US\$17.3 million with a collaborator. Pursuant to the collaboration and license agreement entered into with the collaborator, Legend is entitled to receive funding advances from the collaborator when certain operational conditions are met. As a result, Legend took a funding advance amounted to US\$17.3 million by reducing the same amount of other payables due to the collaborator (the “**Funding Advance**”) on June 18, 2021.

This Funding Advance is accounted for as an interest-bearing borrowing funded by the collaborator, constituted by a principal and applicable interests upon such principal. The interest rate is based on the average annual LIBOR for U.S. Dollars as reported in the Wall Street Journal on a quarterly basis on the due date, plus 2.5%, calculated on the number of days from the date on which Legend applied such borrowings. For the Funding Advance, its interest started to accrue from June 18, 2021.

Pursuant to the terms of the collaboration and license agreement, the collaborator may recoup the aggregate amount of funding advances together with interest thereon from Legend’s share of pre-tax profits for the first profitable year under the collaboration program. The Company’s management estimated the loan will not be recouped by the collaborator within one year, thus the loan was classified as a long-term liability.

Save as above, the Group did not have any other outstanding, unpaid bank loans or other borrowings.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group plans to aggressively build manufacturing capacity globally to satisfy the strong customer demand it is observing.

For life-science services and products, the Group plans to continue to invest to upgrade and expand automated gene synthesis and related molecular biology capacity in Mainland China and the U.S., expand peptide and oligo synthesis capacity in Mainland China, build protein and cell engineering facility in Singapore, and establish GMP grade manufacturing capacity in Mainland China for key reagents and equipment in the GCT supply chain.

For biologics development services, the Group plans to expand antibody discovery, process development and GMP manufacturing capacity in Mainland China, and build more GMP manufacturing facilities both in Mainland China and the U.S. for plasmid and virus production.

The Group also plans to invest to upgrade supply chain and IT infrastructures as well as other supporting functions to improve operating efficiency and accommodate the rapid business growth we are expecting.

Save as disclosed above, there was no other specific plan of material investments or capital assets as at June 30, 2021.

REGULATORY RISK

The Biosecurity Law of the PRC (《中華人民共和國生物安全法》) (the “**Biosecurity Law**”), promulgated by the Standing Committee of National People’s Congress on October 17, 2020 and came into effect on April 15, 2021, establishes an integrated system to regulate biosecurity-related activities in China, including the security regulation of human genetic resources (the “**HGR**”) and biological resources. The Biosecurity Law declares that China enjoys sovereignty over its HGR and biological resources and further endorsed the Regulation for the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) by recognizing the fundamental regulatory principles and systems established by it over the preservation, collection, transaction or exportation of China’s HGR by foreign organizations and individuals. Although the Biosecurity Law does not provide any specific new regulatory requirements on the HGR, it grants China’s major regulatory authorities of HGR, i.e. the Ministry of Science and Technology, significantly more power and discretion to regulate the HGR. It is expected that the overall regulatory landscape for China’s HGR will evolve and become even more rigorous. In addition, the interpretation and application of the data protection laws and regulations in China and elsewhere in the world are often uncertain and constantly changing.

The Group has formed a biosecurity committee which comprises professionals with years of experiences and diversified backgrounds in different industries and functions. The committee members are responsible for actively following new laws, regulations and guidelines published by regulatory authorities and promoting improvements in the compliance of the Group with such laws, regulations and guidelines.

RISKS RELATED TO INTERNATIONAL TRADE AGREEMENTS, TARIFFS AND IMPORT/EXPORT REGULATIONS

In recent years, there have been more material uncertainties arose in international trade agreements, tariffs and import/export regulations. The momentum of international trade protectionism and unilateralism is growing. The U.S. and the PRC governments have held numerous rounds of negotiations. If any new legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, or if the U.S. or the PRC imposes additional burdens on international trade that negatively affect the ability of both countries to import and export goods, it may lead to a decline in material supply and demand of the Group’s services. In order to mitigate this, the Group has continuously increased the layout of global service capacities.

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 seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. Since January 2019, the Group has engaged in a series of forward contracts to manage the Group’s currency risk.

Management Discussion and Analysis

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

Other than bank balances with variable interest rates and short-term deposits and financial investment measured at amortized cost with fixed interest rates, the Group has financial products of approximately US\$1.6 million related to fair value interest rate risk. The interest rates risk arising from bank loans are low as the interest rates are fixed for short-term period or even floating with relatively low rates to take advantage of the lower rates thus available.

CREDIT RISK

The carrying amounts of cash and cash equivalents, trade and notes receivables, other receivables and other 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 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, research institutes and pharmaceutical and biotech companies in China, as well as occasionally with other customers in the United States, Europe and Singapore. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balances by semi-year to ensure adequate impairment losses are made for irrecoverable amounts.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since June 30, 2021 and up to the date of this report.

CHARGES ON GROUP ASSETS

As at June 30, 2021, the building and freehold land located in Tokyo, Japan of approximately JPY1.2 billion (equivalent to approximately US\$11.1 million) was pledged by GS JP to secure a loan of JPY160.0 million (equivalent to approximately US\$1.5 million).

As at June 30, 2021, the notes receivables of approximately US\$464,000 and bank balances of approximately US\$741,000 were pledged by subsidiaries incorporated in the PRC for notes payable of approximately US\$464,000 and US\$892,000 respectively. And bank balances of approximately US\$256,000 were pledged by Legend Biotech USA Incorporated ("**Legend USA**") for credit cards.

Save as disclosed above, as of June 30, 2021, the Group did not have any other charges over its assets.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at June 30, 2021, the cash and cash equivalents of the Group amounted to approximately US\$957.6 million (as at December 31, 2020: approximately US\$629.1 million). As at June 30, 2021, the restricted cash of the Group amounted to approximately US\$2.5 million (as at December 31, 2020: approximately US\$7.5 million).

As at June 30, 2021, the Group had available unutilized bank facilities of approximately US\$60.1 million (as at December 31, 2020: approximately US\$178.3 million).

CAPITAL EXPENDITURE

During the Reporting Period, capital expenditure incurred in purchasing intangible assets, namely software, patents and license was approximately US\$2.7 million, capital expenditure incurred in purchasing property, plant and equipment and construction in process was approximately US\$68.8 million.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2021, the Group had a total of approximately 4,558 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 their 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 (including the Directors) was approximately US\$149.6 million, representing 65.2% of the total 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 (the "**Subsidiary Share Option Scheme**"). On March 22, 2019, the Company adopted the Restricted Share Award Scheme (the "**RSA Scheme**"). On May 26, 2020, the shareholders of Legend approved and adopted the restricted shares plan of Legend (the "**2020 Restricted Shares Plan**"). On August 23, 2021, the Company adopted the Restricted Share Award Scheme (the "**2021 RSA Scheme**"). No further options have been granted under the Pre-IPO Share Option Scheme since the Company was listed on the Stock Exchange.

Management Discussion and Analysis

During the Reporting Period, 100,000 share options and 343,029 share options with an exercise price of HK\$13.892 per share and HK\$30.45 per share were granted under the Post-IPO Share Option Scheme to certain employees on March 31, 2021 and May 31, 2021, respectively. Please refer to our announcements dated March 31, 2021 and June 1, 2021 for details. Save as disclosed, no other options have been granted under the Post-IPO Share Option Scheme during the Reporting Period.

During the Reporting Period, 213,906 restricted shares and 5,704,106 restricted shares were granted under the RSA Scheme to certain employees on March 31, 2021 and May 31, 2021, respectively. 415,524 restricted shares were granted under the RSA Scheme to certain Directors and chief executive on May 31, 2021. Please refer to our announcements dated March 31, 2021 and June 1, 2021 for details. Save as disclosed, no other shares have been granted under the RSA Scheme during the Reporting Period.

During the Reporting Period, 430,000 share options were granted under the Subsidiary Share Option Scheme. Save as disclosed, no other options have been granted under the Subsidiary Share Option Scheme during the Reporting Period.

During the Reporting Period, 1,843,186 restricted share units were granted under the 2020 Restricted Shares Plan on March 19, 2021, March 26, 2021, March 28, 2021, March 29, 2021, April 8, 2021, April 9, 2021, April 12, 2021, April 13, 2021, April 14, 2021, April 15, 2021, April 16, 2021, April 19, 2021, April 20, 2021, April 23, 2021, May 21, 2021, June 9, 2021, June 15, 2021 and June 22, 2021.

Save as disclosed, no other restricted shares or restricted share units have been granted under the 2020 Restricted Shares Plan during the Reporting Period.

The number of employees of the Group categorized by function as of June 30, 2021 is set forth as follows:

Function	Number of employees	Percentage of Total
Production	1,708	37.5%
Sales and marketing	451	9.9%
Administration	646	14.2%
Research and development	978	21.4%
Management	775	17.0%
Total	4,558	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.

IMPORTANT EVENTS

On February 5, 2021 (New York time), GenScript USA Inc. received authorization by the Center for Biologics Evaluation and Research of the FDA for use of the cPass™ SARS-CoV-2 Neutralization Antibody Detection Kit in convalescent plasma screening. The cPass™ is the first FDA authorized test that specifically detects COVID-19 neutralizing antibodies without the use of live virus. Please refer to the announcement of the Company dated February 7, 2021 for details.

In May 2021, the European Medicines Agency (the “**EMA**”) has accepted Legend’s Marketing Authorisation Application seeking approval of ciltacabtagene autoleucel (ciltacel) for the treatment of patients with relapsed and/or refractory multiple myeloma. The acceptance confirms that the application is valid and marks the commencement of the EMA’s assessment process. Please refer to the announcements dated April 30, 2021 and May 21, 2021 for details.

In May 2021, the sixth milestone relating to the clinical development of cilta-cel has been achieved according to the terms and conditions of the collaboration and license entered into among Legend USA., Legend Ireland (“**Legend USA/Ireland**”) and Janssen. Legend USA/Ireland is entitled to the milestone payments in the amount of US\$15,000,000 payable by Janssen for the sixth milestone. Please refer to the announcement of the Company dated May 21, 2021 for details.

On May 13, 2021 (New York time), Legend entered into a subscription agreement with an investor relating to (i) the offer and sale of 20,809,850 ordinary shares of Legend in a private placement at a purchase price of US\$14.41625 per ordinary share of Legend, from which the total proceeds is US\$300.0 million, and (ii) the issuing of a warrant exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend (the “**Legend Subscription**”). The completion of Legend Subscription took place on May 21, 2021. Please refer to the announcements of the Company dated May 14, 2021 and May 23, 2021 for details.

On May 14, 2021, the Company and Hillhouse Capital Management, Ltd. entered into the binding term sheet in relation to the Series A financing of Probio Cayman (the “**Term Sheet**”). On August 18, 2021 (New York time), Probio Cayman entered into the Probio Cayman Purchase Agreement with the investors, whereby Probio Cayman agreed to sell certain series A preferred shares of Probio Cayman and a warrant exercisable for ordinary shares of Probio Cayman. On September 3, 2021 (after trading hours, Hong Kong time), the completion of the Probio Cayman Purchase took place. Please refer to the announcements of the Company dated May 14, 2021, June 7, 2021, August 19, 2021 and September 5, 2021 for details.

On May 14, 2021, the Company and GNS Holdings Limited (“**GNS**”) entered into a subscription agreement, pursuant to which GNS subscribed for 102,981,853 Shares issued by the Company under the general mandate (“**GenScript Subscription**”). The completion of GenScript Subscription took place on June 10, 2021. Please refer to the announcements of the Company dated May 14, 2021 and June 10, 2021 for details.

On May 14, 2021, Genscript Corporation (“**GS Corp**”), a controlling shareholder of the Company entered into an agreement with GNS, pursuant to which GS Corp sold and GNS purchased 61,789,112 Shares (“**GS Disposal**”). The completion of the GS Disposal took place on June 11, 2021. Please refer to the announcements of the Company dated May 14, 2021 and June 11, 2021 for details.

Management Discussion and Analysis

On May 26, 2021 (New York time), Legend announced that the FDA has accepted for priority review the Biologics License Application (BLA) submission for cilta-cel. Please refer to the announcement of the Company dated May 27, 2021 for details.

On June 22, 2021 (New York time), Legend announced that the establishment of a manufacturing facility in Belgium, as part of a joint investment with Janssen Pharmaceutical NV (Janssen), to expand global manufacturing capacity of innovative cellular therapies. Please refer to the announcement of the Company dated June 22, 2021 for details.

PROSPECTS

In the covid world, we are facing both significant challenges and significant opportunities in all of our businesses.

The covid pandemic globally has created difficulties for our sales and marketing team to connect with our customers in many parts of the world. Despite this, our team has employed new ways to listen to our customers' demand, demonstrate our products and services to our customers, and provide the highest quality services as we always do. We are seeing significant growth of online orders as an indication of our initial success in shifting customer engagement online in response to covid.

The covid pandemic has also placed significant strain on the global supply chain. Shipping rates have risen rapidly since the beginning of the year and hurt our gross profit as we did not choose to pass this cost onto our customers initially. As there is no sign of the shipping rate dropping back to the pre-covid level any time soon, we have now implemented actions to recoup some of the shipping costs so that we are not at a competitive disadvantage to many other competitors. On the other side, the Group also often faces long lead time in raw material and capital equipment purchases. The government measures aimed at containing the covid pandemic also created significant risks in shipping in and out of China. We have implemented new supply chain management measures and identified alternative trade routes and suppliers to ensure business continuity.

This pressure test on the global life sciences industry supply chain also revealed significant opportunities to the Group both present and in the future. Our sales and profit in China grew rapidly as we leverage our manufacturing availability to ensure customers with quality and turnaround time. As we are building more local manufacturing capacity outside of China, we will be better positioned to service global customers and win more business.

The global life sciences industry supply chain constrain also highlighted the need for localized supply of key reagents and equipment due to economic and geopolitical reasons. The Group is investing to commercialize key reagents and equipment employed in the GCT process in order to capture the booming demand in this area. Being a trusted supplier of such high value-added items with local manufacturing capability would give the Group the opportunity to address a fast growing market worth billions of dollars. Having built our own cell therapy business (Legend) and our own CDMO business for plasmid and viral vector (Probio) gives the Group unique insight into understanding customer needs and technical requirements. The Group intends to build up this business through investment in research and development, GMP manufacturing capacity, as well as collaborations with third parties.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended June 30, 2021, 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

As at June 30, 2021, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares, and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), are set out as follows:

Long positions in the ordinary shares and underlying Shares of the Company as at June 30, 2021

Name of Director and Chief Executive	Capacity/Nature of interest	Number of Shares/ underlying Shares held/interested	Approximate Percentage of Shareholding* (%)
Director			
Meng Jiange	Beneficial owner ^(Note 1)	2,678,838	0.13
Wang Ye	Interest in controlled corporation ^(Note 2) , parties acting in concert ^(Note 3) , beneficial owner ^(Note 4) and founder of a discretionary trust ^(Note 5)	867,862,469	41.60
Zhu Li	Beneficial owner ^(Note 6)	2,381,597	0.11
Wang Luquan	Interest in controlled corporation ^(Note 7) , parties acting in concert ^(Note 3) and interests in spouse ^(Note 8)	867,862,469	41.60
Pan Yuexin	Beneficial owner ^(Note 9)	460,000	0.02
Wang Jiafen	Beneficial owner ^(Note 10)	270,000	0.01
Guo Hongxin	Beneficial owner ^(Note 11)	460,000	0.02
Dai Zumian	Beneficial owner ^(Note 12)	460,000	0.02
Pan Jiuian	Beneficial owner ^(Note 13)	270,000	0.01
Wang Xuehai	Beneficial owner ^(Note 14)	210,000	0.01
Chief Executive			
Zhenyu (Patrick) Liu	Beneficial owner ^(Note 15)	5,054,226	0.24

* The percentage has been calculated based on 2,086,073,018 Shares in issue as at June 30, 2021.

Other Information

Notes:

- (1) As at June 30, 2021, Meng Jiange held 400,000 underlying Shares under the RSA Scheme, 1,943,320 underlying Shares under the options conditionally granted to him under the Pre-IPO Share Option Scheme and 335,518 Shares.
- (2) As at June 30, 2021, Wang Ye held approximately 10.26% in the issued share capital of GS Corp. Pursuant to the GS Corp Shareholder Voting Agreement and for the purpose of the SFO, Wang Ye was deemed, or taken to be interested in, all the Shares held by GS Corp.
- (3) On August 14, 2008, Zhang Fangliang, Wang Ye and Wang Luquan entered into the GS Corp Shareholder Voting Agreement, whereby Zhang Fangliang, Wang Ye and Wang Luquan agreed to vote unanimously in the shareholder meetings of GS Corp and, contemporaneously, proxies were conferred by Wang Luquan and Wang Ye to Zhang Fangliang authorising Zhang Fangliang to vote and exercise all voting and related rights with respect to the shares that each of Wang Luquan and Wang Ye beneficially owned in GS Corp, which held 809,577,123 Shares as of June 30, 2021. On May 29, 2015, Wu Yongmei signed a proxy agreement whereby she conferred all her voting and related rights in relation to all the shares that she owned in GS Corp, i.e. 108,625,000 shares of GS Corp to Zhang Fangliang.
- (4) As at June 30, 2021, Wang Ye held 300,000 underlying Shares under the RSA Scheme, and 56,683,194 underlying Shares under the options conditionally granted to her under the Pre-IPO Share Option Scheme and 664,152 Shares.
- (5) On October 5, 2017, Wang Ye set up 2017 Wang Ye Family Trust (the "**Wang Trust**"), an irrevocable discretionary family trust, with her spouse, her son and his living issue as beneficiaries. Hu Zhiyong, the spouse of Wang Ye, is the trustee of the Wang Trust. As at June 30, 2021, the Wang Trust (through its trustee) held approximately 1.95% of the entire issued share capital of GS Corp and was deemed, or taken to be interested in, all the Shares held by GS Corp for the purpose of the SFO.
- (6) As at June 30, 2021, Dr. Zhu Li held 300,000 underlying Shares under the RSA Scheme, and 800,000 underlying Shares under the options conditionally granted to him under the Post-IPO Share Option Scheme and 1,281,597 Shares.
- (7) As at June 30, 2021 Wang Luquan held approximately 22.76% in the issued share capital of GS Corp. Pursuant to the GS Corp Shareholder Voting Agreement and for the purpose of the SFO, Wang Luquan was deemed, or taken to be interested in, all the Shares held by GS Corp.
- (8) Wang Luquan is the spouse of Huang Lili. For the purpose of the SFO, Wang Luquan was deemed, or taken to be interested in all the Shares in which Huang Lili was interested, i.e. 638,000 Shares.
- (9) As at June 30, 2021, Pan Yuexin held 460,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (10) As at June 30, 2021, Wang Jiafen held 270,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (11) As at June 30, 2021, Guo Hongxin held 460,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (12) As at June 30, 2021, Dai Zumian held 460,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (13) As at June 30, 2021, Pan Jiuan held 270,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (14) As at June 30, 2021, Wang Xuehai held 210,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (15) As at June 30, 2021, Zhenyu (Patrick) Liu held 20,899 underlying Shares under the RSA Scheme, 5,000,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme and 33,327 Shares.

Save as disclosed above, as at June 30, 2021, none of the Directors or chief executive of the Company had any interests or short positions in the shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that (i) was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise (ii) was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2021, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company as at June 30, 2021

Name	Capacity/Nature of interest	Number of Shares/ underlying Shares held/interested	Approximate Percentage of Shareholding* (%)
GS Corp ^(Note 1)	Beneficial owner	809,577,123	38.81
Zhang Fangliang ^{(Note 2) (Note 3)}	Interest in controlled corporation, parties acting in concert and founder of a discretionary trust	867,862,469	41.60
Jin Weihong ^(Note 3)	Interest in controlled corporation, parties acting in concert and trustee	867,862,469	41.60
Hu Zhiyong ^(Note 4)	Interest in controlled corporation, parties acting in concert and trustee	867,862,469	41.60
Huang Lili ^(Note 6)	Beneficial owner and interest in spouse	867,862,469	41.60
GNS Holdings Limited ^(Note 7)	Beneficial owner	164,770,965	7.90
Hillhouse Investment Management V, Ltd. ^(Note 7)	Interest in controlled corporation	164,770,965	7.90
Hillhouse Investment Management, Ltd. ^(Note 7)	Investment manager	164,770,965	7.90
Hillhouse Fund V, L.P. ^(Note 7)	Interest in controlled corporation	164,770,965	7.90

* The percentage has been calculated based on 2,086,073,018 Shares in issue as at June 30, 2021.

Notes:

- (1) As at June 30, 2021 GS Corp is a company incorporated in the State of Delaware in the U.S. and owned as to approximately 37.47%, approximately 3.66%, approximately 22.76%, approximately 7.96%, approximately 2.07%, approximately 0.70%, approximately 0.42%, approximately 0.42%, approximately 11.10%, approximately 10.26%, approximately 1.95%, approximately 1.05% and approximately 0.18% by Zhang Fangliang, the Zhang Trust, Wang Luquan, Wu Yongmei, the Wu 2017 Trust^(Note 5), the Wu 2019 Trust^(Note 5), the Wu 2020 Separate Trust A^(Note 5), the Wu 2020 Separate Trust B^(Note 5), the Wu 2020 Trust^(Note 5), Wang Ye, the Wang Trust, Mu Yingjun and Charity B, respectively.

Other Information

- (2) As at June 30, 2021, Zhang Fangliang held approximately 37.47% of the issued share capital of GS Corp and was deemed, or taken to be interested in, all the Shares held by GS Corp for the purpose of the SFO.
- (3) On October 12, 2017, Zhang Fangliang set up 2017 Fang Liang Zhang Trust (the “**Zhang Trust**”), an irrevocable discretionary family trust, with his three children and their respective living issue as beneficiaries. As at June 30, 2021, Jin Weihong, the spouse of Zhang Fangliang, is the trustee of the Zhang Trust. Jin Weihong, as the trustee of the Zhang Trust, held approximately 3.66% of the entire issued share capital of GS Corp and was deemed, or taken to be interested in, all the Shares held by GS Corp for the purpose of the SFO.
- (4) On October 5, 2017, Wang Ye set up the Wang Trust, an irrevocable discretionary family trust, with her spouse, her son and his living issue as beneficiaries. Hu Zhiyong, the spouse of Wang Ye, is the trustee of the Wang Trust. As at June 30, 2021, Hu Zhiyong, as the trustee of the Wang Trust, held approximately 1.95% of the entire issued share capital of GS Corp and was deemed, or taken to be interested in, all the Shares held by GS Corp for the purpose of the SFO.
- (5) On December 17, 2017, Wu Yongmei set up 2017 Wu Yongmei Trust (the “**Wu 2017 Trust**”). On October 31, 2018, Wu Yongmei set up 2018 Wu Yongmei Trust (the “**Wu 2018 Trust**”). On October 31, 2019, Wu Yongmei set up Yongmei Wu 2019 Trust (the “**Wu 2019 Trust**”). On October 28, 2020, the Wu 2018 Trust transferred 1,882,930 shares of GS Corp and 1,882,930 shares of GS Corp to Descendants’ Separate Trust FBO A (the “**Wu 2020 Separate Trust A**”) and Descendants’ Separate Trust FBO L (the “**Wu 2020 Separate Trust L**”), respectively, under the Wu 2018 Trust. On October 30, 2020, Wu Yongmei set up Yongmei Wu 2020 Trust (the “**Wu 2020 Trust**”) and serves as the initial trustee.
- (6) As at June 30, 2021, Huang Lili held 638,000 Shares. In addition, since Huang Lili is the spouse of Wang Luquan, who is a non-executive Director. For the purpose of the SFO, Huang Lili was deemed, or taken to be interested in all the Shares in which Wang Luquan was interested.
- (7) The entire issued share capital of GNS Holdings Limited is wholly owned by Hillhouse Investment Management V, Ltd., which is wholly owned by Hillhouse Fund V, L.P.. Hillhouse Investment Management, Ltd. is the sole investment manager of GNS Holdings Limited.

Save as disclosed above, as at June 30, 2021, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

As disclosed above, the Company has adopted the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and Subsidiary Share Option Scheme. The purpose of the Share Option Schemes is to enable us to grant options to selected participants as incentives or rewards for their contributions. The Directors consider the Share Option Schemes, with its broad basis of participation, will enable the Company to reward its employees, Directors and other selected participants for their contributions.

A. Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme by resolutions of the then sole shareholder of the Company on July 15, 2015. The Pre-IPO Share Option Scheme is not subject to the provision of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme does not involve the grant of options by the Company to subscribe for Shares once the Company is listed on the Stock Exchange. No further options shall be granted under the Pre-IPO Share Option Scheme after the listing.

Set out below are details of the outstanding options under the Pre-IPO Share Option Scheme:

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share	Outstanding as at January 1, 2021	Number of share options			Outstanding as at June 30, 2021	
						Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		Exercised during the Reporting Period ⁽¹⁾
US\$										
Directors of the Company										
Meng Jiange	January 30, 2015	January 30, 2016– July 31, 2025	January 30, 2016– July 31, 2025	0.077	1,943,320	–	–	–	–	1,943,320
		January 30, 2017– July 31, 2025								
		January 30, 2018– July 31, 2025								
		January 30, 2019– July 31, 2025								
		January 30, 2020– July 31, 2025								
Wang Ye	March 20, 2014	December 31, 2014– July 31, 2025	December 31, 2014– July 31, 2025	0.062	68,016,194	–	–	–	11,333,000	56,683,194
		December 31, 2015– July 31, 2025								
		December 31, 2016– July 31, 2025								
Other employees										
Employees	October 17, 2005– March 30, 2015	October 17, 2008– December 31, 2025	October 17, 2008– December 31, 2025	0.003–0.103	2,688,664	–	–	174,899	360,931	2,152,834
					72,648,178	–	–	174,899	11,693,931	60,779,348

Notes:

- (1) The weighted average closing price immediately before the dates on which the options were exercised was HK\$31.67.
- (2) Please refer to Appendix V “Statutory and General Information” of the Prospectus and note 20 to the financial statement in this interim report.

B. Post-IPO Share Option Scheme

The Company approved and adopted the Post-IPO Share Option Scheme by written resolutions of its then sole shareholder on December 7, 2015. The Post-IPO Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules. Options to subscribe for 101,306,166 shares had been granted (of which 17,097,381 options had lapsed) under the Post-IPO Share Option Scheme from the date of its adoption to June 30, 2021.

Set out below are details of the outstanding options under the Post-IPO Share Option Scheme:

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share HK\$	Closing Price		Number of share options					
					Per Share immediately before the date of grant	Outstanding as at January 1, 2021	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽ⁱ⁾	Outstanding as at June 30, 2021	
Directors of the Group												
Zhu Li	October 11, 2017	December 31, 2019– October 10, 2027	December 31, 2019– October 10, 2027	8.330	8.07	800,000	–	–	–	–	–	800,000
		December 31, 2020– October 10, 2027										
		December 31, 2021– October 10, 2027										
		December 31, 2022– October 10, 2027										
		December 31, 2023– October 10, 2027										
		November 29, 2018– November 28, 2023	November 29, 2018– November 28, 2023	14.04	14.32	400,000	–	–	–	–	–	400,000
		November 29, 2019– November 28, 2023										
Pan Yuexin	November 29, 2018	November 29, 2020– November 28, 2023										
		November 29, 2021– November 28, 2023										
		November 29, 2022– November 28, 2023										
		November 29, 2023– November 28, 2023										
		November 29, 2024– November 28, 2023										

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price		Outstanding as at January 1, 2021	Number of share options					Outstanding as at June 30, 2021	
				per Share	HK\$		Closing Price Per Share immediately before the date of grant	HK\$	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		Exercised during the Reporting Period ⁽ⁱ⁾
	September 1, 2020	September 1, 2020– August 31, 2025	September 1, 2020– August 31, 2025	15.00		60,000	14.98	-	-	-	-	60,000	
		September 1, 2021– August 31, 2025											
		September 1, 2022– August 31, 2025											
Wang Jiafen	September 1, 2020	September 1, 2020– August 31, 2025	September 1, 2020– August 31, 2025	15.00		270,000	14.98	-	-	-	-	270,000	
		November 25, 2020– August 31, 2025											
		September 1, 2021– August 31, 2025											
		November 25, 2021– August 31, 2025											
		September 1, 2022– August 31, 2025											
Guo Hongxin	November 29, 2018	November 29, 2018– November 28, 2023	November 29, 2018– November 28, 2023	14.04		400,000	14.32	-	-	-	-	400,000	
		November 29, 2019– November 28, 2023											
		November 29, 2020– November 28, 2023											
		November 29, 2021– November 28, 2023											
		November 29, 2022– November 28, 2023											

Other Information

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share HK\$	Closing Price Per Share immediately before the date of grant HK\$	Outstanding as at January 1, 2021	Number of share options					Outstanding as at June 30, 2021
							Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽ⁱ⁾		
	September 1, 2020	September 1, 2020– August 31, 2025	September 1, 2020– August 31, 2025	15.00	14.98	60,000	-	-	-	-	-	60,000
		September 1, 2021– August 31, 2025										
		September 1, 2022– August 31, 2025										
		November 29, 2018– November 28, 2023	November 29, 2018– November 28, 2023	14.04	14.32	400,000	-	-	-	-	-	400,000
		November 29, 2019– November 28, 2023										
		November 29, 2020– November 28, 2023										
		November 29, 2021– November 28, 2023										
		September 1, 2020– August 31, 2025	September 1, 2020– August 31, 2025	15.00	14.98	60,000	-	-	-	-	-	60,000
		September 1, 2021– August 31, 2025										
		September 1, 2022– August 31, 2025										

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price		Closing Price		Number of share options					
				per Share	HK\$	Per Share	immediately before the date of grant	Outstanding as at January 1, 2021	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽ⁱ⁾	Outstanding as at June 30, 2021
Pan Jian	September 1, 2020	September 1, 2020– August 31, 2025	September 1, 2020– August 31, 2025	15.00	14.98	270,000	–	–	–	–	–	270,000	
		November 25, 2020– August 31, 2025											
		September 1, 2021– August 31, 2025											
		November 25, 2021– August 31, 2025											
		September 1, 2022– August 31, 2025											
		November 21, 2021– December 27, 2025			12.10	11.36	210,000	–	–	–	–	–	210,000
Wang Xuehai	December 28, 2020	November 21, 2022– December 27, 2025	November 21, 2021– December 27, 2025										
		November 21, 2022– December 27, 2025											
		November 21, 2023– December 27, 2025											
		December 27, 2025											

Other Information

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share HK\$	Closing Price Per Share immediately before the date of grant HK\$	Outstanding as at January 1, 2021	Number of share options					Outstanding as at June 30, 2021
							Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽¹⁾	Exercised during the Reporting Period ⁽¹⁾	
Chief executive of the Company												
Zhenyu Liu	June 22, 2016	June 22, 2019– June 21, 2026	June 22, 2019– June 21, 2026	1,2040	1,210	5,000,000	–	–	–	–	–	5,000,000
		June 22, 2020– June 21, 2026										
		June 22, 2021– June 21, 2026										
		June 22, 2022– June 21, 2026										
		June 22, 2023– June 21, 2026										
		June 21, 2026										
Senior management of the Company												
Shiniu Wei	November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	19,132	19,54	500,000	–	–	–	–	–	480,000
		November 29, 2021– November 28, 2029										
		November 29, 2022– November 28, 2029										
		November 29, 2023– November 28, 2029										
		November 29, 2024– November 28, 2029										

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price		Outstanding as at January 1, 2021	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ^(b)	Outstanding as at June 30, 2021
				per Share	HK\$						
	December 28, 2020	December 28, 2021– December 27, 2030	December 28, 2021– December 27, 2030	12.10	11.36	400,000	–	–	–	–	400,000
		December 28, 2022– December 27, 2030	December 27, 2030								
		December 28, 2023– December 27, 2030	December 27, 2030								
		December 28, 2024– December 27, 2030	December 27, 2030								
		December 28, 2025– December 27, 2030	December 27, 2030								
		December 28, 2026– December 27, 2030	December 27, 2030								
Sherry Shao	April 25, 2017	April 25, 2021– April 24, 2027	April 25, 2021– April 24, 2027	3.512	3.45	2,000,000	–	–	–	–	2,000,000
		April 25, 2024– April 24, 2027	April 24, 2027								
Other employees											
	June 22, 2016	June 22, 2016– June 21, 2026	June 22, 2016– June 21, 2026	1.2040	1.210	3,085,637	–	–	–	182,965	2,902,672
	September 23, 2016	September 23, 2017– September 22, 2026	September 23, 2017– September 22, 2026	2.406	2.300	8,899,000	–	–	–	4,223,000	4,716,000
	April 25, 2017	April 25, 2019– April 24, 2027	April 25, 2019– April 24, 2027	3.512	3.450	20,042,000	–	–	630,000	4,281,000	15,131,000
	October 11, 2017	July 25, 2019– October 10, 2027	July 25, 2018– October 10, 2027	8.330	8.070	9,184,900	–	–	1,020,000	848,000	7,316,900
	November 20, 2017	December 31, 2019– November 19, 2027	December 31, 2019– November 19, 2027	9.350	8.910	7,540,000	–	–	2,525,000	1,298,000	3,717,000
	May 4, 2018	January 1, 2019– May 3, 2028	January 1, 2019– May 3, 2028	26.46	26.65	8,400,000	–	–	32,381	575,715	7,791,904
	November 29, 2018	November 29, 2019– November 28, 2028	November 29, 2019– November 28, 2028	14.04	14.32	495,000	–	–	120,000	135,000	240,000

Other Information

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price		Closing Price Per Share immediately before the date of grant	Outstanding as at January 1, 2021	Number of share options					Outstanding as at June 30, 2021
				HK\$	HK\$			Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽¹⁾		
												per Share	
	July 19, 2019	July 19, 2020– July 18, 2029	July 19, 2020– July 18, 2029	18.3	17.86	3,945,000	–	–	115,000	230,000	3,600,000		
	November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	19.132	19.54	4,535,000	–	–	1,150,000	129,000	3,256,000		
	April 29, 2020	April 29, 2021– April 28, 2030	April 29, 2021– April 28, 2030	13.840	13.698	5,225,000	–	–	435,000	334,500	4,455,500		
	December 28, 2020	December 28, 2021– December 27, 2030	December 28, 2021– December 27, 2030	12.10	11.360	1,750,000	–	–	650,000	–	1,100,000		
	March 31, 2021	March 31, 2022– March 30, 2031	March 31, 2022– March 30, 2031	13.882	14.04	–	100,000	–	–	–	100,000		
	May 31, 2021	May 31, 2022– May 30, 2031	May 31, 2022– May 30, 2031	30.45	27.35	–	343,029	–	–	–	343,029		
						83,971,537	443,029	–	6,677,381	12,257,180	65,480,005		

Notes:

- (1) The weighted average closing price immediately before the dates on which the options were exercised was HK\$24.25.
- (2) For further details of the Post-IPO Share Option Scheme, please refer to Appendix V “Statutory and General Information” of the Prospectus and note 21 to the financial statement in this interim report.
- (3) The closing price per Share immediately before the date of grant has been adjusted due to the Adjustment.

C. Subsidiary Share Option Scheme

The Company approved and adopted the Subsidiary Share Option Scheme on December 21, 2017. The Subsidiary Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Options to subscribe for 20,956,000 shares of Legend had been granted (of which 5,501,066 options had lapsed) under the Subsidiary Share Option Scheme from the date of its adoption to June 30, 2021.

Set out below are details of the outstanding options under the Subsidiary Share Option Scheme:

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share US\$	Outstanding as at January 1, 2021	Number of share options			Outstanding as at June 30, 2021	
						Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		Exercised during the Reporting Period
Senior management of the Group Huang Ying	July 22, 2019	July 2, 2020– July 1, 2029	July 2, 2020– July 1, 2029	1.5	992,508	–	–	–	992,508	
		July 2, 2021– July 1, 2029	July 1, 2029			–	–	–		
	March 29, 2021	July 2, 2022– July 1, 2029	July 1, 2029	–	14.12	–	–	–	300,000	
		July 2, 2022– July 1, 2029	–	–			–			
		July 1, 2029	–	–			–			
		July 2, 2023– July 1, 2029	–	–			–			
		July 1, 2029	–	–			–			
		July 2, 2024– July 1, 2029	–	–			–			
	Other Employees	December 26, 2017	December 25, 2019– December 25, 2027	December 25, 2019– December 25, 2027	0.5	5,393,114	–	–	279,000	504,448
			December 25, 2019– December 25, 2027	December 25, 2019– December 25, 2027			–	–	–	
March 29, 2021		March 28, 2031	March 29, 2022– March 28, 2031	March 29, 2022– March 28, 2031	–	–	–	–	–	
		March 29, 2023– March 28, 2031	March 28, 2031	–			–	–		
December 26, 2017	March 29, 2024– March 28, 2031	March 28, 2031	–	–	–	–	–	–		
	March 28, 2031	–	–			–	–			
					4,609,666				4,609,666	

Other Information

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share US\$	Outstanding as at January 1, 2021	Number of share options			Outstanding as at June 30, 2021	
						Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		Exercised during the Reporting Period
	August 30, 2018	January 1, 2019– August 29, 2028	January 1, 2019– August 29, 2028	1.0	2,238,400	–	–	254,666	1,874,668	2,187,968
	December 31, 2018	December 31, 2019– December 30, 2028	December 31, 2019– December 30, 2028	1.0	520,294	–	–	36,000	47,094	437,200
	January 14, 2019	December 31, 2019– December 30, 2028	December 31, 2019– December 30, 2028	1.0	10,000	–	–	–	–	10,000
	January 28, 2019	December 31, 2019– December 30, 2028	December 31, 2019– December 30, 2028	1.0	10,000	–	–	–	–	10,000
	July 2, 2019	July 2, 2020– July 1, 2029	July 2, 2020– July 1, 2029	1.5	1,873,096	–	–	175,600	133,496	1,564,000
	July 8, 2019	July 2, 2020– July 1, 2029	July 2, 2020– July 1, 2029	1.5	2,000	–	–	–	–	2,000
	November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	11.5	413,900	–	–	29,200	18,700	366,000
	December 9, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	11.5	30,000	–	–	–	6,000	24,000
	June 5, 2020	June 5, 2021– June 5, 2030	June 5, 2021– June 5, 2030	11.5	90,000	–	–	–	–	90,000
	September 1, 2020	November 29, 2020– August 31, 2030	November 29, 2020– August 31, 2030	16.335	569,000	–	–	124,000	6,000	439,000
	November 19, 2020	November 19, 2021– November 18, 2030	November 19, 2021– November 18, 2030	13.575	20,000	–	–	–	–	20,000
	March 29, 2021	March 29, 2022– March 28, 2031	March 29, 2022– March 28, 2031	14.12	–	130,000	–	–	–	130,000
Total					14,241,404	430,000	–	898,466	2,590,596	11,182,342

Apart from the movements as stated above, no options were granted, exercised, lapsed or cancelled under the Subsidiary Share Option Scheme during the Reporting Period ended June 30, 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Schemes", no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouses or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouses or children under 18 years of age, to acquire such rights in any other body corporate at any time during the Reporting Period.

RESTRICTED SHARE AWARD SCHEME

RSA Scheme

The Company adopted its Restricted Share Award Scheme (the "**RSA Scheme**") on March 22, 2019 (the "**Adoption Date**") to, among other things, recognize the contributions by any Director or employee of the Company or any of its subsidiaries selected by the Board in accordance with the terms of the RSA Scheme (the "**Selected Participant**").

The Company and Computershare Hong Kong Trustees Limited as the trustee (the "**Trustee**") entered into the trust deed in respect of the appointment of the Trustee for the administration of the RSA Scheme (the "**Trust Deed**"). Pursuant to the RSA Scheme, the shares that may be offered by the Company to any Selected Participant (the "**Restricted Shares**") will be satisfied by (i) existing shares to be acquired by the Trustee on the market, and/or (ii) new shares to be allotted and issued to the Trustee. The total number of the restricted shares underlying all grants made pursuant to the 2021 RSA Scheme and the RSA Scheme shall not exceed in total ten (10)% of the Company's issued share capital as at the adoption date of the RSA Scheme. The RSA Scheme will initially be valid and effective for a period of ten years commencing on the Adoption Date. Vesting shall only occur upon satisfaction (or where applicable, waiver by the Board) of conditions imposed by the Board. Neither the Selected Participant nor the Trustee may exercise any of the voting rights in respect of any Restricted Shares that have not yet been vested.

During the Reporting Period, 213,906 Restricted Shares and 5,704,106 Restricted Shares ("**RSA Shares B**") were granted under the RSA Scheme to certain employees (the "**Grantees B**") on March 31, 2021 and May 31, 2021, respectively, and 415,524 Restricted Shares ("**RSA Shares A**", together with the RSA Shares B, the "**RSA Shares**") were granted under the RSA Scheme to certain Directors and chief executive (the "**Grantees A**", together with the Grantees B, the "**Grantees**") on May 31, 2021. The closing price of the Shares on the Stock Exchange was HK\$13.68 per Share and HK\$30.45 per Share on March 31, 2021 and May 31, 2021, respectively. For details, please refer to the Company's announcements dated March 31, 2021 and June 1, 2021.

Save as disclosed, no other RSA Shares have been granted under the RSA Scheme during the Reporting Period.

Other Information

The RSA Shares A have been acquired by the Trustee through on-market transactions. The RSA Shares B were issued by the Company and allotted to the Trustee under the general mandate granted by the shareholders of the Company on May 28, 2021 and in accordance with the terms of the RSA Scheme. The RSA Shares are currently held by the Trustee in accordance with the Listing Rules and the Trust Deed until the end of the relevant vesting date and be transferred to the Grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the grant of RSA Shares.

Set out below are details of the outstanding shares under the RSA Scheme:

Category/ Name of Grantee	Date of Grant	As at January 1, 2021	Granted during the Reporting Period	Vesting During the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2021
Director						
Meng Jiange	December 28, 2020	400,000	—	—	—	400,000
Wang Ye	May 31, 2021	—	300,000	—	—	300,000
Dr. Zhu Li	December 28, 2020	200,000	—	—	—	200,000
	May 31, 2021	—	100,000	—	—	100,000
Chief executive						
Zhenyu Liu	April 29, 2020	10,750	—	5,375	—	5,375
	May 31, 2021	—	15,524	—	—	15,524
Senior Management						
Wei Shiniu	April 29, 2020	3,620	—	1,810	—	1,810
	December 28, 2020	400,000	—	—	—	400,000
	March 31, 2021	—	25,478	—	—	25,478
	May 31, 2021	—	52,612	—	—	52,612
Sherry Shao	May 31, 2021	—	83,025	—	—	83,025
Other Employees						
	July 19, 2019	764,182	—	—	—	764,182
	November 29, 2019	120,000	—	—	—	120,000
	April 29, 2020	821,647	—	170,718	85,186	565,743
	September 1, 2020	44,117	—	—	833	43,284
	December 28, 2020	2,565,933	—	—	86,000	2,479,933
	March 31, 2021	—	188,428	—	—	188,428
	May 31, 2021	—	5,568,469	—	—	5,568,469
		5,330,249	6,333,536	177,903	172,019	11,313,863

Save as disclosed, none of the Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or an associate (as defined in the Listing Rules) of any of them.

2020 Restricted Shares Plan

On May 26, 2020, the shareholders of Legend approved and adopted the 2020 Restricted Shares Plan, or the RSU Scheme to grant restricted shares and restricted share units (referred to as award) to employees, consultants and directors of Legend, as well as to employees, consultants and directors of Genscript and of Legend's subsidiaries.

The purpose of the 2020 Restricted Shares Plan is to promote the success and enhance the value of Legend by linking the personal interests of the participants to those of the Legend's shareholders and by providing the participants with an incentive for outstanding performance to generate superior returns to Legend's shareholders. The 2020 Restricted Shares Plan will provide flexibility to Legend in its ability to motivate, attract, and retain the services of the participants.

Under the 2020 Restricted Shares Plan, the maximum aggregate number of shares that may be issued pursuant to all awards granted is 11,000,000 shares. Unless early terminated by the board of Legend, the 2020 Restricted Shares Plan shall be valid and effective for a term of ten years commencing on May 26, 2020.

During the Reporting Period, 1,843,186 restricted share units were granted under the 2020 Restricted Shares Plan on March 19, 2021, March 26, 2021, March 28, 2021, March 29, 2021, April 8, 2021, April 9, 2021, April 12, 2021, April 13, 2021, April 14, 2021, April 15, 2021, April 16, 2021, April 19, 2021, April 20, 2021, April 23, 2021, May 21, 2021, June 9, 2021, June 15, 2021, June 22, 2021.

Save as disclosed, no other Restricted Shares or restricted share units have been granted under the 2020 Restricted Shares Plan during the Reporting Period.

Other Information

Set out below are details of the outstanding shares under the 2020 Restricted Shares Plan:

Grantee	Date of Grant	Outstanding as at December 31, 2020	Granted during the Reporting Period	Number of Shares		Outstanding as at June 30, 2021
				Vesting During the Reporting Period	Lapsed during the Reporting Period	
Huang Ying	March 19, 2021	—	75,500	—	—	75,500
Participants	June 5, 2020	52,173	—	17,394	—	34,779
	September 1, 2020	750,976	—	—	52,868	698,108
	November 19, 2020	309,308	—	—	21,032	288,276
	March 19, 2021	—	794,700	—	25,580	769,120
	March 26, 2021	—	37,750	—	—	37,750
	March 28, 2021	—	52,472	—	—	52,472
	March 29, 2021	—	26,524	—	—	26,524
	April 8, 2021	—	148,512	—	14,922	133,590
	April 9, 2021	—	192,284	—	8,192	184,092
	April 12, 2021	—	236,302	—	16,102	220,200
	April 13, 2021	—	48,288	—	7,810	40,478
	April 14, 2021	—	30,182	—	—	30,182
	April 15, 2021	—	41,364	—	1,018	40,346
	April 16, 2021	—	22,998	—	—	22,998
	April 19, 2021	—	3,306	—	—	3,306
	April 20, 2021	—	14,626	—	—	14,626
	April 23, 2021	—	1,078	—	1,078	—
	May 21, 2021	—	57,944	—	—	57,944
	June 9, 2021	—	39,072	—	—	39,072
	June 15, 2021	—	12,562	—	—	12,562
	June 22, 2021	—	7,722	—	—	7,722
	Total:	1,112,457	1,843,186	17,394	148,602	2,789,647

2021 RSA Scheme

On August 23, 2021, the Company approved and adopted the 2021 RSA Scheme to grant restricted shares to Director or employee of the Company or any of its subsidiaries.

The purpose of the 2021 RSA Scheme is to (i) provide the selected participants with the opportunity to acquire proprietary interests in the Company, (ii) encourage the selected participants to work towards enhancing the value of the Company and its Shares or the benefit of the Company and its Shareholders as a whole, and (iii) provide the Company with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the selected participants.

The total number of the restricted shares underlying all grants made pursuant to the 2021 RSA Scheme and the RSA Scheme shall not exceed in total ten (10)% of the Company's issued share capital as at the adoption date of the RSA Scheme.

No restricted shares have been granted under the 2021 RSA Scheme as at the date of this report.

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 report.

USE OF NET PROCEEDS

Use of Proceeds from Top-up Placing

On June 5, 2018, the Company entered into a placing and subscription agreement with GS Corp, one of the controlling shareholders of the Company (the "**Vendor**") and placing agents pursuant to which (i) the Vendor completed a placing through placing agents 75,000,000 ordinary shares to certain placees at the price of HK\$26.50 per share, and (ii) the Vendor subscribed for an aggregate of 75,000,000 shares of HK\$26.50 per share (the "**Top-up Placing**"). The net proceeds of the Top-up Placing is approximately HK\$2.0 billion (equivalent to approximately US\$251.3 million). Please refer to the announcements dated June 4, 2018, June 5, 2018, June 8, 2018, June 13, 2018 and June 14, 2018 for details.

Other Information

A detailed breakdown and description of the use of the net proceeds from the Top-Up Placing is set forth as follows:

Item	Unutilized amount as at January 1, 2021 US\$ million	Utilized amount during the Reporting Period US\$ million	Unutilized amount as at June 30, 2021 US\$ million	Intended year of application
Building up CAR-T R&D and production facility in China, the U.S. and Europe	0.9	0.9	—	Not applicable
Building up the GMP manufacturing facilities for plasmid and biologics products	68.5	18.7	49.8	2021 to 2022
Total	69.4	19.6	49.8	

Note: The figures for unutilized proceeds have been rescheduled as the changes of Group's strategy and the increase of the financing capability of Legend, compared with the disclosure in the annual results announcement for the year ended December 31, 2020 of the Company dated March 26, 2021.

Use of Proceeds from the Subscription Under General Mandate

On May 14, 2021, the Company and GNS entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which GNS subscribed for an aggregate 102,981,853 new Shares issued by the Company of HK\$18.658 per Share under the Company's general mandate (the "**Subscription**"). The conditions of the Subscription Agreement have been fulfilled and the completion of the Subscription took place on June 10, 2021. The total amount of net proceeds received by the Company was approximately HK\$1.9 billion (equivalent to approximately US\$247.9 million). Please refer to the announcements dated May 14, 2021, June 7, 2021 and June 10, 2021.

A detailed breakdown and description of the use of the net proceeds from the Subscription 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, 2021 US\$ million	Intended year of application
Investment in research and development	60.0	—	60.0	2021 to 2023
Expansion of manufacturing facilities	150.0	—	150.0	2021 to 2023
General working capital purpose	37.9	—	37.9	2021 to 2023
Total	247.9	—	247.9	

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2021.

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.

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, 2021.

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), Mr. Pan Jiuan 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, 2021.

SANCTIONS RISK CONTROL COMMITTEE

During the Reporting Period to the date of this interim report, the sanctions risk control committee of the Company (the “**Sanctions Risk Control Committee**”) held three meetings on January 29, 2021, March 26, 2021 and June 2, 2021 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’ AND CHIEF EXECUTIVES’ INFORMATION

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

Ms. Wang Ye was appointed as (i) the director of Probio Technology I Limited in April 2021, (ii) the director of Probio Technology Limited in May 2021, (iii) the director of Probio Technology (BVI) Limited in May 2021, (iv) the director of Probio Technology HK Limited in June 2021, (v) the director of Probio Technology (Netherlands) B.V. in August 2021, and (vi) the director of Legend Biotech Belgium in June 2021. She resigned as the director of Legend Biotech (Netherlands) B.V. in June 2021. She resigned as the director of Curegene Biotech Corporation (formerly known as Qragen Biotech Corporation) and as the director of Curegene Biotech (BVI) Limited (formerly known as Qragen Biotech (BVI) Limited) in August 2021.

Mr. Dai Zumian resigned as the chief financial officer of Shanghai Sanxi Big Data Technology Co., Ltd.* (上海三熙大數據技術有限公司) in June 2021 and had been appointed as the chief financial officer of Shanghai Jiuli Information Service Co., LTD* (上海九曆信息服務有限公司) in July 2021.

After making specific enquiries by the Company and confirmed by the Directors, save as disclosed as above, no other changes in the information of any Directors after the date of the Annual Report 2020 that are required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule 13.51(2) of the Listing Rules have to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of Genscript Biotech Corporation

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 44 to 92, which comprises the condensed consolidated statement of financial position of Genscript Biotech Corporation (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

EMPHASIS OF MATTER

We draw attention to note 23 to the condensed consolidated financial statements and the Company’s announcements dated 18 and 21 September 2020, 22 November 2020, 9 February 2021 and 25 May 2021, which indicate an uncertainty relating to the future outcome of an investigation over the Group in connection with suspected violations of import and export regulations under the laws of the People’s Republic of China (“**PRC**”). No accrual was made in the condensed consolidated financial statements as at 30 June 2021 as the Company is not able to make a sufficiently reliable estimate of the amount of the obligation. Our conclusion is not modified in respect of this matter.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

23 August 2021

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June

	Notes	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
REVENUE	4	229,568	166,394
Cost of sales		(90,949)	(58,221)
Gross profit		138,619	108,173
Other income and gains	4	10,480	12,999
Selling and distribution expenses		(58,269)	(41,059)
Administrative expenses		(56,313)	(36,365)
Research and development expenses		(175,130)	(115,451)
Fair value loss of warrant liability	19	(1,600)	—
Fair value loss of convertible redeemable preferred shares		—	(79,984)
Other expenses		(5,638)	(1,969)
Finance costs		(1,142)	(4,510)
Share of losses of associates		—	(314)
(Provision for)/reversal of impairment losses on financial assets, net		(1,231)	433
LOSS BEFORE TAX	5	(150,224)	(158,047)
Income tax expense	6	(5,925)	(2,462)
LOSS FOR THE PERIOD		(156,149)	(160,509)
Attributable to:			
Owners of the parent		(91,122)	(113,092)
Non-controlling interests		(65,027)	(47,417)
		(156,149)	(160,509)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		(US4.61 cents)	(US6.01 cents)
Diluted		(US4.61 cents)	(US6.01 cents)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
LOSS FOR THE PERIOD	(156,149)	(160,509)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	6,898	(4,935)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	6,898	(4,935)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	6,898	(4,935)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(149,251)	(165,444)
Attributable to:		
Owners of the parent	(85,588)	(117,673)
Non-controlling interests	(63,663)	(47,771)
	(149,251)	(165,444)

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	395,252	345,215
Advance payments for property, plant and equipment		9,252	5,906
Investment properties		7,218	7,726
Right-of-use assets		41,741	34,017
Goodwill		14,131	14,116
Other intangible assets		27,262	26,020
Investments in associates		3,319	3,433
Financial assets at fair value through profit or loss	10	11,240	10,555
Other non-current assets		4,223	3,542
Deferred tax assets		3,086	3,702
Total non-current assets		516,724	454,232
CURRENT ASSETS			
Inventories		34,886	31,745
Contract costs		7,869	5,785
Trade and notes receivables	11	92,635	141,748
Prepayments, other receivables and other assets		28,783	32,834
Financial assets at fair value through profit or loss	10	1,644	5,866
Financial investment measured at amortized cost	12	29,849	—
Loans to associates		2,121	2,422
Restricted cash	13	2,545	7,471
Time deposits	14	213,392	136,245
Cash and cash equivalents	14	957,615	629,058
Total current assets		1,371,339	993,174
CURRENT LIABILITIES			
Trade and bills payables	15	27,244	23,376
Other payables and accruals	16	192,081	168,980
Interest-bearing loans and borrowings	17	20,546	44,642
Lease liabilities		4,746	2,588
Tax payable		5,251	3,532
Contract liabilities	18	87,245	84,414
Government grants		872	379
Warrant liability	19	83,300	—
Total current liabilities		421,285	327,911
NET CURRENT ASSETS		950,054	665,263
TOTAL ASSETS LESS CURRENT LIABILITIES		1,466,778	1,119,495

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	17	18,214	1,260
Lease liabilities		12,295	6,513
Deferred tax liabilities		9,803	7,030
Contract liabilities	18	254,695	277,052
Government grants		11,864	11,495
Other non-current liability		554	554
Total non-current liabilities		307,425	303,904
Net assets		1,159,353	815,591
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	20	2,081	1,954
Treasury shares	20	(16,328)	(16,712)
Reserves		1,025,125	916,463
		1,010,878	901,705
Non-controlling interests		148,475	(86,114)
Total equity		1,159,353	815,591

Wang Ye
Director

Meng Jiange
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the parent										Total equity
	Share capital	Treasury shares	Share premium*	Merger reserve*	Share option reserve* (Note 21 & Note 22)	Statutory surplus reserves*	Accumulated losses*	Exchange fluctuation reserve*	Total	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021 (Audited)	1,954	(16,712)	1,066,547	(20,883)	40,207	14,359	(189,365)	5,598	901,705	(86,114)	815,591
Loss for the period	–	–	–	–	–	–	(91,122)	–	(91,122)	(65,027)	(156,149)
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	5,534	5,534	1,364	6,898
Total comprehensive loss for the period	–	–	–	–	–	–	(91,122)	5,534	(85,588)	(63,663)	(149,251)
Issuance of shares and warrant of the Company and its subsidiary	103	–	173,349	–	–	–	–	–	173,452	292,387	465,839
Acquisition of equity by non-controlling shareholders	–	–	35	–	–	–	–	–	35	(76)	(41)
Equity-settled share-based compensation arrangements	–	–	–	–	11,564	–	–	–	11,564	2,946	14,510
Exercise of share options	24	384	15,457	–	(6,155)	–	–	–	9,710	2,995	12,705
At 30 June 2021 (Unaudited)	2,081	(16,328)	1,255,388	(20,883)	45,616	14,359	(280,487)	11,132	1,010,878	148,475	1,159,353

* These reserve accounts comprise the consolidated reserves of US\$1,025,125,000 (for the year ended 31 December 2020: US\$916,463,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium*	Merger reserve*	Share option reserve*	Statutory surplus reserves*	Retained earnings (accumulated losses)*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Note 20)	(Note 20)	(Note 20)		(Note 21 & Note 22)						
At 1 January 2020 (Audited)	1,879	(7,774)	368,781	(20,883)	27,651	14,359	15,580	(16,789)	382,804	(10,506)	372,298
Loss for the period	—	—	—	—	—	—	(113,092)	—	(113,092)	(47,417)	(160,509)
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(4,581)	(4,581)	(354)	(4,935)
Total comprehensive loss for the period	—	—	—	—	—	—	(113,092)	(4,581)	(117,673)	(47,771)	(165,444)
Issue of ordinary shares for initial public offering of Legend Cayman	—	—	690,520	—	—	—	—	—	690,520	—	690,520
Acquisition of equity by minority shareholders	—	—	—	—	—	—	—	—	—	367	367
Shares repurchased	—	(9,460)	—	—	—	—	—	—	(9,460)	—	(9,460)
Equity-settled share-based compensation arrangements	—	—	—	—	7,462	—	—	—	7,462	—	7,462
Dividend declared	—	—	(14,879)	—	—	—	—	—	(14,879)	—	(14,879)
Exercise of share options	39	—	6,288	—	(1,740)	—	—	—	4,587	—	4,587
At 30 June 2020 (Unaudited)	1,918	(17,234)	1,050,710	(20,883)	33,373	14,359	(97,512)	(21,370)	943,361	(57,910)	885,451

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June

	Notes	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
CASH FLOWS IN OPERATING ACTIVITIES			
Loss before tax		(150,224)	(158,047)
Adjustments for reconcile loss before tax to net cash flows:			
Provision for/(reversal of) impairment of trade receivables, net		1,231	(433)
Write-down of/(reversal of) inventories to net realizable value		344	(143)
Depreciation of property, plant and equipment		18,324	11,307
Depreciation of investment properties		58	60
Depreciation of right-of use assets		2,798	1,412
Amortisation of other intangible assets		1,826	1,273
Loss on disposal of items of property, plant and equipment	9	931	901
Interest income	4	(764)	(2,870)
Fair value loss of convertible redeemable preferred shares		—	79,984
Investment income	4	(2,060)	(1,442)
Share of losses of associates		—	314
Impairment losses of investments of associates		168	—
Fair value (gains)/loss on financial assets at fair value through profit or loss		(460)	736
Fair value loss of warrant liability		1,600	—
Finance costs		1,142	4,510
Deferred government grant		(488)	(160)
Foreign currency exchange loss/(income), net		3,001	(1,257)
Equity-settled share-based compensation expenses		14,510	7,462
		(108,063)	(56,393)
Decrease in trade and notes receivables		47,884	7,329
Decrease in prepayments and other receivables and other assets		2,735	13,365
Increase in inventories		(3,485)	(4,180)
Increase in non-current assets		(912)	—
Increase in contract cost		(2,084)	—
Increase/(decrease) in government grants		1,259	(55)
Increase in trade and bills payables		7,790	5,106
Increase/(decrease) in other payables, accruals and contract liabilities		15,130	(18,954)
Decrease in restricted cash		2,825	—
Cash used in operations		(36,921)	(53,782)
Interest received		2,067	2,987
Interest paid for lease payment		(556)	(117)
Interest paid for loans and borrowings		(596)	(448)
Income tax paid		(707)	(18,519)
Income tax received		859	744
Net cash flows used in operating activities		(35,854)	(69,135)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June

Notes	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
CASH FLOWS IN INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(68,757)	(58,141)
Proceeds from disposal of items of property, plant and equipment	211	18
Purchases of intangible assets	(2,653)	(2,409)
Purchase of investment in associates	—	(203)
Purchases of financial assets at fair value through profit or loss	(65,676)	(267,082)
Maturity of financial assets at fair value through profit or loss	70,473	241,451
Purchase of financial investment measured at amortized cost	(29,849)	—
Purchases of time deposits	(77,147)	(24,566)
Decrease/(increase) in restricted cash	2,101	(2,170)
Increase in loan to associates	—	(212)
Repayment of loans from associates	319	—
Receipt of investment income	2,060	1,442
Net cash flows used in investing activities	(168,918)	(111,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares and warrant of the Company and its subsidiary	547,539	—
Acquisition of equity by minority shareholders	—	367
Proceeds from issuance of ordinary shares for initial public offering of Legend Cayman, net of issuance costs	—	450,085
Proceeds from preferred shares for initial public offering of Legend Cayman	—	160,450
Expenses of issue preferred shares for initial public offering of Legend Cayman	—	(250)
Shares repurchased	—	(9,460)
Exercise of share options	13,261	4,741
New bank loans	26,041	48,005
Repayment of bank loans	(51,411)	(16,597)
Principal portion of lease payments	(2,444)	(1,081)
Net cash flows from financing activities	532,986	636,260

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June

	Notes	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		328,214	455,253
Cash and cash equivalents at beginning of period	14	343	(957)
		629,058	252,397
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
	14	957,615	706,693
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		706,955	656,693
Non-pledged time deposits with original maturity of less than three months when acquired		250,660	50,000
Cash and cash equivalents as stated in the statement of financial position	14	957,615	706,693
Cash and cash equivalents as stated in the statement of cash flows		957,615	706,693

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The adoption of the revised standards has no significant financial effect to the Group's interim condensed consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) The life-science services and products unit provides comprehensive research services and products, which are widely used and are fundamental to life-science research and application;
- (b) The biologics development services unit provides comprehensive services aimed to help biopharmaceutical and biotech companies accelerate the development of therapeutic antibodies, and gene/cell therapy products with an integrated platform;
- (c) The industrial synthetic biology products unit provides industrial enzyme development and production through non-pathogenic microbial strains constructed using genetic engineering;
- (d) The cell therapy unit discovers and develops innovative CAR-T therapies for the treatment of liquid and solid tumors; and
- (e) The operation unit mainly provides shared services to other segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2021 (Unaudited)	Life-science services and products US\$'000	Biologics development services US\$'000	Industrial synthetic biology products US\$'000	Cell therapy US\$'000	Operation unit US\$'000	Eliminations US\$'000	Total US\$'000
Segment revenue (Note 4)							
Sales to external customers	146,431	31,184	17,866	33,915	172	–	229,568
Intersegment sales	5,575	318	147	–	3,438	(9,478)	–
Total revenue	152,006	31,502	18,013	33,915	3,610	(9,478)	229,568
Segment cost of sales	(60,269)	(21,525)	(12,927)	–	(1,915)	5,687	(90,949)
Segment gross profit	91,737	9,977	5,086	33,915	1,695	(3,791)	138,619
Other income and gains	–	–	459	2,390	10,453	(2,822)	10,480
Selling and distribution expenses	(21,285)	(5,306)	(1,510)	(30,199)	–	31	(58,269)
Administrative expenses	(3,801)	(1,641)	(1,440)	(18,013)	(32,714)	1,296	(56,313)
Research and development expenses	(13,426)	(5,227)	(2,759)	(154,529)	(1,650)	2,461	(175,130)
Fair value loss of warrant liability	–	–	–	(1,600)	–	–	(1,600)
Other expenses	–	–	(182)	(4,378)	(3,898)	2,820	(5,638)
Finance costs	–	–	(102)	(90)	(955)	5	(1,142)
(Provision for)/reversal of impairment losses on financial assets, net	(1,052)	(201)	–	22	–	–	(1,231)
Profit/(loss) before tax	52,173	(2,398)	(448)	(172,482)	(27,069)	–	(150,224)
Income tax expense	–	–	–	(1)	–	–	(1)
Unallocated income tax expense	–	–	–	–	–	–	(5,924)
Profit/(loss) for the period	52,173	(2,398)	(448)	(172,483)	(27,069)	–	(156,149)

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2020 (Unaudited)	Life-science services and products US\$'000	Biologics development services US\$'000	Industrial synthetic biology products US\$'000	Cell therapy US\$'000	Operation unit US\$'000	Eliminations US\$'000	Total US\$'000
Segment revenue (Note 4)							
Sales to external customers	113,329	18,662	11,070	23,146	187	—	166,394
Intersegment sales	1,656	312	170	—	9,590	(11,728)	—
Total revenue	114,985	18,974	11,240	23,146	9,777	(11,728)	166,394
Segment cost of sales	(36,966)	(14,274)	(6,951)	—	(1,383)	1,353	(58,221)
Segment results	78,019	4,700	4,289	23,146	8,394	(10,375)	108,173
Other income and gains	—	—	635	3,796	8,678	(110)	12,999
Selling and distribution expenses	(20,929)	(2,472)	(1,531)	(16,102)	(100)	75	(41,059)
Administrative expenses	(4,805)	(1,186)	(1,479)	(7,938)	(28,473)	7,516	(36,365)
Research and development expenses	(11,011)	(3,604)	(2,050)	(101,570)	—	2,784	(115,451)
Fair value loss of convertible redeemable preferred shares	—	—	—	(79,984)	—	—	(79,984)
Other expenses	—	—	(31)	(82)	(1,966)	110	(1,969)
Finance costs	—	—	(119)	(4,079)	(312)	—	(4,510)
Share of losses of associates	—	—	—	—	(314)	—	(314)
Reversal of impairment losses on financial assets, net	294	30	109	—	—	—	433
Profit/(loss) before tax	41,568	(2,532)	(177)	(182,813)	(14,093)	—	(158,047)
Income tax (expense)/credit	—	—	(335)	3,709	—	—	3,374
Unallocated income tax expense	—	—	—	—	—	—	(5,836)
Profit/(loss) for the period	41,568	(2,532)	(512)	(179,104)	(14,093)	—	(160,509)

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Revenue from contracts with customers	229,320	166,131
Revenue from other sources		
Gross rental income	248	263
	229,568	166,394

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

Segment	Life-science services and products US\$'000	Biologics development services US\$'000	Industrial synthetic biology products US\$'000	Cell therapy US\$'000	Total US\$'000
Types of goods or services					
Rendering of services	120,489	31,149	—	—	151,638
Sale of industrial products	25,942	35	17,790	—	43,767
Licence and collaboration revenue	—	—	—	33,915	33,915
Total revenue from contracts with customers	146,431	31,184	17,790	33,915	229,320
Timing of revenue recognition					
Goods transferred at a point in time	25,942	35	17,790	—	43,767
Services transferred at a point in time	120,489	31,149	—	—	151,638
Licensing of intellectual property at a point in time	—	—	—	1,122	1,122
Services transferred over time	—	—	—	32,793	32,793
Total revenue from contracts with customers	146,431	31,184	17,790	33,915	229,320

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2020

Segment	Life-science services and products US\$'000	Biologics development services US\$'000	Industrial synthetic biology products US\$'000	Cell therapy US\$'000	Total US\$'000
Types of goods or services					
Rendering of services	88,653	18,804	—	—	107,457
Sale of industrial products	24,534	—	10,994	—	35,528
Licence and collaboration revenue	—	—	—	23,146	23,146
Total revenue from contracts with customers	113,187	18,804	10,994	23,146	166,131
Timing of revenue recognition					
Goods transferred at a point in time	24,534	—	10,994	—	35,528
Services transferred at a point in time	88,653	18,804	—	—	107,457
Services transferred over time	—	—	—	23,146	23,146
Total revenue from contracts with customers	113,187	18,804	10,994	23,146	166,131

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2021 are as follows:

	For the six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Within one year	87,245	84,414
More than one year	254,695	277,052
	341,940	361,466

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	For the six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Other income and gains		
Government grants	5,245	7,267
Investment income	2,060	1,442
Fair value gains on financial assets at fair value through profit or loss	1,529	—
Bank interest income	764	2,870
Foreign currency exchange gain, net	—	1,257
Others	882	163
	10,480	12,999

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Cost of services and products	49,012	29,629
Depreciation of items of property, plant and equipment	18,324	11,307
Depreciation of right-of use assets	2,798	1,412
Amortization of other intangible assets	1,826	1,273
Provision for/(reversal of) impairment of trade receivables, net	1,231	(433)
Lease payments not included in the measurement of lease liabilities	545	489
Write-down of/(reversal of) inventories to net realizable value	344	(143)
Auditors' remuneration	123	100
Depreciation of investment properties	58	60
Employee benefit expense (including directors' remuneration):		
Wages and salaries	128,038	88,121
Equity-settled share-based compensation expenses	14,510	7,462
Pension scheme contributions (defined contribution schemes)	7,066	2,887
	149,614	98,470
Research and development costs	113,858	80,634
Exchange differences, net	3,001	(1,257)
Fair value loss of warrant liability	1,600	—
Loss on disposal of items of property, plant and equipment	931	901
Listing expense	—	1,463
Service fee for the issuance of Legend Series A preferred shares	—	4,014
Fair value loss of convertible redeemable preferred shares	—	79,984

6. INCOME TAX

Pursuant to the rules and regulations of Cayman and the British Virgin Islands, the Group was not subject to any income tax in Cayman and the British Virgin Islands in 2020 and in the six months ended 30 June 2021.

Hong Kong profits tax was subject to the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits was taxed at 8.25% (2020: 8.25%) and the remaining assessable profits was taxed at 16.5% (2020: 16.5%).

The subsidiaries of the Group operating in the United States of America were subject to federal tax at a rate of 21% (2020: 21%) and state tax at an average rate of 4.9% to 11.5% (2020: 4.9% to 11.5%) during the reporting period.

The subsidiary of the Group operating in Ireland was subject to income tax at a rate of 12.5% on the taxable trading income during the reporting period (2020: 12.5%). Any non-trading income is subject to income tax at a rate of 25%. Dividend withholding tax is imposed on distributions made by Irish companies at a rate of 25% with many exemptions provided.

The subsidiary of the Group operating in Japan was subject to the basic rate of national corporation tax 23.2%, and the effective corporate income tax rate 29.74%. (2020: 23.2%, 29.74%).

The subsidiary of the Group operating in the Netherlands depends on the taxable amount. The first EUR245,000 (2020: EUR200,000) of taxable amount was taxed at 15% (2020: 16.5%), and remaining taxable amount was taxed at 25% (2020: 25%).

The subsidiary of the Group operating in the Singapore was subject to income tax at the rate of 5% (2020: 17%) on the estimated assessable profits arising in the Singapore during the reporting period.

The provision for China current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in China which are granted tax concession and are taxed at preferential tax rates.

Jinan Bestzyme is qualified as High and New Technology Enterprises. It was subject to income tax at a preferential tax rate of 15% (2020: 15%) for the reporting period.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

6. INCOME TAX (CONTINUED)

	For the six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current income tax expense		
Charge for the period	2,545	2,352
Overprovision in prior periods	55	448
Income tax refund	—	(3,709)
Deferred income tax expense	3,325	3,371
Total tax charge for the period	5,925	2,462

7. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Dividends on ordinary shares during the period	—	14,879

On 5 June 2020, the board of directors declared a special dividend to the shareholders of the Company in connection with the spin-off and separate listing of Legend on the NASDAQ global market.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2021.

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

The calculation of the basic loss per share amounts is based on the loss for the reporting period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,975,736,267 (for the six months ended June 30, 2020: 1,883,243,651) in issue during the reporting period.

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

	For the six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	(91,122)	(113,092)
	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period	1,984,503,812	1,888,677,605
Effect of shares repurchased	(8,767,545)	(5,433,954)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,975,736,267	1,883,243,651

The diluted loss per share is the same as the basic loss per share because the effect of share option is anti-dilutive for the six months ended 30 June 2021 and 2020.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment at a cost of US\$69,474,000 (for the six months ended 30 June 2020: US\$50,439,000).

Assets with a net book value of US\$2,330,000 were disposed of by the Group during the six months ended 30 June 2021 (for the six months ended 30 June 2020: US\$2,483,000), resulting in a net loss on disposal of US\$931,000 (for the six months ended 30 June 2020: US\$901,000).

As at 30 June 2021, assets with a net book value of US\$3,863,000 were pledged as security for interest-bearing bank loans as set out in note 17 to the interim condensed consolidated financial statements (As at 31 December 2020: US\$4,262,000).

See note 24 for capital commitments.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Financial assets at fair value through profit or loss		
Unlisted equity investments, at fair value	11,240	10,555
Investment in financial products, at fair value	1,644	5,866
	12,884	16,421

The above equity investments at 30 June 2021 and 31 December 2020 were classified as financial assets at fair value through profit or loss as they were held for trading.

The above investment in financial products at 30 June 2021 and 31 December 2020 were wealth management products issued by banks in Mainland China and Hong Kong. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

11. TRADE AND NOTES RECEIVABLES

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Trade receivables	90,744	140,266
Notes receivables	5,890	4,708
	96,634	144,974
Less: Impairment of trade receivables	(3,999)	(3,226)
	92,635	141,748

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

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Within 3 months	83,789	133,185
3 months to 6 months	2,648	1,652
6 months to 12 months	904	1,894
Over 1 year	3,403	3,535
	90,744	140,266

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

12. FINANCIAL INVESTMENT MEASURED AT AMORTIZED COST

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Financial investment measured at amortized cost	29,849	—

Financial investment measured at amortized cost was related to commercial paper issued by a financial institution with principal amount of US\$30,000,000, discounted bid yield of 0.5% per annum and one-year maturity date as 1 June 2022.

13. RESTRICTED CASH

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Frozen for the Investigation	1,548	4,245
Pledged for bills payable	741	2,970
Pledged for credit cards	256	256
	2,545	7,471

On September 17, 2020, the Customs Anti-Smuggling Department (the “**Authority**”) of the PRC inspected the Group’s places of business in Nanjing and Zhenjiang, China. The inspections were in connection with what the Company understands to be an investigation (the “**Investigation**”) relating to suspected violations of import and export regulations under the laws of the PRC. As at 30 June 2021, the bank balances frozen for the Investigation were approximately US\$1,548,000 (As at 31 December 2020: US\$4,245,000).

As at 30 June 2021, bank balances of approximately US\$741,000 were pledged by China entities for notes payable (As at 31 December 2020: US\$2,970,000) and of approximately US\$ 256,000 were pledged for credit cards (As at 31 December 2020: US\$256,000).

14. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Cash and bank balances	957,615	629,058
Time deposits	213,392	136,245
	1,171,007	765,303
Less:		
Non-pledged time deposits with original maturity of more than three months when acquired	(213,392)	(136,245)
Cash and cash equivalents	957,615	629,058
Denominated in USD	807,298	537,987
Denominated in RMB	124,675	82,733
Denominated in HKD	16,254	4,054
Denominated in EUR	4,391	617
Denominated in JPY	2,555	2,323
Denominated in other currencies	2,442	1,344
Cash and cash equivalents	957,615	629,058

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi (“**RMB**”) amounted to US\$124,675,000 (31 December 2020: US\$82,733,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

15. TRADE AND BILLS PAYABLES

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Trade payables	25,807	19,986
Bills payable	1,437	3,390
	27,244	23,376

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

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Within 3 months	22,007	18,880
3 months to 6 months	2,301	351
6 months to 12 months	786	510
Over 1 year	713	245
	25,807	19,986

Trade payables are not interest-bearing and are normally settled on terms of 60 to 90 days.

16. OTHER PAYABLES AND ACCRUALS

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Accrued expenses	64,740	68,874
Payables for purchases of machinery and construction of buildings	40,788	35,801
Accrued payroll — current	35,584	40,697
Taxes payable other than corporate income tax	22,388	4,829
Payables for employees exercising share options	21,657	14,166
Other payables	6,924	4,613
	192,081	168,980

17. INTEREST-BEARING LOANS AND BORROWINGS

	Note	30 June 2021			31 December 2020		
		Effective interest rate (%)	Maturity	US\$'000	Effective interest rate (%)	Maturity	US\$'000
Current							
Bank loans — unsecured		0.67–3.4	2022	20,003	0.6–3.5	2021	44,061
Current portion of long term bank loans — secured	(a)	0.31	2022	543	0.32	2021	581
				20,546			44,642
Non-current							
Other borrowings — unsecured	(b)	2.74	No specific maturity date	17,310	—	—	—
Non-current portion of long term bank loans — secured	(a)	0.31	2023–2024	904	0.32	2022–2024	1,260
				18,214			1,260

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

17. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

	30 June 2021 US\$'000	31 December 2020 US\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	20,546	44,642
In the second year	543	581
In the third to fifth years, inclusive	361	679
Other borrowings repayable:		
No agreed repayment period	17,310	—
	38,760	45,902

(a) Certain of the Group's bank loan is secured by the land and buildings in property plant and equipment and investment property with book value of approximately US\$11,081,000 (As at 31 December 2020: US\$11,988,000).

(b) As at June 30, 2021, Legend took a funding advance amounted to US\$17.3 million with a collaborator Pursuant to the collaboration and license agreement entered into with a collaborator, Legend is entitled to receive funding advances from the collaborator when certain operational conditions are met. As a result, Legend took a funding advance amounted to \$17.3 million by reducing the same amount of other payables due to the collaborator (the "**Funding Advance**") on 18 June 2021.

This Funding Advance is accounted for as an interest-bearing borrowing funded by the collaborator, constituted by a principal and applicable interests upon such principal. The interest rate is based on the average annual London Interbank Offered Rate ("**LIBOR**") for U.S. Dollars as reported in the Wall Street Journal on a quarterly basis on the due date, plus 2.5%, calculated on the number of days from the date on which Legend applied such borrowings. For the Funding Advance, its interest started to accrue from 18 June 2021.

Pursuant to the terms of the collaboration and license agreement, the collaborator may recoup the aggregate amount of Funding Advance together with interest thereon from Legend's share of pre-tax profits for the first profitable year under the collaboration program. The Company's management estimated the loan will not be recouped by the collaborator within one year, thus the loan was classified as a long-term liability.

18. CONTRACT LIABILITIES

Details of contract liabilities as at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Non-current		
Licence and collaboration revenue	254,695	277,052
Current		
Licence and collaboration revenue	56,140	55,014
Rendering of services	30,849	29,143
Sales of products	256	257
	87,245	84,414
	341,940	361,466

19. WARRANT LIABILITY

On 13 May 2021, Legend entered into a subscription agreement with an institutional investor relating to the offer and sale of 20,809,850 ordinary shares of Legend, par value US\$0.0001 per share, in a private placement at a purchase price of US\$14.41625 per ordinary share (the “**PIPE Offering**”). The total proceeds from the PIPE Offering is US\$300,000,000. Pursuant to the subscription agreement, Legend also agreed to issue and sell concurrently with the PIPE offering a warrant (the “**Warrant**”) exercisable for up to an aggregate of 10,000,000 ordinary shares (such transaction together with the PIPE Offering, the “**Transactions**”). The transactions have been closed on May 21, 2021 (the “**Closing Date**”). The Warrant will be exercisable, in whole or in part, at an exercise price of US\$20.00 per ordinary share. The Warrant is exercisable after the Closing Date and prior to the two-year anniversary of the Closing Date.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

19. WARRANT LIABILITY (CONTINUED)

The Warrant was accounted for as a financial liability because the Warrant may be net share settleable at the holder's option. The fair value of the warrant liability is assessed at US\$81.7 million and was recognized upon closing of the transaction. As of 30 June 2021, its fair value was assessed at US\$83.3 million. A fair value loss of US\$1.6 million was recorded for the six months ended 30 June 2021 due to change in fair value.

The movement of the warrant liability is set out as below:

	30 June 2021 US\$'000 (Unaudited)
At 1 January 2021	—
Issuance of the warrants on 21 May 2021	81,700
Fair value loss of the warrant liability	1,600
At 30 June 2021	83,300

20. SHARE CAPITAL AND SHARE PREMIUM

Shares

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Authorised:		
Ordinary shares (of US\$0.001 each)	5,000	5,000
Issued and fully paid:		
Ordinary shares (of US\$0.001 each)	2,081	1,954

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

	Number of issued and fully paid	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Total US\$'000
At 1 January 2021	1,953,283,180	1,954	(16,712)	1,066,547	1,051,789
Acquisition of equity by non-controlling shareholders	—	—	—	35	35
Issuance of shares and warrant of the Company and its subsidiary	102,981,853	103	—	173,349	173,452
Exercise of share options	23,951,111	24	384	15,457	15,865
At 30 June 2021	2,080,216,144	2,081	(16,328)	1,255,388	1,241,141

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

21. SHARE OPTION SCHEME

a) The Company

During the six months ended 30 June 2021, under the Company's Post-IPO share option scheme, the Company granted performance-based share options to certain employees, which are generally vested over a 5-year term. The performance goals are determined by the board of directors. For those awards, evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share-based compensation expenses are then adjusted to reflect the reversion of original estimates.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The conditions for vesting include both service condition and performance condition.

	For the six months ended 30 June			
	2021		2020	
	Weighted average exercise price US\$ per share	Number of options '000	Weighted average exercise price US\$ per share	Number of options '000
At 1 January	0.6739	156,619	0.4765	227,418
Granted during the period	3.4407	443	1.7857	5,525
Forfeited during the period	1.3672	(6,627)	1.7753	(2,716)
Exercised during the period	0.4237	(23,951)	0.1160	(39,546)
Expired during the period	2.4378	(225)	—	—
At 30 June	0.6916	126,259	0.5707	190,681
Exercisable at 30 June	0.3686	86,236	0.1574	120,983

The weighted average share price at the date of exercise for share options exercised during the period was per share HK\$29.2167 (for the period ended 30 June 2020: HK\$16.0465).

21. SHARE OPTION SCHEME (CONTINUED)

a) The Company (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2021 Number of options '000	Exercise price* US\$ per share	Exercise period
144	0.0515	2013/08/10~2025/07/31
56,683	0.0617	2014/12/31~2025/07/31
3,680	0.0772	2010/12/31~2525/07/31
272	0.1029	2013/02/10~2025/07/31
7,903	0.1552	2016/06/22~2026/06/21
4,716	0.3102	2017/09/23~2026/09/22
17,130	0.4514	2017/09/23~2026/09/22
8,117	1.0672	2019/12/31~2027/10/10
3,717	1.1969	2019/12/31~2027/11/19
4,456	1.7857	2021/04/29~2030/04/28
1,440	1.7948	2018/11/29~2023/11/28
3,600	2.3444	2020/07/19~2029/07/18
3,736	2.4444	2020/11/29~2029/11/28
7,792	3.3710	2019/01/01~2028/05/03
720	1.9355	2020/09/01~2025/08/31
1,710	1.5606	2021/11/21~2030/12/27
100	1.7857	2022/03/31~2031/03/30
343	3.9228	2022/05/31~2031/05/30
126,259		

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

21. SHARE OPTION SCHEME (CONTINUED)

a) The Company (continued)

30 June 2020 Number of options '000	Exercise price* US\$ per share	Exercise period
194	0.0515	2013/08/10~2025/07/31
68,016	0.0617	2014/12/31~2025/07/31
35,795	0.0772	2010/12/31~2525/07/31
1,432	0.1029	2013/02/10~2025/07/31
8,316	0.1552	2016/06/22~2026/06/21
9,874	0.3102	2017/09/23~2026/09/22
22,812	0.4514	2019/04/25~2027/04/25
10,255	1.0672	2019/12/31~2027/10/10
8,080	1.1969	2019/12/31~2027/11/19
5,525	1.7857	2021/04/29~2030/04/28
1,935	1.7948	2018/11/29~2023/11/28
4,045	2.3444	2020/07/19~2029/07/18
5,335	2.4444	2020/11/29~2029/11/28
9,067	3.3710	2019/01/01~2028/05/03
190,681		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the period was US\$725,000 (US\$1.6358 each) (for the period ended 30 June 2020: US\$4,840,000, US\$0.8761 each). The Group recognised a share option expense of US\$3,095,000 (for the six months ended 30 June 2020: US\$5,985,000) during the six months ended 30 June 2021.

21. SHARE OPTION SCHEME (CONTINUED)

a) The Company (continued)

The fair value of equity-settled share options granted during the period was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	30 June 2021	30 June 2020
Dividend yield (%)	—	—
Expected volatility (%)	48–49	47–48
Risk-free interest rate (%)	1.20–1.46	0.64
Expected life of options (year)	10	10

The weighted average share price was HK\$26.6647 (for the period ended 30 June 2020: HK\$13.8400) used in the share option fair value valuation model during the period ended 30 June 2021.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of the Company and comparable listed companies in the same industry.

At the end of reporting period, the Company had 126,259,000 share options outstanding under the scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 126,259,000 additional ordinary shares of the Company, an additional share capital of approximately US\$126,259 and a share premium of approximately US\$87,194,000 (before issue expenses).

b) The Legend

During the six months ended 30 June 2021, under the Legend's share option scheme, Legend granted performance-related and service-related share options to certain employees and directors, which are generally vested over a 5-year term. The performance goals are determined by the board of directors. For those awards, evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share-based compensation expenses are then adjusted to reflect the reversion of original estimates.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

21. SHARE OPTION SCHEME (CONTINUED)

b) The Legend (continued)

The following share options were outstanding during the period:

	For the six months ended 30 June			
	2021		2020	
	Weighted average exercise price US\$ per share	Number of options '000	Weighted average exercise price US\$ per share	Number of options '000
At 1 January	1.9353	14,241	0.9273	18,013
Granted during the period	14.1200	430	11.5000	90
Forfeited during the period	3.4001	(898)	—	—
Exercised during the period	1.0640	(2,591)	—	—
At 30 June	2.4880	11,182	1.2571	18,103

The weighted average share price at the date of exercise for share options exercised during the period was US\$16.2970 per share (for the period ended 30 June 2020: No share option was exercised).

21. SHARE OPTION SCHEME (CONTINUED)

b) The Legend (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2021	Exercise price*	Exercise period
Number of options	US\$	
'000	per share	
4,610	0.5	2019/12/25~2027/12/25
2,188	1.0	2019/07/01~2028/08/29
457	1.0	2019/12/31~2028/12/30
2,558	1.5	2020/07/02~2029/07/01
390	11.5	2020/11/29~2029/11/28
90	11.5	2021/06/05~2030/06/05
439	16.3	2021/09/01~2030/08/31
20	13.6	2021/11/19~2030/11/19
430	14.1	2022/03/29~2026/03/29
11,182		

30 June 2020	Exercise price*	Exercise period
Number of options	US\$	
'000	per share	
6,347	0.5000	2019/12/25~2027/12/25
7,283	1.0000	2019/07/01~2028/08/29
656	1.0000	2019/12/31~2028/12/30
3,225	1.5000	2020/07/02~2029/07/01
502	11.5000	2020/11/29~2029/11/28
90	11.5000	2021/06/05~2030/06/05
18,103		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Legend's share capital. Pursuant to certain listing rules of the Hong Kong Stock Exchange to which members of the Genscript Group are subject to, the Legend adjusted the exercise price of options granted during November 29, 2019 through December 9, 2019 to US\$11.50 per share. Concurrent with this adjustment, the Legend agreed to pay each employee holding affected share options an amount in cash representing the difference between the adjusted exercise price over the original exercise price upon exercising the share options.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

21. SHARE OPTION SCHEME (CONTINUED)

b) The Legend (continued)

The fair value of the share options granted during the period was US\$6,071,600 (US\$14.12 each) (for the period ended 30 June 2020: US\$712,260, US\$7.9140 each). The Group recognised a share option expense of US\$456,000 (for the period ended 30 June 2020: US\$640,000) during the six months ended 30 June 2021.

The fair value of equity-settled share options granted during the period was estimated, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	30 June 2021	30 June 2020
Dividend yield (%)	—	—
Expected volatility (%)	73.2	87.2
Risk-free interest rate (%)	1.72	0.91
Expected life of options (year)	10	10

The weighted average share price was US\$14.12 used in the share option fair value valuation model during the period ended 30 June 2021 (for the period ended 30 June 2020: US\$11.5).

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of the Legend and comparable listed companies in the same industry.

At the end of reporting period, the Legend had 11,182,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 11,182,000 additional ordinary shares of the Legend, an additional share capital of approximately US\$1,118 and a share premium of approximately US\$27,820,000 (before issue expenses).

22. RESTRICTED STOCK SHARES

a) The Company

The Company operates a restricted stock units scheme (the “**RSU Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the RSU Scheme include the Company’s directors, including independent non-executive directors, and employees of any member of the Group. The RSU Scheme became effective on 22 March 2019 unless otherwise cancelled or amended. The RSU Scheme has a performance vesting condition and is subject to forfeiture if the participants cannot meet certain performance target set by the board of directors.

The movements in the number of RSUs outstanding were as follows:

	For the six months ended 30 June	
	Numbers	Numbers
	2021	2020
	'000	'000
At 1 January	5,330	1,198
Granted during the period	6,334	930
Forfeited during the period	(172)	(40)
Exercised during the period	(178)	—
At 30 June	11,314	2,088

The weighted-average remaining contractual life for outstanding RSUs granted under the RSU Plan was 4.60 (for the period ended 30 June 2020: 4.47) as of 30 June 2021.

The fair value of the awarded shares was calculated based on the market price of the Group’s shares at the respective grant date.

The fair value of the restricted stock units granted during the period was US\$24,382,000 (US\$3.850 each) (for the period ended 30 June 2020: US\$1,661,000, US\$1.786 each). The Group recognised a restricted stock units expense of US\$3,382,000 during the period ended 30 June 2021 (for the period ended 30 June 2020: US\$809,000).

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

22. RESTRICTED STOCK SHARES (CONTINUED)

b) The Legend

The Legend operates a restricted stock unit plan (the “**RSU Plan**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Legend’s operations. Eligible participants of the RSU Plan include the Legend’s directors, including independent non-executive directors, and employees of any member of the Legend. The RSU Plan became effective on 26 May 2020 unless otherwise cancelled or amended.

The movements in the number of RSUs outstanding were as follows:

	For the six months ended 30 June	
	Numbers	Numbers
	2021	2020
	‘000	‘000
At 1 January	1,112	—
Granted during the period	1,843	52
Forfeited during the period	(148)	—
Exercised during the period	(17)	—
At 30 June	2,790	52

The weighted-average remaining contractual life for outstanding RSUs granted under the RSU Plan was 1.06 (for the period ended 30 June 2020: 1.72) years as of 30 June 2021.

The fair value of the awarded shares was calculated based on the market price of the Legend’s shares at the respective grant date.

The fair value of the restricted stock units granted during the period was US\$25,915,000 (US\$14.060 each) (for the period ended 30 June 2020: US\$598,000, US\$11.500 each). The Legend recognised a restricted stock units expense of US\$7,577,000 during the period ended 30 June 2021 (for the period ended 30 June 2020: US\$28,000).

23. CONTINGENT LIABILITIES

On 17 September 2020, the Authority of the PRC inspected the Group's places of business in Nanjing and Zhenjiang, China. The inspections were in connection with what the Company understands to be the Investigation. In May 2021, certain subsidiaries and employees of the Company and Dr. Zhang Fangliang had been informed by the Zhenjiang Customs Anti-Smuggling Branch that the Investigation has been completed, and their respective matter had been handed over to the Zhenjiang Municipal People's Procuratorate (the "**Procuratorate**") for examination and prosecution. To the best of the Company's knowledge, as of the date this report, no formal charges have been made or filed against any entity or individual.

The bank balances frozen by the Authority in connection with the Investigation were approximately US\$1,548,000 as at 30 June 2021 (As at 31 December 2020: US\$4,245,000) with a frozen period from 24 March 2021 to 23 September 2021.

As there are no formal charges made against any entity or any individual, the Company is not able to make a sufficiently reliable estimate of the amount of the obligation and no accrual was made in the consolidated financial statements in connection with the Investigation as at 30 June 2021. The Company will continue to monitor the developments of the Investigation and assess the impact to the consolidated financial statements. Despite the Investigation, the Group's business operations remain normal as of the date of this report.

24. COMMITMENTS

The Group had the following capital commitments at the end of the period:

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Contracted, but not provided for:		
Construction of buildings	53,552	39,224

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

25. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Company	Relationship
Hunan Gomeet Biotechnology Co., Ltd. (" Gomeet ")	Associate
Maple Bio (Nanjing) Co., Ltd. (" Maple Bio Nanjing ")	Associate
Maple Bio HK Limited (" Maple Bio HK ")	Associate
Maple Bio (" Maple Bio ")	Associate
Gourd Therapeutics, Inc. (" Gourd ")	Associate
GenScript Corporation (" GS Corp ")	The ultimate holding company

25. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting period:

	Notes	For the six months ended 30 June	
		2021	2020
		US\$'000 (Unaudited)	US\$'000 (Unaudited)
Sales of products to Gomeet	(i)	265	93
Sales of products and service to Maple Bio Nanjing	(i)	110	22
Sales of products to Gourd	(i)	9	—
Purchase of products from Gomeet	(i)	18	—
Purchases of services from Maple Bio Nanjing	(i)	362	—
Purchase of equipments from Maple Bio Nanjing	(i)	516	—
Loans to Maple Bio Nanjing	(ii)	—	212
Repayment from Maple Bio Nanjing	(iii)	461	—

Notes:

- (i) The transactions were made according to the terms and conditions agreed with related parties.
- (ii) After the maturity of the loan to Maple Bio Nanjing, the Company extended one year and supplemented a property mortgage contract with certain equipments as collateral.
- (iii) Maple Bio Nanjing repaid US\$319,000 of loan principals and US\$142,000 of interests.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

The Group had the following significant balances with its related party during the reporting period:

(i) Due from related parties

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Maple Bio Nanjing	2,083	2,564
Maple Bio HK	201	201
GS Corp	—	2
Gourd	1	—
Maple Bio	89	89
Gomeet	148	136
	2,522	2,992

Excepted for the balance amounting to US\$1,921,000 with Maple Bio Nanjing (2020: US\$2,222,000) which was secured by certain equipments, interest-bearing and repayable within one year, the other balances are unsecured, interest-free and have no fixed terms of repayment.

(ii) Due to related party

	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Maple Bio Nanjing	84	—
Gourd	8	—
Gomeet	—	14
	92	14

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Short-term employee benefits	1,633	1,129
Pension scheme contributions	9	3
Equity-settled share-based compensation expenses	1,237	246
Total compensation paid to key management personnel	2,879	1,378

The benefits in kind include contributions made for directors' social security in the United State of America and medical insurance paid by the Group.

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying Amount		Fair Values	
	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Financial Assets				
Financial assets at fair value through profit or loss	12,884	16,421	12,884	16,421
Financial liabilities				
Warrant Liability	83,300	—	83,300	—

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, loans to associates, financial investment measured at amortized cost, financial assets at fair value through profit or loss, financial assets included in prepayments, other receivables and other assets, trade and notes receivables, financial liabilities included in trade and bills payables, other payables and accruals, interest-bearing loans and borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief finance officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief finance officer. The valuation process and results are discussed with the directors once a year for annual financial reporting.

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of those financial assets and liabilities measured at fair value:

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value:

As at 30 June 2021 (Unaudited)

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Financial assets at fair value through profit or loss:	—	12,884	—	12,884

As at 31 December 2020 (Audited)

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Financial assets at fair value through profit or loss:	—	15,352	1,069	16,421

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liability measured at fair value:

As at 30 June 2021 (Unaudited)

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Warrant liability	—	83,300	—	83,300

The following table lists the inputs to the binominal model used for the fair value valuation of warrant liability:

	30 June 2021 US\$'000 (Unaudited)
Underlying stock price	US\$20.53
Volatility	75.6%
Risk free rate	0.25%
Dividend	0%

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

The movement in fair value measurements within Level 3 during the six months ended 30 June 2021 is as follows (For the six months ended 30 June 2020: Nil):

	For the six months ended 30 June 2021 US\$'000
Financial assets at fair value through profit or loss	
At 1 January	1,069
Purchases	—
Impairment	(1,069)
At 30 June	—

During the six months ended 30 June 2020 and 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

27. EVENTS AFTER THE REPORTING PERIOD

As of 23 August 2021, there are no other material events after the reporting period, except as disclosed below, that may have a material impact on the Group's reported financial position at 30 June 2021.

The Company announced on 14 May 2021, with Hillhouse Capital Managements, Ltd or one or more of its affiliated ("**the Investor**") have entered into a binding term sheet in relation a proposed Series A financing of Probio Cayman, an indirect wholly-owned subsidiary of the Company.

On 18 August 2021 (New York Time), Probio Cayman entered into the purchase agreement with the Investors, whereby Probio Cayman agreed to sell and issue, and the Investors agreed to purchase (a) a total of 300,000,000 Series A Preferred Shares at an aggregate consideration of approximately US\$150,000,000 (equivalent to approximately HK\$1,168,275,000), and (b) the Probio warrant to purchase a total of 189,393,939 Probio shares at an aggregate consideration of approximately US\$125,000,000 (equivalent to approximately HK\$973,562,500) prior to the consummation of the Series A Financing.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized by the board of directors on 23 August 2021.